EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 24,638	$ 30,251
Receivables, Net	833,945	847,301
Unbilled Revenues	158,183	168,490
Fuel, Materials, Supplies and Inventory	286,296	328,721
Regulatory Assets	870,393	887,625
Prepayments and Other Current Assets	157,359	215,284
Total Current Assets	2,330,814	2,477,672
Property, Plant and Equipment, Net	22,071,496	21,350,510
Deferred Debits and Other Assets:		
Regulatory Assets	3,580,981	3,638,688
Goodwill	3,519,401	3,519,401
Marketable Securities	565,460	544,642
Other Long-Term Assets	590,688	522,260
Total Deferred Debits and Other Assets	8,256,530	8,224,991
Total Assets	$ 32,658,840	$ 32,053,173
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 937,500	$ 1,148,500
Long-Term Debt – Current Portion	1,483,883	773,883
Accounts Payable	587,174	884,521
Regulatory Liabilities	185,930	146,787
Other Current Liabilities	591,222	684,914
Total Current Liabilities	3,785,709	3,638,605
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	5,900,052	5,607,207
Regulatory Liabilities	696,740	702,255
Derivative Liabilities	402,138	413,676
Accrued Pension and SERP	1,073,510	1,141,514
Other Long-Term Liabilities	860,579	853,260
Total Deferred Credits and Other Liabilities	8,933,019	8,717,912
Capitalization:		
Long-Term Debt	8,899,021	8,829,354
Noncontrolling Interest - Preferred Stock of Subsidiaries	155,568	155,568
Equity:		
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid In	6,232,501	6,250,224
Retained Earnings	3,364,336	3,175,171
Accumulated Other Comprehensive Loss	(62,935)	(65,282)
Treasury Stock	(317,771)	(317,771)
Common Shareholders' Equity	10,885,523	10,711,734
Total Capitalization	19,940,112	19,696,656
Total Liabilities and Capitalization	$ 32,658,840	$ 32,053,173

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars, Except Share Information)	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Operating Revenues	$ 1,762,811	$ 1,767,184	$ 3,867,946	$ 3,822,819
Operating Expenses:				
Purchased Power, Fuel and Transmission	549,704	581,260	1,303,353	1,336,119
Operations and Maintenance	302,714	320,714	632,979	640,850
Depreciation	189,881	176,507	376,686	350,492
Amortization of Regulatory (Liabilities)/Assets, Net	(7,807)	(8,716)	16,210	12,281
Energy Efficiency Programs	116,398	119,667	262,556	256,842
Taxes Other Than Income Taxes	156,234	154,330	311,455	314,277
Total Operating Expenses	1,307,124	1,343,762	2,903,239	2,910,861
Operating Income	455,687	423,422	964,707	911,958
Interest Expense	107,329	100,492	210,758	198,703
Other Income, Net	21,543	8,038	35,120	10,049
Income Before Income Tax Expense	369,901	330,968	789,069	723,304
Income Tax Expense	137,272	125,439	295,103	271,742
Net Income	232,629	205,529	493,966	451,562
Net Income Attributable to Noncontrolling Interests	1,880	1,880	3,759	3,759
Net Income Attributable to Common Shareholders	$ 230,749	$ 203,649	$ 490,207	$ 447,803
Basic and Diluted Earnings Per Common Share	$ 0.72	$ 0.64	$ 1.54	$ 1.41
Dividends Declared Per Common Share	$ 0.48	$ 0.45	$ 0.95	$ 0.89
Weighted Average Common Shares Outstanding:				
Basic	317,391,365	317,785,495	317,427,258	317,651,319
Diluted	317,947,194	318,476,699	318,035,864	318,478,876

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Net Income	$ 232,629	$ 205,529	$ 493,966	$ 451,562
Other Comprehensive (Loss)/Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	514	534	1,048	1,068
Changes in Unrealized Gains on Marketable Securities	960	1,061	2,605	1,325
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	(2,268)	(1,784)	(1,306)	(913)
Other Comprehensive (Loss)/Income, Net of Tax	(794)	(189)	2,347	1,480
Comprehensive Income Attributable to Noncontrolling Interests	(1,880)	(1,880)	(3,759)	(3,759)
Comprehensive Income Attributable to Common Shareholders	$ 229,955	$ 203,460	$ 492,554	$ 449,283

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016
Operating Activities:		
Net Income	$ 493,966	$ 451,562
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	376,686	350,492
Deferred Income Taxes	269,505	250,851
Pension, SERP and PBOP Expense, Net	11,242	22,659
Pension and PBOP Contributions	(91,400)	(65,929)
Regulatory Over/(Under) Recoveries, Net	85,792	(5,768)
Amortization of Regulatory Assets, Net	16,210	12,281
Other	(94,666)	(10,808)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(7,660)	(76,751)
Fuel, Materials, Supplies and Inventory	42,425	43,930
Taxes Receivable/Accrued, Net	23,980	230,075
Accounts Payable	(168,221)	(151,996)
Other Current Assets and Liabilities, Net	(49,889)	(72,160)
Net Cash Flows Provided by Operating Activities	907,970	978,438
Investing Activities:		
Investments in Property, Plant and Equipment	(1,146,952)	(869,168)
Proceeds from Sales of Marketable Securities	373,853	327,581
Purchases of Marketable Securities	(394,379)	(322,244)
Other Investing Activities	(11,050)	(2,991)
Net Cash Flows Used in Investing Activities	(1,178,528)	(866,822)
Financing Activities:		
Cash Dividends on Common Shares	(301,042)	(282,314)
Cash Dividends on Preferred Stock	(3,759)	(3,759)
Decrease in Notes Payable	(211,000)	(393,953)
Issuance of Long-Term Debt	950,000	800,000
Retirements of Long-Term Debt	(150,000)	(200,000)
Other Financing Activities	(19,254)	(16,811)
Net Cash Flows Provided by/(Used in) Financing Activities	264,945	(96,837)
Net (Decrease)/Increase in Cash and Cash Equivalents	(5,613)	14,779
Cash and Cash Equivalents - Beginning of Period	30,251	23,947
Cash and Cash Equivalents - End of Period	$ 24,638	$ 38,726

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash	$ 5,837	$ 6,579
Receivables, Net	371,504	359,132
Accounts Receivable from Affiliated Companies	22,805	16,851
Unbilled Revenues	50,436	50,373
Materials, Supplies and Inventory	57,324	52,050
Regulatory Assets	346,520	335,526
Prepayments and Other Current Assets	14,608	52,670
Total Current Assets	869,034	873,181
Property, Plant and Equipment, Net	7,940,398	7,632,392
Deferred Debits and Other Assets:		
Regulatory Assets	1,343,011	1,391,564
Other Long-Term Assets	138,405	137,907
Total Deferred Debits and Other Assets	1,481,416	1,529,471
Total Assets	$ 10,290,848	$ 10,035,044
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 101,100	$ 80,100
Long-Term Debt – Current Portion	400,000	250,000
Accounts Payable	229,435	289,532
Accounts Payable to Affiliated Companies	54,046	88,075
Obligations to Third Party Suppliers	52,854	55,520
Regulatory Liabilities	62,195	47,055
Derivative Liabilities	64,301	77,765
Other Current Liabilities	143,998	120,399
Total Current Liabilities	1,107,929	1,008,446
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	2,071,421	1,987,661
Regulatory Liabilities	101,863	100,138
Derivative Liabilities	402,002	412,750
Accrued Pension, SERP and PBOP	301,691	300,208
Other Long-Term Liabilities	125,996	123,244
Total Deferred Credits and Other Liabilities	3,002,973	2,924,001
Capitalization:		
Long-Term Debt	2,513,522	2,516,010
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	2,110,739	2,110,714
Retained Earnings	1,378,895	1,299,374
Accumulated Other Comprehensive Income/(Loss)	238	(53)
Common Stockholder's Equity	3,550,224	3,470,387
Total Capitalization	6,179,946	6,102,597

Total Liabilities and Capitalization	$ 10,290,848	$ 10,035,044

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Operating Revenues	$ 666,558	$ 679,787	$ 1,398,867	$ 1,415,103
Operating Expenses:				
Purchased Power and Transmission	207,211	234,504	452,149	507,104
Operations and Maintenance	108,501	122,532	236,727	233,375
Depreciation	60,797	57,532	120,549	114,500
Amortization of Regulatory Assets/(Liabilities), Net	11,422	(2,988)	24,225	6,891
Energy Efficiency Programs	32,153	35,498	68,744	73,589
Taxes Other Than Income Taxes	70,437	70,568	144,414	146,030
Total Operating Expenses	490,521	517,646	1,046,808	1,081,489
Operating Income	176,037	162,141	352,059	333,614
Interest Expense	35,299	35,978	70,264	72,477
Other Income, Net	3,804	6,275	6,561	7,211
Income Before Income Tax Expense	144,542	132,438	288,356	268,348
Income Tax Expense	53,249	49,563	106,855	98,427
Net Income	$ 91,293	$ 82,875	$ 181,501	$ 169,921

The accompanying notes are an integral part of these unaudited condensed financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Net Income	$ 91,293	$ 82,875	$ 181,501	$ 169,921
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	91	111	202	222
Changes in Unrealized Gains on Marketable Securities	33	36	89	45
Other Comprehensive Income, Net of Tax	124	147	291	267
Comprehensive Income	$ 91,417	$ 83,022	$ 181,792	$ 170,188

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016
Operating Activities:		
Net Income	$ 181,501	$ 169,921
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	120,549	114,500
Deferred Income Taxes	73,277	97,913
Pension, SERP, and PBOP Expense, Net of PBOP Contributions	3,071	3,325
Regulatory Over/(Under) Recoveries, Net	9,762	(40,386)
Amortization of Regulatory Assets, Net	24,225	6,891
Other	(27,623)	(4,477)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(22,333)	(26,729)
Taxes Receivable/Accrued, Net	41,733	145,852
Accounts Payable	(63,813)	(38,137)
Other Current Assets and Liabilities, Net	13,541	774
Net Cash Flows Provided by Operating Activities	353,890	429,447
Investing Activities:		
Investments in Property, Plant and Equipment	(419,891)	(288,630)
Proceeds from the Sale of Property, Plant and Equipment	—	9,047
Other Investing Activities	132	205
Net Cash Flows Used in Investing Activities	(419,759)	(279,378)
Financing Activities:		
Cash Dividends on Common Stock	(99,200)	(99,800)
Cash Dividends on Preferred Stock	(2,779)	(2,779)
Capital Contributions from Eversource Parent	—	145,700
Issuance of Long-Term Debt	300,000	—
Retirement of Long-Term Debt	(150,000)	—
Increase/(Decrease) in Notes Payable to Eversource Parent	21,000	(184,400)
Other Financing Activities	(3,894)	(398)
Net Cash Flows Provided by/(Used in) Financing Activities	65,127	(141,677)
Net (Decrease)/Increase in Cash	(742)	8,392
Cash - Beginning of Period	6,579	1,057
Cash - End of Period	$ 5,837	$ 9,449

The accompanying notes are an integral part of these unaudited condensed financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 4,475	$ 3,494
Receivables, Net	261,344	257,557
Accounts Receivable from Affiliated Companies	28,619	8,581
Unbilled Revenues	40,163	31,632
Taxes Receivable	3,532	39,738
Materials, Supplies and Inventory	35,067	62,288
Regulatory Assets	270,230	289,400
Prepayments and Other Current Assets	17,730	14,906
Total Current Assets	661,160	707,596
Property, Plant and Equipment, Net	6,188,535	6,051,835
Deferred Debits and Other Assets:		
Regulatory Assets	1,064,099	1,057,746
Prepaid PBOP	109,658	95,073
Other Long-Term Assets	71,657	60,572
Total Deferred Debits and Other Assets	1,245,414	1,213,391
Total Assets	$ 8,095,109	$ 7,972,822
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ —	$ 126,500
Long-Term Debt – Current Portion	400,000	400,000
Accounts Payable	151,056	232,599
Accounts Payable to Affiliated Companies	8,389	91,532
Obligations to Third Party Suppliers	67,254	55,863
Renewable Portfolio Standards Compliance Obligations	44,258	75,571
Regulatory Liabilities	48,350	63,653
Other Current Liabilities	48,736	71,122
Total Current Liabilities	768,043	1,116,840
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,898,526	1,836,292
Regulatory Liabilities	394,527	391,823
Accrued Pension and SERP	111,994	111,827
Other Long-Term Liabilities	130,023	123,194
Total Deferred Credits and Other Liabilities	2,535,070	2,463,136
Capitalization:		
Long-Term Debt	2,025,929	1,678,116
Preferred Stock Not Subject to Mandatory Redemption	43,000	43,000
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	1,047,178	1,045,378
Retained Earnings	1,675,529	1,625,984
Accumulated Other Comprehensive Income	360	368
Common Stockholder's Equity	2,723,067	2,671,730

Total Capitalization		4,791,996		4,392,846
Total Liabilities and Capitalization	$	8,095,109	$	7,972,822

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Operating Revenues	$ 584,069	$ 591,301	$ 1,187,848	$ 1,205,517
Operating Expenses:				
Purchased Power and Transmission	197,291	219,189	430,384	473,525
Operations and Maintenance	85,281	88,954	173,632	183,650
Depreciation	56,181	52,571	111,397	104,457
Amortization of Regulatory Assets, Net	2,984	3,971	7,961	8,654
Energy Efficiency Programs	59,876	61,922	127,188	128,165
Taxes Other Than Income Taxes	34,648	34,194	62,041	66,750
Total Operating Expenses	436,261	460,801	912,603	965,201
Operating Income	147,808	130,500	275,245	240,316
Interest Expense	23,445	20,216	45,473	41,104
Other Income, Net	2,029	2,836	5,277	2,502
Income Before Income Tax Expense	126,392	113,120	235,049	201,714
Income Tax Expense	49,029	44,953	91,524	79,053
Net Income	$ 77,363	$ 68,167	$ 143,525	$ 122,661

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Net Income	$ 77,363	$ 68,167	$ 143,525	$ 122,661
Other Comprehensive Loss, Net of Tax:				
Changes in Funded Status of SERP Benefit Plan	(4)	(11)	(8)	(21)
Other Comprehensive Loss, Net of Tax	(4)	(11)	(8)	(21)
Comprehensive Income	$ 77,359	$ 68,156	$ 143,517	$ 122,640

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016
Operating Activities:		
Net Income	$ 143,525	$ 122,661
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	111,397	104,457
Deferred Income Taxes	60,673	48,505
Pension, SERP and PBOP (Benefits)/Expense, Net	(4,944)	2,192
Pension and PBOP Contributions	(15,360)	(15,428)
Regulatory Overrecoveries, Net	8,257	26,277
Amortization of Regulatory Assets, Net	7,961	8,654
Other	(15,309)	(3,978)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(42,050)	(56,140)
Materials, Supplies and Inventory	27,221	35,194
Taxes Receivable/Accrued, Net	36,207	45,608
Accounts Payable	(133,614)	(88,774)
Other Current Assets and Liabilities, Net	(45,430)	(64,084)
Net Cash Flows Provided by Operating Activities	138,534	165,144
Investing Activities:		
Investments in Property, Plant and Equipment	(262,097)	(199,824)
Other Investing Activities	(3,617)	—
Net Cash Flows Used in Investing Activities	(265,714)	(199,824)
Financing Activities:		
Cash Dividends on Common Stock	(93,000)	(278,300)
Cash Dividends on Preferred Stock	(980)	(980)
Capital Contributions from Eversource Parent	1,800	—
(Decrease)/Increase in Notes Payable	(126,500)	266,500
Issuance of Long-Term Debt	350,000	250,000
Retirements of Long-Term Debt	—	(200,000)
Other Financing Activities	(3,159)	(2,495)
Net Cash Flows Provided by Financing Activities	128,161	34,725
Increase in Cash and Cash Equivalents	981	45
Cash and Cash Equivalents - Beginning of Period	3,494	3,346
Cash and Cash Equivalents - End of Period	$ 4,475	$ 3,391

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash	$ 192	$ 4,646
Receivables, Net	81,937	84,450
Accounts Receivable from Affiliated Companies	3,781	4,185
Unbilled Revenues	41,723	41,004
Taxes Receivable	27,122	6,177
Fuel, Materials, Supplies and Inventory	150,066	162,354
Regulatory Assets	132,424	117,240
Prepayments and Other Current Assets	20,514	22,731
Total Current Assets	457,759	442,787
Property, Plant and Equipment, Net	3,118,456	3,039,313
Deferred Debits and Other Assets:		
Regulatory Assets	249,612	245,525
Other Long-Term Assets	47,075	37,720
Total Deferred Debits and Other Assets	296,687	283,245
Total Assets	$ 3,872,902	$ 3,765,345
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 194,100	$ 160,900
Long-Term Debt – Current Portion	180,000	70,000
Accounts Payable	78,218	85,716
Accounts Payable to Affiliated Companies	21,207	29,154
Regulatory Liabilities	13,696	12,659
Other Current Liabilities	46,415	43,253
Total Current Liabilities	533,636	401,682
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	821,799	785,385
Regulatory Liabilities	43,845	44,779
Accrued Pension, SERP and PBOP	101,143	94,652
Other Long-Term Liabilities	50,051	49,442
Total Deferred Credits and Other Liabilities	1,016,838	974,258
Capitalization:		
Long-Term Debt	892,333	1,002,048
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	843,134	843,134
Retained Earnings	591,288	549,286
Accumulated Other Comprehensive Loss	(4,327)	(5,063)
Common Stockholder's Equity	1,430,095	1,387,357
Total Capitalization	2,322,428	2,389,405
Total Liabilities and Capitalization	$ 3,872,902	$ 3,765,345

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Operating Revenues	$ 230,383	$ 218,517	$ 483,541	$ 460,807
Operating Expenses:				
Purchased Power, Fuel and Transmission	60,442	45,653	122,189	95,867
Operations and Maintenance	65,134	63,788	127,484	123,001
Depreciation	32,447	28,644	63,182	56,879
Amortization of Regulatory (Liabilities)/Assets, Net	(18,937)	(8,186)	(13,492)	332
Energy Efficiency Programs	3,287	3,259	7,032	6,879
Taxes Other Than Income Taxes	23,118	22,287	44,001	44,082
Total Operating Expenses	165,491	155,445	350,396	327,040
Operating Income	64,892	63,072	133,145	133,767
Interest Expense	12,970	12,526	25,780	24,987
Other Income, Net	456	282	1,654	432
Income Before Income Tax Expense	52,378	50,828	109,019	109,212
Income Tax Expense	20,787	19,573	43,116	41,899
Net Income	$ 31,591	$ 31,255	$ 65,903	$ 67,313

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Net Income	$ 31,591	$ 31,255	$ 65,903	$ 67,313
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	290	291	581	581
Changes in Unrealized Gains on Marketable Securities	58	63	155	79
Other Comprehensive Income, Net of Tax	348	354	736	660
Comprehensive Income	$ 31,939	$ 31,609	$ 66,639	$ 67,973

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016
Operating Activities:		
Net Income	$ 65,903	$ 67,313
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	63,182	56,879
Deferred Income Taxes	37,670	45,976
Regulatory Underrecoveries, Net	(1,964)	(10,740)
Amortization of Regulatory (Liabilities)/Assets, Net	(13,492)	332
Other	(6,763)	(8,484)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(1,427)	(5,247)
Fuel, Materials, Supplies and Inventory	12,288	5,394
Taxes Receivable/Accrued, Net	(20,945)	33,840
Accounts Payable	2,236	20,417
Other Current Assets and Liabilities, Net	5,419	(1,422)
Net Cash Flows Provided by Operating Activities	142,107	204,258
Investing Activities:		
Investments in Property, Plant and Equipment	(155,737)	(138,713)
Other Investing Activities	26	172
Net Cash Flows Used in Investing Activities	(155,711)	(138,541)
Financing Activities:		
Cash Dividends on Common Stock	(23,900)	(38,800)
Capital Contributions from Eversource Parent	—	83,000
Increase/(Decrease) in Notes Payable to Eversource Parent	33,200	(110,400)
Other Financing Activities	(150)	(166)
Net Cash Flows Provided by/(Used in) Financing Activities	9,150	(66,366)
Net Decrease in Cash	(4,454)	(649)
Cash - Beginning of Period	4,646	1,733
Cash - End of Period	$ 192	$ 1,084

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Receivables, Net	$ 54,178	$ 54,940
Accounts Receivable from Affiliated Companies	11,393	14,425
Unbilled Revenues	17,335	15,329
Materials, Supplies and Inventory	5,784	8,618
Regulatory Assets	67,310	64,123
Prepayments and Other Current Assets	1,821	2,595
Total Current Assets	157,821	160,030
Property, Plant and Equipment, Net	1,719,824	1,678,262
Deferred Debits and Other Assets:		
Regulatory Assets	124,899	127,291
Other Long-Term Assets	33,780	29,062
Total Deferred Debits and Other Assets	158,679	156,353
Total Assets	$ 2,036,324	$ 1,994,645
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 68,700	$ 51,000
Accounts Payable	32,258	56,036
Accounts Payable to Affiliated Companies	28,484	19,478
Obligations to Third Party Suppliers	9,458	10,508
Renewable Portfolio Standards Compliance Obligations	11,114	20,383
Regulatory Liabilities	11,062	14,888
Other Current Liabilities	12,574	14,984
Total Current Liabilities	173,650	187,277
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	523,028	490,793
Regulatory Liabilities	20,887	17,227
Accrued Pension, SERP and PBOP	19,798	20,390
Other Long-Term Liabilities	45,471	41,308
Total Deferred Credits and Other Liabilities	609,184	569,718
Capitalization:		
Long-Term Debt	566,293	566,536
Common Stockholder's Equity:		
Common Stock	10,866	10,866
Capital Surplus, Paid In	444,398	444,398
Retained Earnings	234,051	218,212
Accumulated Other Comprehensive Loss	(2,118)	(2,362)
Common Stockholder's Equity	687,197	671,114
Total Capitalization	1,253,490	1,237,650
Total Liabilities and Capitalization	$ 2,036,324	$ 1,994,645

The accompanying notes are an integral part of these unaudited condensed financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY
CONDENSED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Operating Revenues	$ 120,744	$ 116,396	$ 250,879	$ 244,491
Operating Expenses:				
Purchased Power and Transmission	33,858	32,665	74,724	72,228
Operations and Maintenance	21,743	22,088	44,242	43,893
Depreciation	12,296	11,476	24,298	22,847
Amortization of Regulatory (Liabilities)/Assets, Net	(361)	992	(849)	2,203
Energy Efficiency Programs	8,079	10,347	18,743	21,203
Taxes Other Than Income Taxes	10,197	9,600	20,624	19,833
Total Operating Expenses	85,812	87,168	181,782	182,207
Operating Income	34,932	29,228	69,097	62,284
Interest Expense	6,182	6,072	12,431	12,075
Other Income/(Loss), Net	272	104	349	(46)
Income Before Income Tax Expense	29,022	23,260	57,015	50,163
Income Tax Expense	11,401	9,995	22,176	20,071
Net Income	$ 17,621	$ 13,265	$ 34,839	$ 30,092

The accompanying notes are an integral part of these unaudited condensed financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Net Income	$ 17,621	$ 13,265	$ 34,839	$ 30,092
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	110	110	219	219
Changes in Unrealized Gains on Marketable Securities	9	10	25	13
Other Comprehensive Income, Net of Tax	119	120	244	232
Comprehensive Income	$ 17,740	$ 13,385	$ 35,083	$ 30,324

The accompanying notes are an integral part of these unaudited condensed financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Six Months Ended June 30, 2017	2016
Operating Activities:		
Net Income	$ 34,839	$ 30,092
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	24,298	22,847
Deferred Income Taxes	31,549	17,155
Regulatory Over/(Under) Recoveries, Net	1,170	(2,651)
Amortization of Regulatory (Liabilities)/Assets, Net	(849)	2,203
Other	(3,767)	(2,547)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(1,178)	6,500
Taxes Receivable/Accrued, Net	(177)	32,985
Accounts Payable	717	(13,176)
Other Current Assets and Liabilities, Net	(8,942)	2,502
Net Cash Flows Provided by Operating Activities	77,660	95,910
Investing Activities:		
Investments in Property, Plant and Equipment	(76,397)	(71,459)
Proceeds from Sales of Marketable Securities	863	1,484
Purchases of Marketable Securities	(826)	(1,457)
Net Cash Flows Used in Investing Activities	(76,360)	(71,432)
Financing Activities:		
Cash Dividends on Common Stock	(19,000)	(19,000)
Capital Contributions from Eversource Parent	—	35,000
Increase/(Decrease) in Notes Payable to Eversource Parent	17,700	(89,700)
Issuance of Long-Term Debt	—	50,000
Other Financing Activities	—	(191)
Net Cash Flows Used in Financing Activities	(1,300)	(23,891)
Net Increase in Cash	—	587
Cash - Beginning of Period	—	834
Cash - End of Period	$ —	$ 1,421

The accompanying notes are an integral part of these unaudited condensed financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
WESTERN MASSACHUSETTS ELECTRIC COMPANY

COMBINED NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout the combined notes to the unaudited condensed financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Eversource Energy is a public utility holding company primarily engaged, through its wholly-owned regulated utility subsidiaries, in the energy delivery business. Eversource Energy's wholly-owned regulated utility subsidiaries consist of CL&P, NSTAR Electric, PSNH, WMECO, Yankee Gas and NSTAR Gas. Eversource provides energy delivery service to approximately 3.7 million electric and natural gas customers through these six regulated utilities in Connecticut, Massachusetts and New Hampshire.

On June 2, 2017, Eversource announced that it had entered into an agreement to acquire Aquarion Water Company ("Aquarion") from Macquarie Infrastructure Partners for $1.675 billion, consisting of approximately $880 million in cash and $795 million of assumed Aquarion debt. The transaction requires approval from PURA, the DPU, the NHPUC, the Maine PUC, and the Federal Communications Commission, and is also subject to a review under the Hart-Scott-Rodino Act. On June 29, 2017, Eversource and Aquarion filed joint applications with regulatory agencies in Connecticut, Massachusetts, New Hampshire and Maine requesting approval of the transaction. The transaction is expected to close by December 31, 2017.

The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH include the accounts of each of their respective subsidiaries. Intercompany transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P and WMECO are herein collectively referred to as the "financial statements."

The combined notes to the financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. The accompanying financial statements should be read in conjunction with the *Combined Notes to Financial Statements* included in Item 8, "Financial Statements and Supplementary Data," of the Eversource 2016 Form 10-K, which was filed with the SEC. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements contain, in the opinion of management, all adjustments (including normal, recurring adjustments) necessary to present fairly Eversource's, CL&P's, NSTAR Electric's, PSNH's and WMECO's financial position as of June 30, 2017 and December 31, 2016, the results of operations and comprehensive income for the three and six months ended June 30, 2017 and 2016, and the cash flows for the six months ended June 30, 2017 and 2016. The results of operations and comprehensive income for the three and six months ended June 30, 2017 and 2016 and the cash flows for the six months ended June 30, 2017 and 2016 are not necessarily indicative of the results expected for a full year.

Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's, PSNH's and WMECO's combined ownership interest in each of these entities is greater than 50 percent. Intercompany transactions between CL&P, NSTAR Electric, PSNH and WMECO and the CYAPC and YAEC companies have been eliminated in consolidation of the Eversource financial statements.

Eversource's utility subsidiaries' distribution (including generation assets) and transmission businesses are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for entities with rate-regulated operations, which considers the effect of regulation on the differences in the timing of the recognition of certain revenues and expenses from those of other businesses and industries. See Note 2, "Regulatory Accounting," for further information.

Certain reclassifications of prior period data were made in the accompanying financial statements to conform to the current period presentation.

B. Accounting Standards

Accounting Standards Issued but Not Yet Effective: In May 2014, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which amends existing revenue recognition guidance and is required to be applied retrospectively (either to each reporting period presented or cumulatively at the date of initial application). The Company is evaluating the requirements and potential impacts of ASU 2014-09 and will implement the standard in the first quarter of 2018 cumulatively at the date of initial application. While the guidance continues to be interpreted on an industry specific level, implementation of the ASU is not currently expected to have a material effect on the financial statements of Eversource, CL&P, NSTAR Electric, PSNH and WMECO.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Liabilities*, which is required to be implemented in the first quarter of 2018. The ASU will remove the available-for-sale designation for equity securities, whereby changes in fair value are recorded in accumulated other comprehensive income within shareholders' equity, and will require changes in fair value of all equity securities to be recorded in earnings beginning on January 1, 2018, with the unrealized gain or loss on available-for-sale equity securities as of that date reclassified to retained earnings as a cumulative effect of adoption. The fair value of available-for-sale equity securities subject to this guidance as of June 30, 2017 was approximately $49 million. The remaining available-for-sale equity securities included in marketable securities on the balance sheet are held in nuclear decommissioning trusts and are subject to regulatory accounting treatment and will not be impacted by this guidance. Implementation of the ASU for other financial instruments is not expected to have a material impact on the financial statements of Eversource, CL&P, NSTAR Electric, PSNH and WMECO.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which changes existing lease accounting guidance and is required to be applied in the first quarter of 2019, with earlier application permitted. The ASU is required to be implemented for leases beginning on the date of initial application. For prior periods presented, leases are required to be recognized and measured using a modified retrospective approach. The Company is reviewing the requirements of ASU 2016-02, including balance sheet recognition of leases previously deemed operating leases, and expects to implement the ASU in the first quarter of 2019.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, required to be implemented in the first quarter of 2018. The ASU requires separate presentation of service cost from other components of net pension and PBOP costs, with the other components presented as non-operating income and not subject to capitalization. The Company is assessing the impacts of the ASU on the financial statements of Eversource, CL&P, NSTAR Electric, PSNH and WMECO; however, implementation of the ASU is not expected to have a material impact on the net income of Eversource, CL&P, NSTAR Electric, PSNH and WMECO.

C. Provision for Uncollectible Accounts

Eversource, including CL&P, NSTAR Electric, PSNH and WMECO, presents its receivables at estimated net realizable value by maintaining a provision for uncollectible accounts. This provision is determined based upon a variety of judgments and factors, including the application of an estimated uncollectible percentage to each receivable aging category. The estimate is based upon historical collection and write-off experience and management's assessment of collectability from customers. Management continuously assesses the collectability of receivables and adjusts collectability estimates based on actual experience. Receivable balances are written off against the provision for uncollectible accounts when the customer accounts are terminated and these balances are deemed to be uncollectible.

The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows WMECO and NSTAR Gas also to recover in rates, amounts associated with certain uncollectible hardship accounts receivable. Certain of NSTAR Electric's uncollectible hardship accounts receivable are expected to be recovered in future rates, similar to WMECO and NSTAR Gas. These uncollectible customer account balances are included in Regulatory Assets or Other Long-Term Assets on the balance sheets.

The total provision for uncollectible accounts and for uncollectible hardship accounts, which is included in the total provision, is included in Receivables, Net on the balance sheets, and was as follows:

	Total Provision for Uncollectible Accounts		Uncollectible Hardship	
(Millions of Dollars)	As of June 30, 2017	As of December 31, 2016	As of June 30, 2017	As of December 31, 2016
Eversource	$ 199.0	$ 200.6	$ 124.5	$ 119.9
CL&P	77.5	86.4	64.5	67.7
NSTAR Electric	54.5	54.8	30.7	26.2
PSNH	11.0	9.9	—	—
WMECO	16.4	15.5	10.6	9.9

D. Fair Value Measurements

Fair value measurement guidance is applied to derivative contracts that are not elected or designated as "normal purchases or normal sales" ("normal") and to the marketable securities held in trusts. Fair value measurement guidance is also applied to valuations of the investments used to calculate the funded status of pension and PBOP plans, the nonrecurring fair value measurements of nonfinancial assets such as goodwill and AROs, and the estimated fair value of preferred stock and long-term debt.

Fair Value Hierarchy: In measuring fair value, Eversource uses observable market data when available in order to minimize the use of unobservable inputs. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. Eversource evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and Eversource's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy-related products.

Determination of Fair Value: The valuation techniques and inputs used in Eversource's fair value measurements are described in Note 4, "Derivative Instruments," Note 5, "Marketable Securities," and Note 10, "Fair Value of Financial Instruments," to the financial statements.

E. Other Income, Net

Items included within Other Income, Net on the statements of income primarily consist of investment income/(loss), interest income, AFUDC related to equity funds, and income/(loss) related to equity method investments. Investment income/(loss) primarily relates to debt and equity securities held in trust. For further information, see Note 5, "Marketable Securities," to the financial statements. For the three and six months ended June 30, 2017, Eversource had equity in earnings of $13.3 million and $17.9 million, respectively, related to its equity method investments.

F. Other Taxes

Gross receipts taxes levied by the state of Connecticut are collected by CL&P and Yankee Gas from their respective customers. These gross receipts taxes are shown separately with collections in Operating Revenues and with payments in Taxes Other Than Income Taxes on the statements of income as follows:

	For the Three Months Ended		For the Six Months Ended	
(Millions of Dollars)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Eversource	$ 35.7	$ 37.5	$ 77.9	$ 79.8
CL&P	31.8	33.6	65.7	69.6

As agents for state and local governments, Eversource's companies that serve customers in Connecticut and Massachusetts collect certain sales taxes that are recorded on a net basis with no impact on the statements of income.

G. Supplemental Cash Flow Information

Non-cash investing activities include plant additions included in Accounts Payable as follows:

(Millions of Dollars)	As of June 30, 2017	As of June 30, 2016
Eversource	$ 172.0	$ 186.3
CL&P	85.9	59.5
NSTAR Electric	29.5	38.5
PSNH	20.2	31.1
WMECO	10.6	14.6

2. REGULATORY ACCOUNTING

Eversource's Regulated companies are subject to rate regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The Regulated companies' financial statements reflect the effects of the rate-making process. The rates charged to the customers of Eversource's Regulated companies are designed to collect each company's costs to provide service, including a return on investment.

Management believes it is probable that each of the Regulated companies will recover its respective investments in long-lived assets, including regulatory assets. If management were to determine that it could no longer apply the accounting guidance applicable to rate-regulated enterprises to any of the Regulated companies' operations, or if management could not conclude it is probable that costs would be recovered from customers in future rates, the costs would be charged to net income in the period in which the determination is made.

Regulatory Assets: The components of regulatory assets were as follows:

Eversource

(Millions of Dollars)	As of June 30, 2017	As of December 31, 2016
Benefit Costs	$ 1,833.6	$ 1,817.8
Derivative Liabilities	398.1	423.3
Income Taxes, Net	652.5	644.5
Storm Restoration Costs	352.9	385.3
Goodwill-related	454.2	464.4
Regulatory Tracker Mechanisms	584.3	576.6
Asset Retirement Obligations	103.0	99.3
Other Regulatory Assets	72.8	115.1
Total Regulatory Assets	4,451.4	4,526.3
Less: Current Portion	870.4	887.6
Total Long-Term Regulatory Assets	$ 3,581.0	$ 3,638.7

	As of June 30, 2017				As of December 31, 2016			
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	CL&P	NSTAR Electric	PSNH	WMECO
Benefit Costs	$ 423.5	$ 445.6	$ 189.7	$ 86.4	$ 429.3	$ 438.6	$ 184.2	$ 86.7
Derivative Liabilities	394.8	2.3	—	—	420.5	2.8	—	—
Income Taxes, Net	440.7	91.2	22.4	31.2	437.0	89.7	24.2	30.8
Storm Restoration Costs	210.3	115.3	12.9	14.4	239.8	112.5	17.1	15.9
Goodwill-related	—	389.9	—	—	—	398.7	—	—
Regulatory Tracker Mechanisms	153.0	240.7	125.7	50.5	123.9	257.3	104.5	46.7
Asset Retirement Obligations	34.5	33.2	16.6	4.4	33.2	31.9	16.2	4.2
Other Regulatory Assets	32.7	16.1	14.7	5.3	43.4	15.6	16.5	7.1
Total Regulatory Assets	1,689.5	1,334.3	382.0	192.2	1,727.1	1,347.1	362.7	191.4
Less: Current Portion	346.5	270.2	132.4	67.3	335.5	289.4	117.2	64.1
Total Long-Term Regulatory Assets	$ 1,343.0	$ 1,064.1	$ 249.6	$ 124.9	$ 1,391.6	$ 1,057.7	$ 245.5	$ 127.3

Regulatory Costs in Other Long-Term Assets: Eversource's Regulated companies had $103.0 million (including $3.5 million for CL&P, $40.1 million for NSTAR Electric, $16.4 million for PSNH, and $24.3 million for WMECO) and $86.3 million (including $5.9 million for CL&P, $35.0 million for NSTAR Electric, $8.2 million for PSNH, and $20.1 million for WMECO) of additional regulatory costs as of June 30, 2017 and December 31, 2016, respectively, that were included in Other Long-Term Assets on the balance sheets. These amounts represent incurred costs for which recovery has not yet been specifically approved by the applicable regulatory agency. However, based on regulatory policies or past precedent on similar costs, management believes it is probable that these costs will ultimately be approved and recovered from customers in rates.

Regulatory Liabilities: The components of regulatory liabilities were as follows:

Eversource

(Millions of Dollars)	As of June 30, 2017	As of December 31, 2016
Cost of Removal	$ 474.4	$ 459.7
Benefit Costs	129.5	136.2
Regulatory Tracker Mechanisms	176.3	145.3
AFUDC - Transmission	65.6	65.8
Other Regulatory Liabilities	36.8	42.1
Total Regulatory Liabilities	882.6	849.1
Less: Current Portion	185.9	146.8
Total Long-Term Regulatory Liabilities	$ 696.7	$ 702.3

	As of June 30, 2017				As of December 31, 2016			
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	CL&P	NSTAR Electric	PSNH	WMECO
Cost of Removal	$ 43.4	$ 277.4	$ 42.8	$ 12.4	$ 38.8	$ 271.6	$ 44.1	$ 8.6
Benefit Costs	—	109.4	—	—	—	113.1	—	—
Regulatory Tracker Mechanisms	47.5	48.4	11.7	10.9	37.2	63.7	10.7	14.7
AFUDC - Transmission	49.5	7.4	—	8.7	50.2	6.9	—	8.7
Other Regulatory Liabilities	23.7	0.3	3.0	—	21.0	0.2	2.7	0.1
Total Regulatory Liabilities	164.1	442.9	57.5	32.0	147.2	455.5	57.5	32.1
Less: Current Portion	62.2	48.4	13.7	11.1	47.1	63.7	12.7	14.9
Total Long-Term Regulatory Liabilities	$ 101.9	$ 394.5	$ 43.8	$ 20.9	$ 100.1	$ 391.8	$ 44.8	$ 17.2

3. PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

The following tables summarize utility property, plant and equipment by asset category:

Eversource

(Millions of Dollars)	As of June 30, 2017	As of December 31, 2016
Distribution - Electric	$ 14,012.6	$ 13,716.9
Distribution - Natural Gas	3,094.3	3,010.4
Transmission - Electric	8,817.6	8,517.4
Generation	1,215.4	1,224.2
Electric and Natural Gas Utility	27,139.9	26,468.9
Other [(1)]	594.0	591.6
Property, Plant and Equipment, Gross	27,733.9	27,060.5
Less: Accumulated Depreciation		
Electric and Natural Gas Utility	(6,706.6)	(6,480.4)
Other	(262.8)	(242.0)
Total Accumulated Depreciation	(6,969.4)	(6,722.4)
Property, Plant and Equipment, Net	20,764.5	20,338.1
Construction Work in Progress [(2)]	1,307.0	1,012.4
Total Property, Plant and Equipment, Net	$ 22,071.5	$ 21,350.5

[(1)] These assets are primarily comprised of building improvements, computer software, hardware and equipment at Eversource Service.
[(2)] As of June 30, 2017, the total CWIP related to NPT was approximately $190 million.

	As of June 30, 2017				As of December 31, 2016			
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	CL&P	NSTAR Electric	PSNH	WMECO
Distribution	$ 5,717.1	$ 5,453.3	$ 2,018.6	$ 863.6	$ 5,562.9	$ 5,402.3	$ 1,949.8	$ 841.9
Transmission	4,016.4	2,530.3	1,103.1	1,119.4	3,912.9	2,435.8	1,059.3	1,061.1
Generation	—	—	1,179.4	36.0	—	—	1,188.2	36.0
Property, Plant and Equipment, Gross	9,733.5	7,983.6	4,301.1	2,019.0	9,475.8	7,838.1	4,197.3	1,939.0
Less: Accumulated Depreciation	(2,156.7)	(2,104.2)	(1,290.1)	(352.0)	(2,082.4)	(2,025.4)	(1,254.7)	(338.8)
Property, Plant and Equipment, Net	7,576.8	5,879.4	3,011.0	1,667.0	7,393.4	5,812.7	2,942.6	1,600.2
Construction Work in Progress	363.6	309.1	107.5	52.8	239.0	239.1	96.7	78.1
Total Property, Plant and Equipment, Net	$ 7,940.4	$ 6,188.5	$ 3,118.5	$ 1,719.8	$ 7,632.4	$ 6,051.8	$ 3,039.3	$ 1,678.3

4. DERIVATIVE INSTRUMENTS

The Regulated companies purchase and procure energy and energy-related products, which are subject to price volatility, for their customers. The costs associated with supplying energy to customers are recoverable from customers in future rates. The Regulated companies manage the risks associated with the price volatility of energy and energy-related products through the use of derivative and non-derivative contracts.

Many of the derivative contracts meet the definition of, and are designated as, normal and qualify for accrual accounting under the applicable accounting guidance. The costs and benefits of derivative contracts that meet the definition of normal are recognized in Operating Expenses or Operating Revenues on the statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not designated as normal are recorded at fair value as current or long-term Derivative Assets or Derivative Liabilities on the balance sheets. For the Regulated companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivatives, as contract settlement amounts are recovered from, or refunded to, customers in their respective energy supply rates.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with current and long-term portions, on the balance sheets. The following table presents the gross fair values of contracts, categorized by risk type, and the net amounts recorded as current or long-term derivative assets or liabilities:

	As of June 30, 2017			As of December 31, 2016		
(Millions of Dollars)	Commodity Supply and Price Risk Management	Netting [1]	Net Amount Recorded as a Derivative	Commodity Supply and Price Risk Management	Netting [1]	Net Amount Recorded as a Derivative
Current Derivative Assets:						
Level 2:						
Eversource	$ —	$ —	$ —	$ 6.0	$ —	$ 6.0
Level 3:						
Eversource, CL&P	11.2	(7.7)	3.5	13.9	(9.4)	4.5
Long-Term Derivative Assets:						
Level 2:						
Eversource	$ —	$ —	$ —	$ 0.3	$ (0.1)	$ 0.2
Level 3:						
Eversource, CL&P	76.0	(8.0)	68.0	77.3	(11.7)	65.6
Current Derivative Liabilities:						
Level 2:						
Eversource	$ (1.1)	$ 0.1	$ (1.0)	$ —	$ —	$ —
Level 3:						
Eversource	(66.5)	—	(66.5)	(79.7)	—	(79.7)
CL&P	(64.3)	—	(64.3)	(77.8)	—	(77.8)
NSTAR Electric	(2.2)	—	(2.2)	(1.9)	—	(1.9)
Long-Term Derivative Liabilities:						
Level 3:						
Eversource	$ (402.1)	$ —	$ (402.1)	$ (413.7)	$ —	$ (413.7)
CL&P	(402.0)	—	(402.0)	(412.8)	—	(412.8)
NSTAR Electric	(0.1)	—	(0.1)	(0.9)	—	(0.9)

(1) Amounts represent derivative assets and liabilities that Eversource elected to record net on the balance sheets. These amounts are subject to master netting agreements or similar agreements for which the right of offset exists.

For further information on the fair value of derivative contracts, see Note 1D, "Summary of Significant Accounting Policies - Fair Value Measurements," to the financial statements.

Derivative Contracts at Fair Value with Offsetting Regulatory Amounts
Commodity Supply and Price Risk Management: As required by regulation, CL&P, along with UI, has capacity-related contracts with generation facilities. CL&P has a sharing agreement with UI, with 80 percent of the costs or benefits of each contract borne by or allocated to CL&P and 20 percent borne by or allocated to UI. The combined capacity of these contracts is 787 MW. The capacity contracts extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set capacity price and the capacity market price received in the ISO-NE capacity markets. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

NSTAR Electric has a renewable energy contract to purchase 0.1 million MWh of energy per year through 2018 and a capacity-related contract to purchase up to 35 MW per year through 2019.

As of June 30, 2017 and December 31, 2016, Eversource had New York Mercantile Exchange ("NYMEX") financial contracts for natural gas futures in order to reduce variability associated with the purchase price of approximately 6.3 million and 9.2 million MMBtu of natural gas, respectively.

For the three months ended June 30, 2017 and 2016, there were losses of $4.4 million and $42.9 million, respectively, deferred as regulatory costs, which reflect the change in fair value associated with Eversource's derivative contracts. For the six months ended June 30, 2017 and 2016, these losses were $30.9 million and $74.4 million, respectively.

Fair Value Measurements of Derivative Instruments
Derivative contracts classified as Level 2 in the fair value hierarchy relate to the financial contracts for natural gas futures. Prices are obtained from broker quotes and are based on actual market activity. The contracts are valued using NYMEX natural gas prices. Valuations of these contracts also incorporate discount rates using the yield curve approach.

The fair value of derivative contracts classified as Level 3 utilizes significant unobservable inputs. The fair value is modeled using income techniques, such as discounted cash flow valuations adjusted for assumptions relating to exit price. Significant observable inputs for valuations of these contracts include energy and energy-related product prices in future years for which quoted prices in an active market exist. Fair value measurements categorized in Level 3 of the fair value hierarchy are prepared by individuals with expertise in valuation techniques, pricing of energy and energy-related products, and accounting requirements. The future power and capacity prices for periods that are not quoted in an active market or established at auction are based on available market data and are escalated based on estimates of inflation in order to address the full term of the contract.

Valuations of derivative contracts using a discounted cash flow methodology include assumptions regarding the timing and likelihood of scheduled payments and also reflect non-performance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the Company's credit rating for liabilities. Valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using historical market transactions adjusted for the terms of the contract.

The following is a summary of Eversource's, including CL&P's and NSTAR Electric's, Level 3 derivative contracts and the range of the significant unobservable inputs utilized in the valuations over the duration of the contracts:

	As of June 30, 2017					As of December 31, 2016				
	Range				Period Covered	Range				Period Covered
Capacity Prices:										
Eversource, CL&P	$ 5.00	—	8.70	per kW-Month	2021 - 2026	$ 5.50	—	8.70	per kW-Month	2020 - 2026
Forward Reserve:										
Eversource, CL&P	$ 1.40	—	2.00	per kW-Month	2017 - 2024	$ 1.40	—	2.00	per kW-Month	2017 - 2024
REC Prices:										
Eversource, NSTAR Electric	$ 26.00	—	27.50	per REC	2017 - 2018	$ 24.00	—	29.00	per REC	2017 - 2018

Exit price premiums of 2 percent through 19 percent are also applied on these contracts and reflect the uncertainty and illiquidity premiums that would be required based on the most recent market activity available for similar type contracts.

Significant increases or decreases in future energy or capacity prices in isolation would decrease or increase, respectively, the fair value of the derivative liability. Any increases in risk premiums would increase the fair value of the derivative liability. Changes in these fair values are recorded as a regulatory asset or liability and do not impact net income.

Valuations using significant unobservable inputs: The following table presents changes in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis.

	For the Three Months Ended June 30,					
	2017			2016		
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	Eversource	CL&P	NSTAR Electric
Derivatives, Net:						
Fair Value as of Beginning of Period	$ (416.0)	$ (413.5)	$ (2.5)	$ (387.7)	$ (385.1)	$ (2.6)
Net Realized/Unrealized Gains/(Losses) Included in Regulatory Assets and Liabilities	(3.0)	(0.6)	(2.4)	(46.6)	(46.8)	0.2
Settlements	21.9	19.3	2.6	21.7	20.6	1.1
Fair Value as of End of Period	$ (397.1)	$ (394.8)	$ (2.3)	$ (412.6)	$ (411.3)	$ (1.3)

	For the Six Months Ended June 30,					
	2017			2016		
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	Eversource	CL&P	NSTAR Electric
Derivatives, Net:						
Fair Value as of Beginning of Period	$ (423.3)	$ (420.5)	$ (2.8)	$ (380.9)	$ (380.8)	$ (0.1)
Net Realized/Unrealized Losses Included in Regulatory Assets and Liabilities	(18.4)	(15.2)	(3.2)	(76.6)	(72.2)	(4.4)
Settlements	44.6	40.9	3.7	44.9	41.7	3.2
Fair Value as of End of Period	$ (397.1)	$ (394.8)	$ (2.3)	$ (412.6)	$ (411.3)	$ (1.3)

5. MARKETABLE SECURITIES

Eversource maintains trusts that hold marketable securities to fund certain non-qualified executive benefits. These trusts are not subject to regulatory oversight by state or federal agencies. CYAPC and YAEC maintain legally restricted trusts, each of which holds marketable securities, to fund the spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

Trading Securities: Eversource has elected to record certain equity securities as trading securities, with the changes in fair values recorded in Other Income, Net on the statements of income. As of December 31, 2016, these securities were classified as Level 1 in the fair value hierarchy and totaled $9.6 million. These securities were sold during the first quarter of 2017 and were no longer held as of June 30, 2017. For the three and six months ended June 30, 2016, net gains on these securities of $0.2 million and $0.5 million, respectively, were recorded in Other Income, Net on the statements of income. Dividend income is recorded in Other Income, Net when dividends are declared.

Available-for-Sale Securities: The following is a summary of available-for-sale securities, which are recorded at fair value and are included in current and long-term Marketable Securities on the balance sheets.

	As of June 30, 2017				As of December 31, 2016			
Eversource *(Millions of Dollars)*	Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value	Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value
Debt Securities	$ 290.3	$ 4.7	$ (0.5)	$ 294.5	$ 296.2	$ 1.1	$ (2.1)	$ 295.2
Equity Securities	202.1	83.2	—	285.3	203.3	62.3	(1.2)	264.4

Eversource's debt and equity securities include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts in the amounts of $485.9 million and $466.7 million as of June 30, 2017 and December 31, 2016, respectively. Unrealized gains and losses for these nuclear decommissioning trusts are recorded in Marketable Securities with the corresponding offset to Other Long-Term Liabilities on the balance sheets, with no impact on the statements of income.

Unrealized Losses and Other-than-Temporary Impairment: There have been no significant unrealized losses, other-than-temporary impairments or credit losses for the three and six months ended June 30, 2017 and 2016. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset-backed debt securities, underlying collateral and expected future cash flows are also evaluated.

Realized Gains and Losses: Realized gains and losses on available-for-sale securities are recorded in Other Income, Net for Eversource's non-qualified benefit trust and are offset in Other Long-Term Liabilities for CYAPC and YAEC. Eversource utilizes the specific identification basis method for the Eversource non-qualified benefit trust, and the average cost basis method for the CYAPC and YAEC nuclear decommissioning trusts to compute the realized gains and losses on the sale of available-for-sale securities.

Contractual Maturities: As of June 30, 2017, the contractual maturities of available-for-sale debt securities were as follows:

Eversource *(Millions of Dollars)*	Amortized Cost	Fair Value
Less than one year [(1)]	$ 53.0	$ 52.9
One to five years	52.6	53.4
Six to ten years	54.7	56.3
Greater than ten years	130.0	131.9
Total Debt Securities	$ 290.3	$ 294.5

(1) Amounts in the Less than one year category include securities in the CYAPC and YAEC nuclear decommissioning trusts, which are restricted and are classified in long-term Marketable Securities on the balance sheets.

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

Eversource *(Millions of Dollars)*	As of June 30, 2017	As of December 31, 2016
Level 1:		
Mutual Funds and Equities	$ 285.3	$ 274.0
Money Market Funds	29.7	54.8
Total Level 1	$ 315.0	$ 328.8
Level 2:		
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 53.9	$ 63.0
Corporate Debt Securities	67.8	41.1
Asset-Backed Debt Securities	18.6	18.5
Municipal Bonds	113.1	107.5
Other Fixed Income Securities	11.4	10.3
Total Level 2	$ 264.8	$ 240.4
Total Marketable Securities	$ 579.8	$ 569.2

U.S. government issued debt securities are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate debt securities are valued using a market approach, utilizing recent trades of the same or similar instrument and also incorporating yield curves, credit spreads and specific bond terms and conditions. Asset-backed debt securities include collateralized mortgage obligations, commercial mortgage backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset-backed debt securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates, and tranche information. Municipal bonds are valued using a market approach that incorporates reported trades and benchmark yields. Other fixed income securities are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

6. SHORT-TERM AND LONG-TERM DEBT

Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. As of June 30, 2017 and December 31, 2016, Eversource parent had $937.5 million and approximately $1.0 billion, respectively, in short-term borrowings outstanding under the Eversource parent commercial paper program, leaving $512.5 million and $428.0 million of available borrowing capacity as of June 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of June 30, 2017 and December 31, 2016 was 1.34 percent and 0.88 percent, respectively. As of June 30, 2017, there were intercompany loans from Eversource parent of $101.1 million to CL&P, $194.1 million to PSNH, and $68.7 million to WMECO. As of December 31, 2016, there were intercompany loans from Eversource parent of $80.1 million to CL&P, $160.9 million to PSNH and $51.0 million to WMECO. Eversource parent, CL&P, PSNH, WMECO, NSTAR Gas and Yankee Gas are parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility's termination date is September 4, 2021. The revolving credit facility serves to backstop Eversource parent's $1.45 billion commercial paper program. There were no borrowings outstanding on the revolving credit facility as of June 30, 2017 or December 31, 2016.

NSTAR Electric has a $450 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. As of June 30, 2017, NSTAR Electric had no short-term borrowings outstanding and as of December 31, 2016, NSTAR Electric had $126.5 million in short-term borrowings outstanding under its commercial paper program, leaving $450.0 million and $323.5 million of available borrowing capacity as of June 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of December 31, 2016 was 0.71 percent. NSTAR Electric is a party to a five-year $450 million revolving credit facility. The revolving credit facility's termination date is September 4, 2021. The revolving credit facility serves to backstop NSTAR Electric's $450 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of June 30, 2017 or December 31, 2016.

Amounts outstanding under the commercial paper programs are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. Intercompany loans from Eversource parent to CL&P, PSNH and WMECO are included in Notes Payable to Eversource Parent and are classified in current liabilities on their respective balance sheets. Intercompany loans from Eversource parent to CL&P, PSNH and WMECO are eliminated in consolidation on Eversource's balance sheets.

Long-Term Debt Issuances: In March 2017, Eversource parent issued $300 million of 2.75 percent Series K Senior Notes due to mature in 2022. The proceeds, net of issuance costs, were used to repay short-term borrowings under the Eversource parent commercial paper program.

In March 2017, CL&P issued $300 million of 3.20 percent 2017 Series A First and Refunding Mortgage Bonds due to mature in 2027. The proceeds, net of issuance costs, were used to repay short-term borrowings.

In May 2017, NSTAR Electric issued $350 million of 3.20 percent Debentures due to mature in 2027. The proceeds, net of issuance costs, were used to repay short-term borrowings and fund capital expenditures and working capital.

Long-Term Debt Repayments: In March 2017, CL&P repaid at maturity the $150 million 5.375 percent 2007 Series A First and Refunding Mortgage Bonds, using short term borrowings.

Long-Term Debt Issuance Authorizations: On January 4, 2017, PURA approved CL&P's request for authorization to issue up to $1.325 billion in long-term debt through December 31, 2020. On March 30, 2017, the DPU approved NSTAR Electric's request for authorization to issue up to $700 million in long-term debt through December 31, 2018.

7. PENSION BENEFITS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Eversource Service sponsors a defined benefit retirement plan ("Pension Plan") that covers eligible participants. In addition to the Pension Plan, Eversource maintains non-qualified defined benefit retirement plans sponsored by Eversource Service ("SERP Plans"), which provide benefits in excess of Internal Revenue Code limitations to eligible participants. Eversource Service also sponsors a defined benefit postretirement plan that provides life insurance and a health reimbursement arrangement created for the purpose of reimbursing retirees and dependents for health insurance premiums and certain medical expenses, to eligible participants that meet certain age and service eligibility requirements ("PBOP Plan").

In August 2016, the Company amended its PBOP Plan, which standardized separate benefit structures that existed within the plan and made other benefit changes. The remeasurement resulted in a prior service credit of $5.3 million and $10.7 million for the three and six months ended June 30, 2017, which was reflected as a reduction to net periodic benefit expense for PBOP benefits. The majority of this amount will be deferred for future refund to customers.

The components of net periodic benefit expense for the Pension, SERP and PBOP Plans are shown below. The net periodic benefit expense and the intercompany allocations, less the capitalized portions of pension, SERP and PBOP amounts, are included in Operations and Maintenance expense on the statements of income. Capitalized amounts relate to employees working on capital projects and are included in Property, Plant and Equipment, Net on the balance sheets. Pension, SERP and PBOP expense reflected in the statements of cash flows for CL&P, NSTAR Electric, PSNH and WMECO does not include the intercompany allocations or the corresponding capitalized portion, as these amounts are cash settled on a short-term basis.

	Pension and SERP			
Eversource	**For the Three Months Ended**		**For the Six Months Ended**	
(Millions of Dollars)	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Service Cost	$ 17.4	$ 18.7	$ 36.4	$ 37.9
Interest Cost	47.2	46.4	93.5	92.8
Expected Return on Pension Plan Assets	(83.5)	(79.5)	(167.0)	(159.1)
Actuarial Loss	33.9	31.3	67.5	63.0
Prior Service Cost	1.1	0.9	2.0	1.8
Total Net Periodic Benefit Expense	$ 16.1	$ 17.8	$ 32.4	$ 36.4
Capitalized Pension Expense	$ 5.5	$ 5.4	$ 10.9	$ 11.4

	PBOP			
Eversource	**For the Three Months Ended**		**For the Six Months Ended**	
(Millions of Dollars)	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Service Cost	$ 2.4	$ 3.1	$ 4.7	$ 6.3
Interest Cost	6.3	9.4	13.5	19.0
Expected Return on Plan Assets	(16.0)	(15.7)	(31.9)	(31.5)
Actuarial Loss	2.5	0.9	4.6	2.1
Prior Service Credit	(5.3)	—	(10.7)	(0.1)
Total Net Periodic Benefit Income	$ (10.1)	$ (2.3)	$ (19.8)	$ (4.2)
Capitalized PBOP Income	$ (4.9)	$ (1.0)	$ (9.5)	$ (1.9)

Pension and SERP

(Millions of Dollars)	For the Three Months Ended June 30, 2017 CL&P	NSTAR Electric	PSNH	WMECO	For the Three Months Ended June 30, 2016 CL&P	NSTAR Electric	PSNH	WMECO
Service Cost	$ 4.6	$ 3.1	$ 2.4	$ 0.7	$ 4.6	$ 3.3	$ 2.5	$ 0.8
Interest Cost	10.5	8.6	5.3	2.1	10.2	8.5	5.1	2.1
Expected Return on Pension Plan Assets	(17.8)	(17.5)	(10.0)	(4.4)	(18.0)	(16.9)	(9.6)	(4.4)
Actuarial Loss	6.8	8.9	3.0	1.5	6.3	8.7	2.6	1.3
Prior Service Cost	0.4	0.1	0.1	0.1	0.4	—	0.1	0.1
Total Net Periodic Benefit Expense/(Income)	$ 4.5	$ 3.2	$ 0.8	$ —	$ 3.5	$ 3.6	$ 0.7	$ (0.1)
Intercompany Allocations	$ 2.4	$ 1.8	$ 0.8	$ 0.5	$ 3.5	$ 2.2	$ 1.0	$ 0.6
Capitalized Pension Expense	$ 2.4	$ 1.9	$ 0.4	$ 0.1	$ 2.2	$ 2.0	$ 0.4	$ 0.1

Pension and SERP

(Millions of Dollars)	For the Six Months Ended June 30, 2017 CL&P	NSTAR Electric	PSNH	WMECO	For the Six Months Ended June 30, 2016 CL&P	NSTAR Electric	PSNH	WMECO
Service Cost	$ 9.3	$ 6.3	$ 4.9	$ 1.5	$ 9.6	$ 6.7	$ 5.0	$ 1.6
Interest Cost	20.9	17.0	10.5	4.2	21.0	16.8	10.3	4.2
Expected Return on Pension Plan Assets	(36.0)	(35.1)	(19.9)	(8.9)	(36.2)	(33.8)	(19.3)	(8.8)
Actuarial Loss	13.9	17.5	5.8	3.0	13.0	17.0	4.9	2.8
Prior Service Cost	0.7	0.2	0.2	0.2	0.8	—	0.2	0.2
Total Net Periodic Benefit Expense	$ 8.8	$ 5.9	$ 1.5	$ —	$ 8.2	$ 6.7	$ 1.1	$ —
Intercompany Allocations	$ 5.0	$ 3.7	$ 1.7	$ 0.9	$ 6.8	$ 4.5	$ 2.0	$ 1.2
Capitalized Pension Expense	$ 4.9	$ 3.5	$ 0.7	$ 0.2	$ 4.9	$ 3.7	$ 0.7	$ 0.2

PBOP

(Millions of Dollars)	For the Three Months Ended June 30, 2017 CL&P	NSTAR Electric	PSNH	WMECO	For the Three Months Ended June 30, 2016 CL&P	NSTAR Electric	PSNH	WMECO
Service Cost	$ 0.5	$ 0.3	$ 0.3	$ 0.1	$ 0.4	$ 1.0	$ 0.3	$ 0.1
Interest Cost	1.2	1.7	0.7	0.3	1.3	3.8	0.7	0.3
Expected Return on Plan Assets	(2.4)	(6.6)	(1.3)	(0.6)	(2.5)	(6.4)	(1.4)	(0.6)
Actuarial Loss	0.3	0.8	0.2	—	0.3	0.3	0.1	—
Prior Service Cost/(Credit)	0.3	(4.3)	0.1	—	—	—	—	—
Total Net Periodic Benefit Income	$ (0.1)	$ (8.1)	$ —	$ (0.2)	$ (0.5)	$ (1.3)	$ (0.3)	$ (0.2)
Intercompany Allocations	$ (0.1)	$ (0.2)	$ (0.1)	$ —	$ 0.2	$ 0.1	$ —	$ —
Capitalized PBOP Income	$ (0.1)	$ (4.1)	$ —	$ (0.1)	$ (0.2)	$ (0.6)	$ (0.1)	$ (0.1)

PBOP

(Millions of Dollars)	For the Six Months Ended June 30, 2017 CL&P	NSTAR Electric	PSNH	WMECO	For the Six Months Ended June 30, 2016 CL&P	NSTAR Electric	PSNH	WMECO
Service Cost	$ 0.9	$ 0.7	$ 0.6	$ 0.2	$ 0.9	$ 1.8	$ 0.6	$ 0.2
Interest Cost	2.7	3.8	1.5	0.5	2.7	7.8	1.5	0.5
Expected Return on Plan Assets	(4.8)	(13.2)	(2.7)	(1.1)	(5.1)	(12.7)	(2.8)	(1.1)
Actuarial Loss	0.5	1.7	0.3	—	0.5	0.5	0.2	—
Prior Service Cost/(Credit)	0.5	(8.6)	0.3	0.1	—	—	—	—
Total Net Periodic Benefit Income	$ (0.2)	$ (15.6)	$ —	$ (0.3)	$ (1.0)	$ (2.6)	$ (0.5)	$ (0.4)
Intercompany Allocations	$ (0.4)	$ (0.5)	$ (0.2)	$ (0.1)	$ 0.3	$ 0.1	$ —	$ 0.1
Capitalized PBOP Income	$ (0.2)	$ (7.9)	$ —	$ (0.2)	$ (0.5)	$ (1.1)	$ (0.1)	$ (0.2)

8. COMMITMENTS AND CONTINGENCIES

A. Environmental Matters

Eversource, CL&P, NSTAR Electric, PSNH and WMECO are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. Eversource, CL&P, NSTAR Electric, PSNH and WMECO have an active environmental auditing and training program and each believes it is substantially in compliance with all enacted laws and regulations.

The number of environmental sites and related reserves for which remediation or long-term monitoring, preliminary site work or site assessment is being performed are as follows:

	As of June 30, 2017		As of December 31, 2016	
	Number of Sites	Reserve (in millions)	Number of Sites	Reserve (in millions)
Eversource	58	$ 57.7	61	$ 65.8
CL&P	14	5.1	14	4.9
NSTAR Electric	11	2.2	13	3.2
PSNH	11	5.7	11	5.3
WMECO	4	0.7	4	0.6

Included in the Eversource number of sites and reserve amounts above are former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which Eversource may have potential liability. The reserve balances related to these former MGP sites were $51.7 million and $59.0 million as of June 30, 2017 and December 31, 2016, respectively, and related primarily to the natural gas business segment. The reduction in the reserve balance at the MGP sites was primarily due to a change in cost estimates at one site where actual contamination was less than originally estimated.

These reserve estimates are subjective in nature as they take into consideration several different remediation options at each specific site. The reliability and precision of these estimates can be affected by several factors, including new information concerning either the level of contamination at the site, the extent of Eversource's, CL&P's, NSTAR Electric's, PSNH's, and WMECO's responsibility for remediation or the extent of remediation required, recently enacted laws and regulations, or changes in cost estimates due to certain economic factors. It is possible that new information or future developments could require a reassessment of the potential exposure to related environmental matters. As this information becomes available, management will continue to assess the potential exposure and adjust the reserves accordingly.

B. Guarantees and Indemnifications

In the normal course of business, Eversource parent provides credit assurances on behalf of its subsidiaries, including CL&P, NSTAR Electric, PSNH and WMECO, in the form of guarantees.

Eversource parent issued a guaranty on behalf of its subsidiary, NPT, under which, beginning at the time the Northern Pass Transmission line goes into commercial operation, Eversource parent will guarantee the financial obligations of NPT under the TSA with HQ in an amount not to exceed $25 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations. Eversource parent has also entered into a guaranty on behalf of NPT under which Eversource parent will guarantee NPT's obligations under a facility with a financial institution pursuant to which NPT may request letters of credit in an aggregate amount of up to approximately $14 million.

Eversource parent has also guaranteed certain indemnification and other obligations as a result of the sales of former unregulated subsidiaries and the termination of an unregulated business, with maximum exposures either not specified or not material.

Management does not anticipate a material impact to net income or cash flows as a result of these various guarantees and indemnifications.
The following table summarizes Eversource parent's exposure to guarantees and indemnifications of its subsidiaries to external parties, as of June 30, 2017:

Company	Description	Maximum Exposure (in millions)	Expiration Dates
On behalf of subsidiaries:			
Eversource Gas Transmission LLC	Access Northeast Project Capital Contributions Guaranty (1)	$ 185.1	2021
Various	Surety Bonds (2)	40.1	2017 - 2018
Eversource Service and Rocky River Realty Company	Lease Payments for Vehicles and Real Estate	8.5	2019 - 2024

(1) Eversource parent issued a declining balance guaranty on behalf of its subsidiary, Eversource Gas Transmission LLC, to guarantee the payment of the subsidiary's capital contributions for its investment in the Access Northeast project. The guaranty decreases as capital contributions are made. The guaranty will expire upon the earlier of the full performance of the guaranteed obligations or December 31, 2021.

(2) Surety bond expiration dates reflect termination dates, the majority of which will be renewed or extended. Certain surety bonds contain credit ratings triggers that would require Eversource parent to post collateral in the event that the unsecured debt credit ratings of Eversource parent are downgraded.

C. FERC ROE Complaints

Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

On May 26, 2017, the Chief Administrative Law Judge ("ALJ") issued an order that the fourth complaint will continue to trial in December 2017 with an ALJ initial decision expected in March of 2018.

A summary of the four separate complaints and the base ROEs pertinent to those complaints are as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date (1)	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 (1)	Reserve (Pre-Tax and Excluding Interest) as of June 30, 2017 (in millions)		FERC ALJ Recommendation of Base ROE on Second and Third Complaints (Issued March 22, 2016)
First	10/1/2011 - 12/31/2012	11.14%	10.57%	$—	(2)	N/A
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1	(3)	9.59%
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—		10.90%
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—		N/A

(1) The billed ROE (base plus incentives) between October 1, 2011 and October 15, 2014 was within a range of 11.14 percent to 13.1 percent. On October 16, 2014, the FERC set the incentive cap at 11.74 percent for the first complaint period and also effective from October 16, 2014 through April 14, 2017, at which time the Court vacated this FERC order.

(2) CL&P, NSTAR Electric, PSNH and WMECO have refunded all amounts associated with the first complaint period, totaling $38.9 million (pre-tax and excluding interest) at Eversource (including $22.4 million at CL&P, $8.4 million at NSTAR Electric, $2.8 million at PSNH, and $5.3 million at WMECO), reflecting both the base ROE and incentive cap prescribed by the FERC order.

(3) The reserve represents the difference between the ROEs billed during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve was $21.4 million for CL&P, $8.5 million for NSTAR Electric, $3.1 million for PSNH, and $6.1 million for WMECO as of June 30, 2017.

On June 5, 2017, the NETOs, including Eversource, submitted a filing at the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. The NETOs have voluntarily delayed the date on which they will begin billing the reinstated ROEs until 60 days after the FERC has a quorum again. If the FERC takes no action within that 60-day period, the NETOs will begin billing the reinstated ROEs, subject to refund. The Company will continue to recognize transmission revenues as billed utilizing a base ROE of 10.57 percent with an incentive cap of 11.74 percent, until further FERC action or upon expiration of the 60-day period with no FERC action. The Company will change the amounts it is using to recognize transmission revenues only upon a change in the rates billed to its customers.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. The April 14, 2017 Court decision did not provide a reasonable basis for a change to the reserve balance of $39.1 million (pre-tax and excluding interest) for the second complaint period, and the Company has not changed its reserves or recognized ROEs for any of the complaint periods.

Management cannot at this time predict the ultimate effect of the Court decision on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric, PSNH and WMECO.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

D. Eversource and NSTAR Electric Boston Harbor Civil Action

On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to force HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

After substantial negotiations, the parties reached a settlement whereby HEEC will install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and will remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In the second quarter of 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million that will be credited to the rates charged to the Massachusetts Water Resources Authority for the new cable. This negotiated credit will result in the initial $17.5 million of construction costs on the new cable to be expensed as incurred. Construction of the new cable will be completed in 2019.

9. PSNH GENERATION ASSET SALE

On June 10, 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement (the "Agreement") with the New Hampshire Office of Energy and Planning, certain members of the NHPUC staff, the Office of Consumer Advocate, two State Senators, and several other parties. Under the terms of the Agreement, PSNH agreed to divest its generation assets, subject to NHPUC approval. The Agreement provided for a resolution of issues pertaining to PSNH's generation assets in pending regulatory proceedings before the NHPUC. The Agreement provided for the Clean Air Project prudence proceeding to be resolved and all remaining Clean Air Project costs to be included in rates effective January 1, 2016. As part of the Agreement, PSNH agreed to forego recovery of $25 million of the equity return related to the Clean Air Project.

On July 1, 2016, the NHPUC approved the Agreement in an order that, among other things, instructed PSNH to begin the process of divesting its generation assets. The NHPUC selected an auction adviser to assist with the divestiture, and the final plan and auction process were approved by the NHPUC in November 2016. An intervening appeal alleging that the auction process and schedule were unreasonable was rejected by the New Hampshire Supreme Court in February 2017. In late March 2017, the formal divestiture process began. The Company expects the transaction to be approved by the end of 2017.

The sales price of the generation assets could be less than the carrying value, but the Company believes that full recovery of PSNH's generation assets is probable through a combination of cash flows during the remaining operating period, sales proceeds upon divestiture, and recovery of stranded costs via bonds that will be secured by a non-bypassable charge or through recoveries in future rates billed to PSNH's customers.

As of June 30, 2017, PSNH's generation assets were as follows:

(Millions of Dollars)		
Gross Plant	$	1,183.3
Accumulated Depreciation		(564.1)
Net Plant		619.2
Fuel		94.6
Materials and Supplies		36.3
Emission Allowances		19.5
Total Generation Assets	$	769.6

As of June 30, 2017, current and long-term liabilities associated with PSNH's generation assets included Accounts Payable of $30.2 million, Other Current Liabilities of $17.6 million, AROs of $20.6 million, and Accrued Pension, SERP and PBOP of $23.9 million.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Preferred Stock and Long-Term Debt: The fair value of CL&P's and NSTAR Electric's preferred stock is based upon pricing models that incorporate interest rates and other market factors, valuations or trades of similar securities and cash flow projections. The fair value of long-term debt securities is based upon pricing models that incorporate quoted market prices for those issues or similar issues adjusted for market conditions, credit ratings of the respective companies and treasury benchmark yields. The fair values provided in the tables below are classified as Level 2 within the fair value hierarchy. Carrying amounts and estimated fair values are as follows:

	As of June 30, 2017		As of December 31, 2016	
Eversource *(Millions of Dollars)*	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 158.4	$ 155.6	$ 158.3
Long-Term Debt	10,382.9	10,935.8	9,603.2	9,980.5

	CL&P		NSTAR Electric		PSNH		WMECO	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
As of June 30, 2017:								
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 115.0	$ 43.0	$ 43.4	$ —	$ —	$ —	$ —
Long-Term Debt	2,913.5	3,247.3	2,425.9	2,605.9	1,072.3	1,122.3	566.3	602.8
As of December 31, 2016:								
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 114.7	$ 43.0	$ 43.6	$ —	$ —	$ —	$ —
Long-Term Debt	2,766.0	3,049.6	2,078.1	2,201.6	1,072.0	1,109.7	566.5	589.0

Derivative Instruments and Marketable Securities: Derivative instruments and investments in marketable securities are carried at fair value. For further information, see Note 4, "Derivative Instruments," and Note 5, "Marketable Securities," to the financial statements.

See Note 1D, "Summary of Significant Accounting Policies - Fair Value Measurements," for the fair value measurement policy and the fair value hierarchy.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in accumulated other comprehensive income/(loss) by component, net of tax, is as follows:

	For the Six Months Ended June 30, 2017				For the Six Months Ended June 30, 2016			
Eversource *(Millions of Dollars)*	Qualified Cash Flow Hedging Instruments	Unrealized Gains on Marketable Securities	Defined Benefit Plans	Total	Qualified Cash Flow Hedging Instruments	Unrealized Gains/(Losses) on Marketable Securities	Defined Benefit Plans	Total
Balance as of Beginning of Period	$ (8.2)	$ 0.4	$ (57.5)	$ (65.3)	$ (10.3)	$ (1.9)	$ (54.6)	$ (66.8)
OCI Before Reclassifications	—	2.6	(3.5)	(0.9)	—	1.3	(2.6)	(1.3)
Amounts Reclassified from AOCL	1.1	—	2.2	3.3	1.1	—	1.6	2.7
Net OCI	1.1	2.6	(1.3)	2.4	1.1	1.3	(1.0)	1.4
Balance as of End of Period	$ (7.1)	$ 3.0	$ (58.8)	$ (62.9)	$ (9.2)	$ (0.6)	$ (55.6)	$ (65.4)

Eversource's qualified cash flow hedging instruments represent interest rate swap agreements on debt issuances that were settled in prior years. The settlement amount was recorded in AOCL and is being amortized into Net Income over the term of the underlying debt instrument. CL&P, PSNH and WMECO continue to amortize interest rate swaps settled in prior years from AOCL into Interest Expense over the remaining life of the associated long-term debt. Such interest rate swaps are not material to their respective financial statements.

Defined benefit plan OCI amounts before reclassifications relate to actuarial gains and losses and prior service costs that arose during the year and were recognized in AOCL. The unamortized actuarial gains and losses and prior service costs on the defined benefit plans are amortized from AOCL into Operations and Maintenance expense over the average future employee service period, and are reflected in amounts reclassified from AOCL. For further information, see Note 7, "Pension Benefits and Postretirement Benefits Other Than Pensions."

12. COMMON SHARES

The following table sets forth the Eversource parent common shares and the shares of common stock of CL&P, NSTAR Electric, PSNH and WMECO that were authorized and issued, as well as the respective per share par values:

		Shares		
		Authorized as of June 30, 2017 and	Issued as of	
	Par Value	December 31, 2016	June 30, 2017	December 31, 2016
Eversource	$ 5	380,000,000	333,878,402	333,878,402
CL&P	$ 10	24,500,000	6,035,205	6,035,205
NSTAR Electric	$ 1	100,000,000	100	100
PSNH	$ 1	100,000,000	301	301
WMECO	$ 25	1,072,471	434,653	434,653

As of both June 30, 2017 and December 31, 2016, there were 16,992,594 Eversource common shares held as treasury shares. As of both June 30, 2017 and December 31, 2016, Eversource common shares outstanding were 316,885,808.

13. COMMON SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS

Dividends on the preferred stock of CL&P and NSTAR Electric totaled $1.9 million for both of the three months ended June 30, 2017 and 2016, and $3.8 million for both of the six months ended June 30, 2017 and 2016. These dividends were presented as Net Income Attributable to Noncontrolling Interests on the Eversource statements of income. Noncontrolling Interest – Preferred Stock of Subsidiaries on the Eversource balance sheets totaled $155.6 million as of June 30, 2017 and December 31, 2016. On the Eversource balance sheets, Common Shareholders' Equity was fully attributable to the parent and Noncontrolling Interest – Preferred Stock of Subsidiaries was fully attributable to the noncontrolling interest.

14. EARNINGS PER SHARE

Basic EPS is computed based upon the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of common shares outstanding plus the potential dilutive effect of certain share-based compensation awards as if they were converted into common shares. The dilutive effect of unvested RSU and performance share awards and unexercised stock options is calculated using the treasury stock method. RSU and performance share awards are included in basic weighted average common shares outstanding as of the date that all necessary vesting conditions have been satisfied. For the three and six months ended June 30, 2017 and 2016, there were no antidilutive share awards excluded from the computation of diluted EPS.

The following table sets forth the components of basic and diluted EPS:

Eversource	For the Three Months Ended		For the Six Months Ended	
(Millions of Dollars, except share information)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net Income Attributable to Common Shareholders	$ 230.7	$ 203.6	$ 490.2	$ 447.8
Weighted Average Common Shares Outstanding:				
Basic	317,391,365	317,785,495	317,427,258	317,651,319
Dilutive Effect	555,829	691,204	608,606	827,557
Diluted	317,947,194	318,476,699	318,035,864	318,478,876
Basic and Diluted EPS	$ 0.72	$ 0.64	$ 1.54	$ 1.41

15. SEGMENT INFORMATION

Presentation: Eversource is organized among the Electric Distribution, Electric Transmission and Natural Gas Distribution reportable segments and Other based on a combination of factors, including the characteristics of each segments' services, the sources of operating revenues and expenses and the regulatory environment in which each segment operates. These reportable segments represent substantially all of Eversource's total consolidated revenues. Revenues from the sale of electricity and natural gas primarily are derived from residential, commercial and industrial customers and are not dependent on any single customer. The Electric Distribution reportable segment includes the generation activities of PSNH and WMECO.

The remainder of Eversource's operations is presented as Other in the tables below and primarily consists of 1) the equity in earnings of Eversource parent from its subsidiaries and intercompany interest income, both of which are eliminated in consolidation, and interest expense related to the debt of Eversource parent, 2) the revenues and expenses of Eversource Service, most of which are eliminated in consolidation, 3) the operations of CYAPC and YAEC, and 4) the results of other unregulated subsidiaries, which are not part of its core business. In addition, Other in the tables below includes Eversource parent's equity ownership interests in certain natural gas pipeline projects owned by Enbridge, Inc., the Bay State Wind project, a renewable energy investment fund, and two companies that transmit hydroelectricity imported from the Hydro-Quebec system in Canada. In the ordinary course of business, Yankee Gas and NSTAR Gas purchase natural gas transmission services from the Enbridge, Inc. natural gas pipeline projects described above. These affiliate transaction costs total approximately $62.5 million annually and are classified as Purchased Power, Fuel and Transmission on the Eversource statements of income.

Cash flows used for investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred but not paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense.

Eversource's reportable segments are determined based upon the level at which Eversource's chief operating decision maker assesses performance and makes decisions about the allocation of company resources. Each of Eversource's subsidiaries, including CL&P, NSTAR Electric, PSNH and WMECO, has one reportable segment. Eversource's operating segments and reporting units are consistent with its reportable business segments.

Eversource's segment information is as follows:

Eversource *(Millions of Dollars)*	For the Three Months Ended June 30, 2017 Electric Distribution	Natural Gas Distribution	Electric Transmission	Other	Eliminations	Total
Operating Revenues	$ 1,275.9	$ 186.0	$ 324.6	$ 217.0	$ (240.7)	$ 1,762.8
Depreciation and Amortization	(105.4)	(17.9)	(51.4)	(7.9)	0.5	(182.1)
Other Operating Expenses	(925.3)	(150.0)	(94.9)	(195.9)	241.1	(1,125.0)
Operating Income	245.2	18.1	178.3	13.2	0.9	455.7
Interest Expense	(49.4)	(10.9)	(28.9)	(21.6)	3.5	(107.3)
Other Income, Net	2.5	0.1	6.8	257.6	(245.5)	21.5
Net Income Attributable to Common Shareholders	$ 121.9	$ 4.5	$ 96.4	$ 249.0	$ (241.1)	$ 230.7

Eversource *(Millions of Dollars)*	For the Six Months Ended June 30, 2017 Electric Distribution	Natural Gas Distribution	Electric Transmission	Other	Eliminations	Total
Operating Revenues	$ 2,677.0	$ 589.6	$ 641.5	$ 453.4	$ (493.6)	$ 3,867.9
Depreciation and Amortization	(235.2)	(39.6)	(102.0)	(17.2)	1.1	(392.9)
Other Operating Expenses	(1,967.3)	(439.6)	(184.8)	(412.5)	493.9	(2,510.3)
Operating Income	474.5	110.4	354.7	23.7	1.4	964.7
Interest Expense	(97.6)	(21.5)	(57.0)	(41.3)	6.6	(210.8)
Other Income, Net	7.4	0.4	11.7	586.5	(570.9)	35.1
Net Income Attributable to Common Shareholders	$ 236.0	$ 55.3	$ 190.6	$ 571.2	$ (562.9)	$ 490.2
Cash Flows Used for Investments in Plant	$ 515.0	$ 139.7	$ 415.6	$ 76.7	$ —	$ 1,147.0

Eversource *(Millions of Dollars)*	For the Three Months Ended June 30, 2016 Electric Distribution	Natural Gas Distribution	Electric Transmission	Other	Eliminations	Total
Operating Revenues	$ 1,303.1	$ 180.4	$ 302.5	$ 211.1	$ (229.9)	$ 1,767.2
Depreciation and Amortization	(98.4)	(16.8)	(45.6)	(7.5)	0.5	(167.8)
Other Operating Expenses	(994.4)	(141.1)	(82.5)	(188.1)	230.1	(1,176.0)
Operating Income	210.3	22.5	174.4	15.5	0.7	423.4
Interest Expense	(47.6)	(10.4)	(27.4)	(16.6)	1.5	(100.5)
Other Income, Net	6.3	0.1	5.3	219.0	(222.6)	8.1
Net Income Attributable to Common Shareholders	$ 102.8	$ 8.0	$ 92.5	$ 220.7	$ (220.4)	$ 203.6

Eversource *(Millions of Dollars)*	For the Six Months Ended June 30, 2016 Electric Distribution	Natural Gas Distribution	Electric Transmission	Other	Eliminations	Total
Operating Revenues	$ 2,739.2	$ 523.0	$ 585.8	$ 425.3	$ (450.5)	$ 3,822.8
Depreciation and Amortization	(226.1)	(32.7)	(90.7)	(14.4)	1.1	(362.8)
Other Operating Expenses	(2,083.3)	(374.5)	(155.5)	(385.4)	450.7	(2,548.0)
Operating Income	429.8	115.8	339.6	25.5	1.3	912.0
Interest Expense	(95.6)	(20.5)	(55.3)	(30.7)	3.4	(198.7)
Other Income/(Loss), Net	6.3	(0.2)	7.9	524.4	(528.4)	10.0
Net Income Attributable to Common Shareholders	$ 211.3	$ 58.9	$ 178.2	$ 523.1	$ (523.7)	$ 447.8
Cash Flows Used for Investments in Plant	$ 362.0	$ 105.0	$ 349.1	$ 53.1	$ —	$ 869.2

The following table summarizes Eversource's segmented total assets:

Eversource *(Millions of Dollars)*	Electric Distribution	Natural Gas Distribution	Electric Transmission	Other	Eliminations	Total
As of June 30, 2017	$ 18,663.7	$ 3,337.0	$ 9,003.4	$ 14,657.1	$ (13,002.4)	$ 32,658.8
As of December 31, 2016	18,367.5	3,303.8	8,751.5	14,493.1	(12,862.7)	32,053.2

EVERSOURCE ENERGY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related combined notes included in this combined Quarterly Report on Form 10-Q, the combined quarterly report on Form 10-Q for the quarter ended March 31, 2017, as well as the Eversource 2016 Form 10-K. References in this combined Quarterly Report on Form 10-Q to "Eversource," the "Company," "we," "us," and "our" refer to Eversource Energy and its consolidated subsidiaries. All per-share amounts are reported on a diluted basis. The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P and WMECO are herein collectively referred to as the "financial statements."

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The only common equity securities that are publicly traded are common shares of Eversource. The earnings and EPS of each business discussed below do not represent a direct legal interest in the assets and liabilities of such business but rather represent a direct interest in our assets and liabilities as a whole. EPS by business is a financial measure not recognized under GAAP calculated by dividing the Net Income Attributable to Common Shareholders of each business by the weighted average diluted Eversource common shares outstanding for the period. We use this non-GAAP financial measure to evaluate and provide details of earnings results by business. We believe that the non-GAAP presentation is more representative of our financial performance and provides additional and useful information to readers of this report in analyzing historical and future performance by business. This non-GAAP financial measure should not be considered as an alternative to reported Net Income Attributable to Common Shareholders or EPS determined in accordance with GAAP as an indicator of operating performance.

From time to time, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to:

- cyber breaches, acts of war or terrorism, or grid disturbances,
- actions or inaction of local, state and federal regulatory, public policy and taxing bodies,
- changes in business conditions, which could include disruptive technology related to our current or future business model,
- changes in economic conditions, including impact on interest rates, tax policies, and customer demand and payment ability,
- fluctuations in weather patterns,
- changes in laws, regulations or regulatory policy,
- changes in levels or timing of capital expenditures,
- disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly,
- developments in legal or public policy doctrines,
- technological developments,
- changes in accounting standards and financial reporting regulations,
- actions of rating agencies, and
- other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated as necessary, and we encourage you to consult such disclosures.

All such factors are difficult to predict and contain uncertainties that may materially affect our actual results, many of which are beyond our control. You should not place undue reliance on the forward-looking statements, as each speaks only as of the date on which such statement is made, and, except as required by federal securities laws, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For more information, see Item 1A, Risk Factors, included in this combined Quarterly Report on Form 10-Q and in Eversource's 2016 combined Annual Report on Form 10-K. This combined Quarterly Report on Form 10-Q and Eversource's 2016 combined Annual Report on Form 10-K also describe material contingencies and critical accounting policies in the accompanying *Management's Discussion and Analysis of Financial Condition and Results of Operations and Combined Notes to Financial Statements*. We encourage you to review these items.

Financial Condition and Business Analysis

Executive Summary

The following items in this executive summary are explained in more detail in this combined Quarterly Report on Form 10-Q:

Results:

- We earned $230.7 million, or $0.72 per share, in the second quarter of 2017, and $490.2 million, or $1.54 per share, in the first half of 2017, compared with $203.6 million, or $0.64 per share, in the second quarter of 2016, and $447.8 million, or $1.41 per share, in the first half of 2016.
- Our electric distribution segment, which includes generation, earned $121.9 million, or $0.38 per share, in the second quarter of 2017, and $236.0 million, or $0.74 per share, in the first half of 2017, compared with $102.8 million, or $0.32 per share, in the second quarter of 2016, and $211.3 million, or $0.66 per share, in the first half of 2016.
- Our electric transmission segment earned $96.4 million, or $0.30 per share, in the second quarter of 2017, and $190.6 million, or $0.60 per share, in the first half of 2017, compared with $92.5 million, or $0.29 per share, in the second quarter of 2016, and $178.2 million, or $0.56 per share, in the first half of 2016.
- Our natural gas distribution segment earned $4.5 million, or $0.01 per share, in the second quarter of 2017, and $55.3 million, or $0.17 per share, in the first half of 2017, compared with $8.0 million, or $0.03 per share, in the second quarter of 2016, and $58.9 million, or $0.19 per share, in the first half of 2016.
- Eversource parent and other companies earned $7.9 million in the second quarter of 2017 and $8.3 million in the first half of 2017, compared with earnings of $0.3 million in the second quarter of 2016 and a net loss of $0.6 million in the first half of 2016.

Liquidity:

- Cash flows provided by operating activities totaled $908.0 million in the first half of 2017, compared with $978.4 million in the first half of 2016. Investments in property, plant and equipment totaled $1.1 billion in the first half of 2017, compared with $869.2 million in the first half of 2016. Cash and cash equivalents totaled $24.6 million as of June 30, 2017, compared with $30.3 million as of December 31, 2016.
- In May 2017, NSTAR Electric issued $350 million of 3.20 percent Debentures, due to mature in 2027. The proceeds, net of issuance costs, were used to repay short-term borrowings and fund capital expenditures and working capital.
- On May 3, 2017, our Board of Trustees approved a common share dividend payment of $0.475 per share, which was paid on June 30, 2017 to shareholders of record as of May 31, 2017.

Strategic, Legislative, Regulatory, Policy and Other Items:

- On June 2, 2017, Eversource announced that it had entered into an agreement to acquire Aquarion Water Company ("Aquarion") from Macquarie Infrastructure Partners for $1.675 billion, consisting of approximately $880 million in cash and $795 million of assumed debt. On June 29, 2017, Eversource and Aquarion filed joint applications with regulators in Connecticut, Massachusetts, New Hampshire and Maine requesting approval of the transaction. The transaction is expected to close by December 31, 2017.
- NSTAR Electric and Massachusetts Water Resource Authority have been parties to a civil action brought by the United States Attorney on behalf of the United States Army Corps of Engineers, alleging that they failed to comply with certain permitting requirements related to the placement of an electric distribution cable beneath Boston Harbor. After substantial negotiations, the parties reached a settlement whereby a new 115kV distribution cable will be installed across Boston Harbor, utilizing a different route, and the litigation is expected to be dismissed with prejudice. In the second quarter of 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used.
- On July 27, 2017, Eversource Energy Transmission Ventures, Inc. and HQ jointly submitted proposals for Northern Pass into the Massachusetts clean energy RFP. Northern Pass is expected to be placed in service in the second half of 2020.
- On April 14, 2017, pursuant to appeals the NETOs and Complainants filed on the first FERC ROE complaint decision, the U.S. Court of Appeals for the D.C. Circuit issued a decision vacating and remanding the FERC's decision. On June 5, 2017, the NETOs, including Eversource, submitted a filing at the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. The NETOs have voluntarily delayed the date on which they will begin billing the reinstated ROEs until 60 days after the FERC has a quorum again. If the FERC takes no action within that 60-day period, the NETOs will begin billing the reinstated ROEs, subject to refund.

Overview

Consolidated: Below is a summary of our earnings by business, which also reconciles the non-GAAP financial measure of EPS by business to the most directly comparable GAAP measure of diluted EPS, for the second quarter and the first half of 2017 and 2016.

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017		2016		2017		2016	
(Millions of Dollars, Except Per-Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net Income Attributable to Common Shareholders (GAAP)	$ 230.7	$ 0.72	$ 203.6	$ 0.64	$ 490.2	$ 1.54	$ 447.8	$ 1.41
Regulated Companies	$ 222.8	$ 0.69	$ 203.3	$ 0.64	$ 481.9	$ 1.51	$ 448.4	$ 1.41
Eversource Parent and Other Companies	7.9	0.03	0.3	—	8.3	0.03	(0.6)	—
Net Income Attributable to Common Shareholders (GAAP)	$ 230.7	$ 0.72	$ 203.6	$ 0.64	$ 490.2	$ 1.54	$ 447.8	$ 1.41

Regulated Companies: Our Regulated companies consist of the electric distribution, electric transmission, and natural gas distribution segments. Generation activities of PSNH and WMECO are included in our electric distribution segment. A summary of our segment earnings and EPS for the second quarter and the first half of 2017 and 2016 is as follows:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017		2016		2017		2016	
(Millions of Dollars, Except Per-Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Electric Distribution	$ 121.9	$ 0.38	$ 102.8	$ 0.32	$ 236.0	$ 0.74	$ 211.3	$ 0.66
Electric Transmission	96.4	0.30	92.5	0.29	190.6	0.60	178.2	0.56
Natural Gas Distribution	4.5	0.01	8.0	0.03	55.3	0.17	58.9	0.19
Net Income - Regulated Companies	$ 222.8	$ 0.69	$ 203.3	$ 0.64	$ 481.9	$ 1.51	$ 448.4	$ 1.41

Our electric distribution segment earnings increased $19.1 million in the second quarter of 2017, as compared to the second quarter of 2016, due primarily to lower operations and maintenance expense and higher distribution revenues as a result of higher LBR and higher demand revenues driven by heat waves during the second quarter of 2017 at NSTAR Electric, partially offset by higher depreciation expense.

Our electric distribution segment earnings increased $24.7 million in the first half of 2017, as compared to the first half of 2016, due primarily to higher distribution revenues as a result of higher LBR and higher demand revenues driven by heat waves during the second quarter of 2017 at NSTAR Electric and lower operations and maintenance expense, partially offset by higher depreciation expense and lower generation earnings.

Our electric transmission segment earnings increased $3.9 million and $12.4 million in the second quarter and first half of 2017, respectively, as compared to the second quarter and first half of 2016, due primarily to a higher transmission rate base as a result of our continued investment in our transmission infrastructure, partially offset by a lower benefit related to the annual billing and cost reconciliation filing with the FERC.

Our natural gas distribution segment earnings decreased $3.5 million in the second quarter of 2017, as compared to the second quarter of 2016, due primarily to lower firm natural gas sales volumes driven by warmer weather in Connecticut in the spring of 2017, as compared to the same period in 2016, lower demand revenues in Connecticut driven by lower peak usage in 2017, as compared to 2016, higher operations and maintenance expense, and higher depreciation expense.

Our natural gas distribution segment earnings decreased $3.6 million in the first half of 2017, as compared to the first half of 2016, due primarily to higher operations and maintenance expense, higher depreciation expense, and lower demand revenues in Connecticut driven by lower peak usage in 2017, as compared to 2016.

Eversource Parent and Other Companies: Eversource parent and other companies had earnings of $7.9 million in the second quarter of 2017 and $8.3 million in the first half of 2017, compared with earnings of $0.3 million in the second quarter of 2016 and a net loss of $0.6 million in the first half of 2016. The improved results were largely due to equity in earnings recorded in the second quarter of 2017 primarily related to Eversource's investment in a renewable energy fund.

Electric and Natural Gas Sales Volumes: Weather, fluctuations in energy supply costs, conservation measures (including utility-sponsored energy efficiency programs), and economic conditions affect customer energy usage. Industrial sales volumes are less sensitive to temperature variations than residential and commercial sales volumes. In our service territories, weather impacts electric sales volumes during the summer and both electric and natural gas sales volumes during the winter; however, natural gas sales volumes are more sensitive to temperature variations than are electric sales volumes. Customer heating or cooling usage may not directly correlate with historical levels or with the level of degree-days that occur.

Fluctuations in retail electric sales volumes at NSTAR Electric and PSNH impact earnings ("Traditional" in the table below). For CL&P and WMECO, fluctuations in retail electric sales volumes do not impact earnings due to their respective regulatory commission approved distribution revenue decoupling mechanisms ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized. CL&P and WMECO reconcile their annual base distribution rate recovery amounts to their respective pre-established levels of baseline distribution delivery service revenues of $1.059 billion and $132.4 million, respectively. Any difference between the allowed level of distribution revenue and the actual amount incurred during a 12-month period is adjusted through rates in the following period.

Fluctuations in natural gas sales volumes in Connecticut impact earnings ("Traditional" in the table below). In Massachusetts, fluctuations in natural gas sales volumes do not impact earnings due to the DPU-approved natural gas distribution revenue decoupling mechanism approved in the last rate case decision ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes which breaks the relationship between sales volumes and revenues recognized.

A summary of our retail electric GWh sales volumes and our firm natural gas MMcf sales volumes, as well as percentage changes, is as follows:

	For the Three Months Ended June 30, 2017 Compared to 2016			For the Six Months Ended June 30, 2017 Compared to 2016		
	Sales Volumes (GWh)		Percentage	Sales Volumes (GWh)		Percentage
Electric	2017	2016	Increase/(Decrease)	2017	2016	Increase/(Decrease)
Traditional:						
Residential	2,108	2,092	0.8 %	4,543	4,497	1.0 %
Commercial	3,827	3,861	(0.9)%	7,767	7,852	(1.1)%
Industrial	589	652	(9.7)%	1,185	1,252	(5.4)%
Total – Traditional	6,524	6,605	(1.2)%	13,495	13,601	(0.8)%
Decoupled:						
Residential	2,374	2,410	(1.5)%	5,362	5,353	0.2 %
Commercial	2,564	2,658	(3.5)%	5,154	5,275	(2.3)%
Industrial	702	730	(3.8)%	1,324	1,394	(5.0)%
Total – Decoupled	5,640	5,798	(2.7)%	11,840	12,022	(1.5)%
Total Sales Volumes	12,164	12,403	(1.9)%	25,335	25,623	(1.1)%

	For the Three Months Ended June 30, 2017 Compared to 2016			For the Six Months Ended June 30, 2017 Compared to 2016		
	Sales Volumes (MMcf)		Percentage	Sales Volumes (MMcf)		Percentage
Firm Natural Gas	2017	2016	Increase/(Decrease)	2017	2016	Increase/(Decrease)
Traditional:						
Residential	2,009	2,511	(20.0)%	9,102	9,153	(0.6)%
Commercial	3,541	3,538	0.1 %	11,950	11,514	3.8 %
Industrial	2,228	2,266	(1.7)%	5,631	5,633	— %
Total – Traditional	7,778	8,315	(6.5)%	26,683	26,300	1.5 %
Decoupled:						
Residential	3,164	3,231	(2.1)%	13,349	12,540	6.5 %
Commercial	3,628	3,884	(6.6)%	12,758	12,872	(0.9)%
Industrial	1,314	1,319	(0.4)%	3,023	3,173	(4.7)%
Total – Decoupled	8,106	8,434	(3.9)%	29,130	28,585	1.9 %
Special Contracts (1)	1,132	1,087	4.1 %	2,349	2,299	2.2 %
Total – Decoupled and Special Contracts	9,238	9,521	(3.0)%	31,479	30,884	1.9 %
Total Sales Volumes	17,016	17,836	(4.6)%	58,162	57,184	1.7 %

(1) Special contracts are unique to the natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

For the second quarter and first half of 2017, retail electric sales volumes at our electric utilities with a traditional rate structure (NSTAR Electric and PSNH) were lower, as compared to the second quarter and first half of 2016. Sales volumes were negatively impacted by lower customer usage driven by the impact of increased customer energy conservation efforts, partially offset by improved economic conditions across our service territories.

On January 28, 2016, Eversource received approval of a three-year energy efficiency plan in Massachusetts, which includes recovery of LBR at NSTAR Electric until it is operating under a decoupled rate structure. NSTAR Electric earns LBR related to reductions in sales volume as a result of successful energy efficiency programs. LBR is recovered from retail customers through current rates. NSTAR Electric recognized LBR of

$18.7 million and $35.9 million in the second quarter and first half of 2017, respectively, compared to $13.8 million and $26.8 million in the second quarter and first half of 2016, respectively.

Our firm natural gas sales volumes are subject to many of the same influences as our retail electric sales volumes. In addition, they have benefited from customer growth in both of our natural gas distribution companies. In the second quarter of 2017, our consolidated firm natural gas sales volumes were lower, as compared to the second quarter of 2016, due primarily to warmer weather in the spring of 2017 and increased customer energy conservation efforts, partially offset by customer growth. Heating degree days for the second quarter of 2017 were 7.4 percent lower in Connecticut, as compared to the same period in 2016.

Consolidated firm natural gas sales volumes were higher in the first half of 2017, as compared to the first half of 2016, due primarily to improved economic conditions across our service territories and customer growth, partially offset by increased customer energy conservation efforts. The impact of colder weather in the first quarter of 2017 was offset by warmer weather in the second quarter of 2017, as compared to the same periods in 2016, which resulted in an overall slight increase to sales. Heating degree days for the first half of 2017 were 1.6 percent higher in Connecticut, as compared to the same period in 2016.

Liquidity

Consolidated: Cash and cash equivalents totaled $24.6 million as of June 30, 2017, compared with $30.3 million as of December 31, 2016.

Long-Term Debt Issuances: In May 2017, NSTAR Electric issued $350 million of 3.20 percent Debentures, due to mature in 2027. The proceeds, net of issuance costs, were used to repay short-term borrowings and fund capital expenditures and working capital.

Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. As of June 30, 2017 and December 31, 2016, Eversource parent had $937.5 million and approximately $1.0 billion, respectively, in short-term borrowings outstanding under the Eversource parent commercial paper program, leaving $512.5 million and $428.0 million of available borrowing capacity as of June 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of June 30, 2017 and December 31, 2016 was 1.34 percent and 0.88 percent, respectively. As of June 30, 2017, there were intercompany loans from Eversource parent of $101.1 million to CL&P, $194.1 million to PSNH, and $68.7 million to WMECO. As of December 31, 2016, there were intercompany loans from Eversource parent of $80.1 million to CL&P, $160.9 million to PSNH and $51.0 million to WMECO. Eversource parent, CL&P, PSNH, WMECO, NSTAR Gas and Yankee Gas are parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility's termination date is September 4, 2021. The revolving credit facility serves to backstop Eversource parent's $1.45 billion commercial paper program. There were no borrowings outstanding on the revolving credit facility as of June 30, 2017 or December 31, 2016.

NSTAR Electric has a $450 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. As of June 30, 2017, NSTAR Electric had no short-term borrowings outstanding and as of December 31, 2016, NSTAR Electric had $126.5 million in short-term borrowings outstanding under its commercial paper program, leaving $450.0 million and $323.5 million of available borrowing capacity as of June 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of December 31, 2016 was 0.71 percent. NSTAR Electric is a party to a five-year $450 million revolving credit facility. The revolving credit facility's termination date is September 4, 2021. The revolving credit facility serves to backstop NSTAR Electric's $450 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of June 30, 2017 or December 31, 2016.

Cash Flows: Cash flows provided by operating activities totaled $908.0 million in the first half of 2017, compared with $978.4 million in the first half of 2016. The decrease in operating cash flows was due primarily to $188.6 million in lower net income tax refunds as a result of the impact of the December 2015 legislation that extended tax bonus depreciation. That legislation extended the accelerated deduction of depreciation to businesses from 2015 to 2019, and also resulted in a refund of approximately $275 million we received in the first quarter of 2016. Additionally, there was an increase of $25.5 million in Pension Plan contributions made in the first half of 2017, as compared to the same period in 2016. Partially offsetting these unfavorable impacts was the timing of regulatory recoveries, which primarily related to customer billings in excess of purchased power costs, and the timing of collections on our accounts receivable.

On May 3, 2017, our Board of Trustees approved a common share dividend payment of $0.475 per share, which was paid on June 30, 2017 to shareholders of record as of May 31, 2017.

In the first half of 2017, CL&P, NSTAR Electric, PSNH, and WMECO paid $99.2 million, $93.0 million, $23.9 million, and $19.0 million, respectively, in common stock dividends to Eversource parent.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense. In the first half of 2017, investments for Eversource, CL&P, NSTAR Electric, PSNH, and WMECO were $1.1 billion, $419.9 million, $262.1 million, $155.7 million, and $76.4 million respectively.

Business Development and Capital Expenditures

Aquarion: On June 2, 2017, Eversource announced that it had entered into an agreement to acquire Aquarion from Macquarie Infrastructure Partners for $1.675 billion, consisting of approximately $880 million in cash and $795 million of assumed Aquarion debt. The transaction requires approval from PURA, the DPU, the NHPUC, the Maine PUC, and the Federal Communications Commission, and is also subject to a review under the Hart-Scott-Rodino Act. On June 29, 2017, Eversource and Aquarion filed joint applications with regulatory agencies in Connecticut, Massachusetts, New Hampshire and Maine requesting approval of the transaction. The transaction is expected to close by December 31, 2017.

Access Northeast: Access Northeast is a natural gas pipeline and storage project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge") and National Grid plc ("National Grid"), through Algonquin Gas Transmission, LLC ("AGT"). This project is expected to enhance the Algonquin and Maritimes & Northeast pipeline systems using existing routes and is expected to include two new LNG storage tanks and liquefaction and vaporization facilities in Acushnet, Massachusetts that are currently expected to be connected to the Algonquin natural gas pipeline. Access Northeast is expected to be capable of delivering approximately 900 million cubic feet of additional natural gas per day to New England on peak demand days. Eversource and Enbridge each own a 40 percent interest in the project, with the remaining 20 percent interest owned by National Grid. The project is subject to FERC and other federal and state regulatory approvals. Its initial proposed configuration was expected to cost approximately $3 billion to construct, with Eversource Energy's investment share at approximately $1.2 billion. As of June 30, 2017, we have invested $31.1 million in this project.

On June 29, 2017, Enbridge, Eversource and National Grid withdrew the Access Northeast project from the FERC pre-filing process. Once the project partners determine how to address inconsistent energy policy and natural gas pipeline constraints in the New England states, they will re-engage in the FERC pre-file process. In the meantime, the final design, cost, and in-service date of Access Northeast will continue to be refined.

Bay State Wind: Bay State Wind is a proposed offshore wind project being jointly developed by Eversource and Denmark-based DONG Energy. Bay State Wind will be located in a 300-square-mile area approximately 15 to 25 miles south of Martha's Vineyard that has the ultimate potential to generate more than 2,000 MW of energy. Both Eversource and DONG Energy hold a 50 percent ownership interest in Bay State Wind. In August 2016, Massachusetts passed clean energy legislation that requires EDCs to jointly solicit RFPs and enter into long-term contracts for offshore wind, creating RFP opportunities for projects like Bay State Wind. On June 29, 2017, the Bureau of Ocean Energy Management ("BOEM") approved the project's Site Assessment Plan ("SAP"), the first BOEM approval of an offshore wind SAP in the U.S.
On June 29, 2017, the Massachusetts RFP was issued, seeking bids for a minimum of 400 MW of offshore wind capacity. The RFP states that bids of up to 800 MW would be considered, provided they demonstrate significant net economic benefits to customers. Bay State Wind submitted a Notice of Intent to Bid on July 26, 2017 and will submit a proposal by the December 20, 2017 due date.

Consolidated Capital Expenditures: Our consolidated capital expenditures, including amounts incurred but not paid, cost of removal, AFUDC, and the capitalized portions of pension expense (all of which are non-cash factors), totaled $1.0 billion in the first half of 2017, compared to $905.0 million in the first half of 2016. These amounts included $58.6 million and $58.0 million in the first half of 2017 and 2016, respectively, related to information technology and facilities upgrades and enhancements, primarily at Eversource Service and The Rocky River Realty Company.

Electric Transmission Business:

Our consolidated electric transmission business capital expenditures increased by $14.4 million in the first half of 2017, as compared to the first half of 2016. A summary of electric transmission capital expenditures by company is as follows:

	For the Six Months Ended June 30,	
(Millions of Dollars)	2017	2016
CL&P	$ 185.7	$ 140.9
NSTAR Electric	78.9	107.6
PSNH	50.6	50.4
WMECO	39.1	46.1
NPT	21.1	16.0
Total Electric Transmission Segment	$ 375.4	$ 361.0

Northern Pass: Northern Pass is NPT's planned high-voltage direct-current ("HVDC") transmission line from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire. Northern Pass will interconnect at the Québec-New Hampshire border with a planned HQ HVDC transmission line. The DOE is expected to issue the final Environmental Impact Statement for Northern Pass during the third quarter of 2017. Siting and permitting at both the state and federal levels is well advanced, with all required permits expected in the second half of 2017.

On August 18, 2015, NPT announced the Forward NH Plan, which is expected to deliver substantial energy cost savings and other benefits to New Hampshire, including a commitment to contribute $200 million to projects associated with economic development, tourism, community betterment and clean energy innovations to benefit the state of New Hampshire. The Forward NH Plan is contingent upon the Northern Pass transmission line going into commercial operation.

On October 14, 2016, the NHPUC approved a settlement agreement between NPT and the NHPUC staff and granted NPT public utility status, conditioned on final project permitting.

In April 2017, the NHPUC determined that no language in the easement deeds precludes PSNH from leasing the use of its existing rights-of-way to NPT. The NHPUC will now consider whether the terms of that lease are reasonable and in the public interest. A decision is expected by December 31, 2017. In addition, on June 16, 2017, the NHPUC approved NPT's application for a license to allow NPT to cross public roads and waterways.

The Society for the Protection of New Hampshire Forests ("SPNHF") filed a lawsuit against NPT in November 2015 alleging that NPT does not have the right to install underground transmission lines in the public highway right of way without the permission of the abutting landowners, such as the SPNHF. On January 31, 2017, the New Hampshire Supreme Court upheld a lower court's ruling confirming that NPT has the right to install underground transmission lines along and beneath public highways in New Hampshire with approval of the New Hampshire Department of Transportation.

The New Hampshire Site Evaluation Committee ("NH SEC") commenced final adjudicative hearings on April 13, 2017 and they are scheduled to continue until September 29, 2017. The NH SEC is expected to issue a written order in the fourth quarter of 2017. The DOE is expected to act on a Presidential Permit for Northern Pass after the final NH SEC order is released and is expected to issue an approval before the end of 2017. Northern Pass has been targeted for completion and to be placed in service in the second half of 2020.

In August 2016, Massachusetts enacted clean energy legislation that requires EDCs to solicit proposals jointly and enter into long-term contracts for energy, such as hydropower. The RFP was issued on March 31, 2017 and on July 27, 2017, Eversource Energy Transmission Ventures, Inc. and HQ jointly submitted proposals for Northern Pass into the Massachusetts clean energy RFP. Northern Pass is expected to be placed in service in the second half of 2020.

Greater Boston Reliability Solution: In February 2015, ISO-NE selected the Greater Boston and New Hampshire Solution (the "Solution"), proposed by Eversource and National Grid, to satisfy the requirements identified in the Greater Boston study. The Solution consists of a portfolio of electric transmission upgrades covering southern New Hampshire and northern Massachusetts in the Merrimack Valley and continuing into the greater Boston metropolitan area, of which 28 are in Eversource's service territory. The NH SEC issued its written order approving the New Hampshire upgrades on October 4, 2016. We are currently pursuing the necessary regulatory and siting application approvals in Massachusetts. To date, we have received approval for one of these projects from the Massachusetts Energy Facilities Siting Board. Construction has also begun on several smaller projects not requiring siting approval. All upgrades are expected to be completed by the end of 2019. We estimate our portion of the investment in the Solution will be approximately $560 million, of which $167.8 million has been capitalized through June 30, 2017.

GHCC: The Greater Hartford Central Connecticut ("GHCC") projects, which have been approved by ISO-NE, consist of 27 projects with an expected investment of approximately $350 million that are expected to be placed in service through 2018. Fourteen projects have been placed in service, and nine projects are in active construction. As of June 30, 2017, CL&P had capitalized $176.5 million in costs associated with GHCC.

Seacoast Reliability Project: On April 12, 2016, PSNH filed a siting application with the NH SEC for the Seacoast Reliability Project, a 13-mile, 115kV transmission line within several New Hampshire communities, which proposes to use a combination of overhead, underground and underwater line design to help meet the growing demand for electricity in the Seacoast region. In June 2016, the NH SEC accepted our application as complete and we expect the NH SEC decision by late 2017. This project is expected to be completed by the end of 2018. We estimate our investment in this project will be approximately $84 million, of which $18.0 million has been capitalized through June 30, 2017.

Distribution Business:

A summary of distribution capital expenditures is as follows:

	For the Six Months Ended June 30,						
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	Total Electric	Natural Gas	Total Electric and Natural Gas Distribution Segment
2017							
Basic Business	$ 106.8	$ 68.8	$ 37.7	$ 11.2	$ 224.5	$ 35.3	$ 259.8
Aging Infrastructure	77.9	30.8	42.1	9.4	160.2	81.4	241.6
Load Growth [(1)]	26.4	35.7	8.1	(3.5)	66.7	15.9	82.6
Total Distribution	211.1	135.3	87.9	17.1	451.4	132.6	584.0
Generation [(2)]	—	4.4	4.5	2.8	11.7	—	11.7
Total Electric and Natural Gas Distribution Segment	$ 211.1	$ 139.7	$ 92.4	$ 19.9	$ 463.1	$ 132.6	$ 595.7
2016							
Basic Business	$ 84.1	$ 54.6	$ 32.2	$ 7.8	$ 178.7	$ 35.2	$ 213.9
Aging Infrastructure	62.3	35.6	39.4	9.8	147.1	59.9	207.0
Load Growth [(1)]	16.9	26.2	5.4	(0.4)	48.1	14.3	62.4
Total Distribution	163.3	116.4	77.0	17.2	373.9	109.4	483.3
Generation	—	—	2.7	—	2.7	—	2.7
Total Electric and Natural Gas Distribution Segment	$ 163.3	$ 116.4	$ 79.7	$ 17.2	$ 376.6	$ 109.4	$ 486.0

(1) For the six months ended June 30, 2017 and June 30, 2016, WMECO had \$10.3 million and \$2.3 million, respectively, of total contributions in aid of construction, which were credits to capital expenditures for those periods.

(2) In 2017, NSTAR Electric and WMECO incurred capital expenditures related to the construction of solar generation facilities.

For the electric distribution business, basic business includes meters, tools, vehicles, information technology, transformer replacements, equipment facilities, and the relocation of plant. Aging infrastructure relates to reliability and the replacement of overhead lines, plant substations, underground cable replacement, and equipment failures. Load growth includes requests for new business and capacity additions on distribution lines and substation additions and expansions.

For the natural gas distribution segment, basic business addresses daily operational needs including meters, pipe relocations due to public works projects, vehicles, and tools. Aging infrastructure projects seek to improve the reliability of the system through enhancements related to cast iron and bare steel replacement of main and services, corrosion mediation, and station upgrades. Load growth reflects growth in existing service territories including new developments, installation of services, and expansion.

The natural gas distribution segment's capital spending program increased by \$23.2 million in the first half of 2017, as compared to the first half of 2016, primarily due to an increased investment in system replacement and reliability, as well as upgrades to our LNG facilities. We expect the LNG facility upgrades to cost approximately \$200 million and to be placed in service in late 2019.

FERC Regulatory Matters

FERC ROE Complaints: Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

On May 26, 2017, the Chief Administrative Law Judge ("ALJ") issued an order that the fourth complaint will continue to trial in December 2017 with an ALJ initial decision expected in March of 2018.

A summary of the four separate complaints and the base ROEs pertinent to those complaints are as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date (1)	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 (1)	Reserve (Pre-Tax and Excluding Interest) as of June 30, 2017 (in millions)		FERC ALJ Recommendation of Base ROE on Second and Third Complaints (Issued March 22, 2016)
First	10/1/2011 - 12/31/2012	11.14%	10.57%	$—	(2)	N/A
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1	(3)	9.59%
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—		10.90%
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—		N/A

(1) The billed ROE (base plus incentives) between October 1, 2011 and October 15, 2014 was within a range of 11.14 percent to 13.1 percent. On October 16, 2014, the FERC set the incentive cap at 11.74 percent for the first complaint period and also effective from October 16, 2014 through April 14, 2017, at which time the Court vacated this FERC order.

(2) CL&P, NSTAR Electric, PSNH and WMECO have refunded all amounts associated with the first complaint period, totaling $38.9 million (pre-tax and excluding interest) at Eversource (including $22.4 million at CL&P, $8.4 million at NSTAR Electric, $2.8 million at PSNH, and $5.3 million at WMECO), reflecting both the base ROE and incentive cap prescribed by the FERC order.

(3) The reserve represents the difference between the ROEs billed during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve was $21.4 million for CL&P, $8.5 million for NSTAR Electric, $3.1 million for PSNH, and $6.1 million for WMECO as of June 30, 2017.

On June 5, 2017, the NETOs, including Eversource, submitted a filing at the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. The NETOs have voluntarily delayed the date on which they will begin billing the reinstated ROEs until 60 days after the FERC has a quorum again. If the FERC takes no action within that 60-day period, the NETOs will begin billing the reinstated ROEs, subject to refund. The Company will continue to recognize transmission revenues as billed utilizing a base ROE of 10.57 percent with an incentive cap of 11.74 percent, until further FERC action or upon expiration of the 60-day period with no FERC action. The Company will change the amounts it is using to recognize transmission revenues only upon a change in the rates billed to its customers.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

NSTAR Electric and WMECO Merger FERC Filings: On January 13, 2017, Eversource made two filings with FERC related to the proposed merger of WMECO into NSTAR Electric with an anticipated effective date of January 1, 2018. One filing requests FERC approval of the merger, and the other filing requests FERC approval of NSTAR Electric's assumption of WMECO's short-term debt obligations. The FERC approved the merger on March 2, 2017 and will act on the assumption of debt filing later in 2017.

Regulatory Developments and Rate Matters

Electric and Natural Gas Base Distribution Rates:

The Regulated companies' distribution rates are set by their respective state regulatory commissions, and their tariffs include mechanisms for periodically adjusting their rates for the recovery of specific incurred costs. Other than as described below, for the first half of 2017, changes made to the Regulated companies' rates did not have a material impact on their earnings, financial position, or cash flows. For further information, see "Financial Condition and Business Analysis – Regulatory Developments and Rate Matters" included in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," of the Eversource 2016 Form 10-K.

Connecticut:

On April 20, 2017, PURA approved the joint request of CL&P, the Connecticut Office of Consumer Counsel and the Connecticut Attorney General to amend the deadline to establish new electric distribution rates in the 2012 Connecticut merger settlement agreement from "no later than December 1, 2017" to "no later than July 1, 2018."

Massachusetts:

Eversource and NSTAR Electric Boston Harbor Civil Action: On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to force HEEC to comply with cable depth requirements in the United States Army

Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

After substantial negotiations, the parties reached a settlement whereby HEEC will install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and will remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In the second quarter of 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million that will be credited to the rates charged to the Massachusetts Water Resources Authority for the new cable. This negotiated credit will result in the initial $17.5 million of construction costs on the new cable to be expensed as incurred. Construction of the new cable will be completed in 2019.

Massachusetts RFPs: On March 31, 2017, pursuant to a comprehensive energy law enacted in 2016, "An Act to Promote Energy Diversity," (the "Act") the Massachusetts EDCs, including NSTAR Electric and WMECO, and the DOER issued a joint RFP for 9.45 terawatt hours of clean energy per year, such as hydropower, land-based wind or solar. The RFP seeks proposals for long-term contracts of 15 to 20 years to provide the state's electric distribution companies with clean energy generation. The proposal submission due date was July 27, 2017. Contracts will be selected in January 2018, with an expectation to submit executed long-term contracts to the DPU for final approval in April 2018. On July 27, 2017, Eversource Energy Transmission Ventures, Inc. and HQ jointly submitted proposals for Northern Pass into the Massachusetts clean energy RFP. Northern Pass is expected to be placed in service in the second half of 2020.

On June 29, 2017, pursuant to the Act, the Massachusetts EDCs, including NSTAR Electric and WMECO, and the DOER issued a joint RFP for long-term contracts for offshore wind energy projects, seeking bids for a minimum of 400 MW of offshore wind capacity. The Offshore Wind Energy RFP states that bids of up to 800 MW would be considered, provided they demonstrate significant net economic benefits to customers. Bay State Wind submitted a Notice of Intent to Bid on July 26, 2017 and will submit a proposal by the December 20, 2017 due date.

NSTAR Electric and WMECO Rate Case: On January 17, 2017, NSTAR Electric and WMECO jointly filed an application (the "Joint Applicants") with the DPU for approval of a combined $96 million increase in base distribution rates, effective January 1, 2018. As part of this filing, the Joint Applicants are presenting a grid-wise performance plan, including the implementation of a performance-based rate-making mechanism in conjunction with a grid modernization base commitment of $400 million in incremental capital investment over a period of five years, commencing January 1, 2018. In addition, the Joint Applicants proposed to streamline and align rate classifications between NSTAR Electric and WMECO, and requested a revenue decoupling rate mechanism for NSTAR Electric. WMECO has a revenue decoupling mechanism in place. The DPU will also be reviewing the proposed merger of NSTAR Electric and WMECO as part of the rate case. A final decision from the DPU is expected in late 2017, with new rates anticipated to be effective January 1, 2018.

New Hampshire:

Generation Divestiture: On June 10, 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement (the "Agreement") with the New Hampshire Office of Energy and Planning, certain members of the NHPUC staff, the Office of Consumer Advocate, two State Senators, and several other parties. Under the terms of the Agreement, PSNH agreed to divest its generation assets, subject to NHPUC approval. The Agreement provided for a resolution of issues pertaining to PSNH's generation assets in pending regulatory proceedings before the NHPUC. The Agreement provided for the Clean Air Project prudence proceeding to be resolved and all remaining Clean Air Project costs to be included in rates effective January 1, 2016. As part of the Agreement, PSNH agreed to forego recovery of $25 million of the equity return related to the Clean Air Project.

On July 1, 2016, the NHPUC approved the Agreement in an order that, among other things, instructed PSNH to begin the process of divesting its generation assets. The NHPUC selected an auction adviser to assist with the divestiture, and the final plan and auction process were approved by the NHPUC in November 2016. An intervening appeal alleging that the auction process and schedule were unreasonable was rejected by the New Hampshire Supreme Court in February 2017. In late March 2017, the formal divestiture process began. We expect the transaction to be approved by the end of 2017.

As of June 30, 2017, PSNH's energy service rate base subject to divestiture was approximately $616 million. This rate base will be reduced by the amount of the sales proceeds from the generation assets that are divested and sold. Upon completion of the divestiture process, full recovery of PSNH's generation assets is probable through a combination of cash flows during the remaining operating period, sales proceeds upon divestiture, and recovery of stranded costs via bonds that will be secured by a non-bypassable charge or through recoveries in future rates billed to PSNH's customers.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and, at times, difficult, subjective or complex judgments. Changes in these estimates, assumptions and judgments, in and of themselves, could materially impact our financial position, results of operations or cash flows. Our management communicates to and discusses with the Audit Committee of our Board of Trustees significant matters relating to critical accounting policies. Our critical accounting policies that we believed were the most critical in nature were reported in the Eversource 2016 Form 10-K. There have been no material changes with regard to these critical accounting policies.

Other Matters

Accounting Standards: For information regarding new accounting standards, see Note 1B, "Summary of Significant Accounting Policies –Accounting Standards," to the financial statements.

Contractual Obligations and Commercial Commitments: There have been no material contractual obligations identified and no material changes with regard to the contractual obligations and commercial commitments previously disclosed in the Eversource 2016 Form 10-K.

Web Site: Additional financial information is available through our website at www.eversource.com. We make available through our website a link to the SEC's EDGAR website (http://www.sec.gov/edgar/searchedgar/companysearch.html), at which site Eversource's, CL&P's, NSTAR Electric's, PSNH's and WMECO's combined Annual Reports on Form 10-K, combined Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports may be reviewed. Information contained on the Company's website or that can be accessed through the website is not incorporated into and does not constitute a part of this combined Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the three and six months ended June 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 1,762.8	$ 1,767.2	$ (4.4)	(0.2)%	$ 3,867.9	$ 3,822.8	$ 45.1	1.2 %
Operating Expenses:								
Purchased Power, Fuel and Transmission	549.7	581.3	(31.6)	(5.4)	1,303.3	1,336.1	(32.8)	(2.5)
Operations and Maintenance	302.7	320.7	(18.0)	(5.6)	633.0	640.9	(7.9)	(1.2)
Depreciation	189.9	176.5	13.4	7.6	376.7	350.5	26.2	7.5
Amortization of Regulatory Assets/(Liabilities), Net	(7.8)	(8.7)	0.9	(10.3)	16.2	12.3	3.9	31.7
Energy Efficiency Programs	116.4	119.7	(3.3)	(2.8)	262.6	256.8	5.8	2.3
Taxes Other Than Income Taxes	156.2	154.3	1.9	1.2	311.4	314.2	(2.8)	(0.9)
Total Operating Expenses	1,307.1	1,343.8	(36.7)	(2.7)	2,903.2	2,910.8	(7.6)	(0.3)
Operating Income	455.7	423.4	32.3	7.6	964.7	912.0	52.7	5.8
Interest Expense	107.3	100.5	6.8	6.8	210.7	198.7	12.0	6.0
Other Income, Net	21.5	8.1	13.4	(a)	35.1	10.0	25.1	(a)
Income Before Income Tax Expense	369.9	331.0	38.9	11.8	789.1	723.3	65.8	9.1
Income Tax Expense	137.3	125.5	11.8	9.4	295.1	271.7	23.4	8.6
Net Income	232.6	205.5	27.1	13.2	494.0	451.6	42.4	9.4
Net Income Attributable to Noncontrolling Interests	1.9	1.9	—	—	3.8	3.8	—	—
Net Income Attributable to Common Shareholders	$ 230.7	$ 203.6	$ 27.1	13.3 %	$ 490.2	$ 447.8	$ 42.4	9.5 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
A summary of our Operating Revenues by segment is as follows:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent	2017	2016	Increase/ (Decrease)	Percent
Electric Distribution	$ 1,275.9	$ 1,303.1	$ (27.2)	(2.1)%	$ 2,677.0	$ 2,739.2	$ (62.2)	(2.3)%
Natural Gas Distribution	186.0	180.4	5.6	3.1	589.6	523.0	66.6	12.7
Electric Transmission	324.6	302.5	22.1	7.3	641.5	585.8	55.7	9.5
Other and Eliminations	(23.7)	(18.8)	(4.9)	26.1	(40.2)	(25.2)	(15.0)	59.5
Total Operating Revenues	$ 1,762.8	$ 1,767.2	$ (4.4)	(0.2)%	$ 3,867.9	$ 3,822.8	$ 45.1	1.2 %

A summary of our retail electric GWh sales volumes and our firm natural gas sales volumes in MMcf were as follows:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017	2016	Decrease	Percent	2017	2016	Increase/ (Decrease)	Percent
Electric								
Traditional	6,524	6,605	(81)	(1.2)%	13,495	13,601	(106)	(0.8)%
Decoupled	5,640	5,798	(158)	(2.7)	11,840	12,022	(182)	(1.5)
Total Electric	12,164	12,403	(239)	(1.9)	25,335	25,623	(288)	(1.1)
Firm Natural Gas								
Traditional	7,778	8,315	(537)	(6.5)	26,683	26,300	383	1.5
Decoupled and Special Contracts	9,238	9,521	(283)	(3.0)	31,479	30,884	595	1.9
Total Firm Natural Gas	17,016	17,836	(820)	(4.6)%	58,162	57,184	978	1.7 %

Three Months Ended:
Operating Revenues, which primarily consist of base electric and natural gas distribution revenues and tracked revenues further described below, decreased by $4.4 million for the three months ended June 30, 2017, as compared to the same period in 2016.

Base electric and natural gas distribution revenues: Base electric distribution segment revenues, excluding LBR, increased $4.6 million for the three months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher demand revenues driven by heat waves during the second quarter of 2017 at NSTAR Electric. Operating Revenues increased $4.9 million for the three months ended June 30, 2017, as compared to the same period in 2016, as a result of higher LBR revenues.

Base natural gas distribution revenues decreased $3.2 million for the three months ended June 30, 2017, as compared to the same period in 2016, driven by lower firm natural gas sales volumes due to warmer weather in Connecticut in the spring of 2017, as compared to the same period in 2016, and lower demand revenues in Connecticut driven by lower peak usage in 2017 as compared to 2016.

Fluctuations in CL&P's, WMECO's and NSTAR Gas' sales volumes do not impact the level of base distribution revenue realized or earnings due to their respective regulatory commission approved revenue decoupling mechanisms. The revenue decoupling mechanisms permit recovery of a base amount of distribution revenues and break the relationship between sales volumes and revenues recognized. Revenue decoupling mechanisms result in the recovery of our approved base distribution revenue requirements.

Tracked distribution revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement costs and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked natural gas distribution segment revenues increased as a result of an increase in natural gas supply costs ($3.9 million) and an increase in energy efficiency program revenues ($4.9 million). Tracked electric distribution revenues decreased as a result of a decrease in electric energy supply costs ($34.7 million), driven by decreased average retail prices, a decrease in stranded costs recovery revenues ($9.3 million), a decrease in pension rate adjustment mechanisms ($5.2 million), and a decrease in retail electric transmission charges ($4.3 million). Partially offsetting these decreases were increases in tracked electric distribution revenues related to federally-mandated congestion charges ($7.7 million), revenues related to renewable energy requirements ($6.6 million) and net metering revenues ($7.2 million).

Electric transmission revenues: The electric transmission segment revenues increased by $22.1 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Other: Other revenues decreased due primarily to the sale of Eversource's unregulated telecommunication business on December 31, 2016 ($5.0 million).

Six Months Ended:
Operating Revenues increased by $45.1 million for the six months ended June 30, 2017, as compared to the same period in 2016.

Base electric and natural gas distribution revenues: Base electric distribution segment revenues, excluding LBR, increased $7.8 million for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher demand revenues driven by heat waves during the second quarter of 2017 at NSTAR Electric. Operating Revenues increased $9.1 million for the six months ended June 30, 2017, as compared to the same period in 2016, as a result of higher LBR revenues.

Base natural gas distribution revenues remained relatively unchanged for the six months ended June 30, 2017, as compared to the same period in 2016. The impact of higher firm natural gas sales volumes was offset by lower demand revenues in Connecticut driven by lower peak usage in 2017 as compared to 2016.

Tracked distribution revenues: Tracked natural gas distribution segment revenues increased as a result of an increase in natural gas supply costs ($50.3 million) and an increase in energy efficiency program revenues ($14.9 million). Tracked electric distribution revenues decreased as a result of a decrease in electric energy supply costs ($88.3 million), driven by decreased average retail prices, a decrease in stranded costs recovery revenues ($16.1 million), a decrease in pension rate adjustment mechanisms ($9.2 million), and a decrease in retail electric transmission charges ($6.1 million). Partially offsetting these decreases were increases in tracked electric distribution revenues related to federally-mandated congestion charges ($20.2 million), net metering revenues ($15.4 million) and revenues related to renewable energy requirements ($5.9 million).

Electric transmission revenues: The electric transmission segment revenues increased by $55.7 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Other: Other revenues decreased due primarily to the sale of Eversource's unregulated telecommunication business on December 31, 2016 ($10.0 million).

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity and natural gas on behalf of our customers. These energy supply costs are recovered from customers in rates through cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense decreased for the three and six months ended June 30, 2017, as compared to the same periods in 2016, due primarily to the following:

(Millions of Dollars)	Three Months Ended Increase/(Decrease)	Six Months Ended Increase/(Decrease)
Electric Distribution	$ (46.6)	$ (108.8)
Natural Gas Distribution	2.0	43.2
Transmission	13.0	32.8
Total Purchased Power, Fuel and Transmission	$ (31.6)	$ (32.8)

The decrease in purchased power expense at the electric distribution business was driven by lower prices associated with the procurement of energy supply for the three and six months ended June 30, 2017, as compared to the same periods in 2016. The increase in purchased power expense at the natural gas distribution business was due to higher average natural gas prices. The increase in transmission costs was primarily the result of an increase in Local Network Service charges, which reflect the cost of transmission service provided by Eversource over Eversource's local transmission network.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric and natural gas distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased for the three and six months ended June 30, 2017, as compared to the same periods in 2016, due primarily to the following:

(Millions of Dollars)	Three Months Ended Increase/(Decrease)	Six Months Ended Increase/(Decrease)
Base Electric Distribution:		
Employee-related expenses, including labor and benefits	$ (22.4)	$ (31.2)
Bad debt expense	(9.5)	(12.7)
Shared corporate costs (including computer software depreciation at Eversource Service)	4.1	9.6
Storm restoration costs	(0.9)	7.1
Boston Harbor civil action settlement charge recorded in the second quarter of 2017	4.9	4.9
System resiliency project costs at CL&P	0.4	2.6
Other operations and maintenance	3.3	3.9
Total Base Electric Distribution	(20.1)	(15.8)
Total Base Natural Gas Distribution:		
Shared corporate costs (including computer software depreciation at Eversource Service)	1.1	2.4
Other operations and maintenance	0.4	2.6
Total Base Natural Gas Distribution	1.5	5.0
Total Tracked costs (Electric Distribution, Electric Transmission and Natural Gas Distribution)	3.3	12.6
Other and eliminations:		
Eversource Parent and Other Companies	3.9	1.9
Eliminations	(6.6)	(11.6)
Total Operations and Maintenance	$ (18.0)	$ (7.9)

Depreciation expense increased for the three and six months ended June 30, 2017, as compared to the same periods in 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory (Liabilities)/Assets, Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved tracking mechanisms, and the amortization of certain costs. The deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory (Liabilities)/Assets, Net, increased for the six months ended June 30, 2017 as compared to the same period in 2016, due primarily to the deferral of energy supply and energy-related costs which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs at CL&P, NSTAR Electric, PSNH and WMECO, which are the primary drivers in amortization, are recovered from customers in rates and have no impact on earnings.

Interest Expense increased for the three and six months ended June 30, 2017, as compared to the same periods in 2016, due primarily to higher interest on long-term debt ($5.2 million and $10.1 million, respectively) as a result of new debt issuances and higher interest on short-term debt ($1.4 million and $2.3 million, respectively).

Other Income, Net increased for the three and six months ended June 30, 2017, as compared to the same periods in 2016, due primarily to an increase in second quarter equity in earnings recorded in our equity method investments ($15.6 million and $20.2 million, respectively), primarily related to Eversource's investment in a renewable energy fund, higher AFUDC related to equity funds ($1.2 million and $3.8 million, respectively), and market value changes related to the deferred compensation plans ($0.3 million and $2.2 million, respectively).

Income Tax Expense increased for the three months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($13.6 million) and higher state taxes ($1.0 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($2.8 million).

Income Tax Expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($23.0 million), the absence of tax credits in 2017 ($1.6 million), and higher state taxes ($1.4 million), partially offset by items that impact our tax rate as a result of flow-through items and permanent differences ($2.6 million).

RESULTS OF OPERATIONS – THE CONNECTICUT LIGHT AND POWER COMPANY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P for the three and six months ended June 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 666.6	$ 679.8	$ (13.2)	(1.9)%	$ 1,398.9	$ 1,415.1	$ (16.2)	(1.1)%
Operating Expenses:								
Purchased Power and Transmission	207.2	234.5	(27.3)	(11.6)	452.1	507.1	(55.0)	(10.8)
Operations and Maintenance	108.5	122.5	(14.0)	(11.4)	236.7	233.4	3.3	1.4
Depreciation	60.8	57.5	3.3	5.7	120.6	114.5	6.1	5.3
Amortization of Regulatory Assets/(Liabilities), Net	11.4	(2.9)	14.3	(a)	24.2	6.9	17.3	(a)
Energy Efficiency Programs	32.2	35.5	(3.3)	(9.3)	68.8	73.6	(4.8)	(6.5)
Taxes Other Than Income Taxes	70.5	70.6	(0.1)	(0.1)	144.4	146.0	(1.6)	(1.1)
Total Operating Expenses	490.6	517.7	(27.1)	(5.2)	1,046.8	1,081.5	(34.7)	(3.2)
Operating Income	176.0	162.1	13.9	8.6	352.1	333.6	18.5	5.5
Interest Expense	35.3	36.0	(0.7)	(1.9)	70.3	72.5	(2.2)	(3.0)
Other Income, Net	3.8	6.3	(2.5)	(39.7)	6.6	7.2	(0.6)	(8.3)
Income Before Income Tax Expense	144.5	132.4	12.1	9.1	288.4	268.3	20.1	7.5
Income Tax Expense	53.2	49.5	3.7	7.5	106.9	98.4	8.5	8.6
Net Income	$ 91.3	$ 82.9	$ 8.4	10.1 %	$ 181.5	$ 169.9	$ 11.6	6.8 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
CL&P's retail sales volumes were as follows:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2017	2016	Decrease	Percent	2017	2016	Decrease	Percent
Retail Sales Volumes in GWh	4,838	4,966	(128)	(2.6)%	10,168	10,316	(148)	(1.4)%

Three Months Ended:
CL&P's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, decreased by $13.2 million for the three months ended June 30, 2017, as compared to the same period in 2016.

Fluctuations in CL&P's sales volumes do not impact the level of base distribution revenue realized or earnings due to the PURA-approved revenue decoupling mechanism. CL&P's revenue decoupling mechanism permits recovery of a base amount of distribution revenues ($1.059 billion annually) and breaks the relationship between sales volumes and revenues recognized. The revenue decoupling mechanism results in the recovery of approved base distribution revenue requirements.

Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through PURA-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked distribution revenues decreased primarily as a result of a decrease in energy supply costs ($22.1 million) driven by decreased average retail prices. In addition, there was a $6.2 million decrease in stranded cost recovery revenue. Partially offsetting these decreases were increases in federally-mandated congestion charges ($7.7 million) and retail transmission charges ($6.3 million).

Transmission revenues increased by $2.0 million due primarily to higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Six Months Ended:
CL&P's Operating Revenues decreased by $16.2 million for the six months ended June 30, 2017, as compared to the same period in 2016.

Tracked distribution revenues decreased primarily as a result of a decrease in energy supply costs ($52.1 million) driven by decreased average retail prices. In addition, there was a $10.2 million decrease in stranded cost recovery revenue. Partially offsetting these decreases was an increase in federally-mandated congestion charges ($20.2 million).

Transmission revenues increased by $20.9 million due primarily to higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P's customers. These energy supply costs are recovered from customers in PURA-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power and Transmission expense decreased for the three and six months ended June 30, 2017, as compared to the same periods in 2016, due primarily to the following:

(Millions of Dollars)	Three Months Ended Increase/(Decrease)	Six Months Ended Increase/(Decrease)
Purchased Power Costs	$ (35.6)	$ (73.9)
Transmission Costs	8.3	18.9
Total Purchased Power and Transmission	$ (27.3)	$ (55.0)

Included in purchased power costs are the costs associated with CL&P's GSC and deferred energy supply costs. The GSC recovers energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. The decrease in purchased power costs for the three and six months ended June 30, 2017, compared to the same periods in 2016, was due primarily to a decrease in the price of standard offer supply. The increase in transmission costs was primarily the result of an increase in Local Network Service charges, which reflect the cost of transmission service provided by Eversource over Eversource's local transmission network.

Depreciation expense increased for the three and six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory (Liabilities)/Assets, Net expense includes the deferral to expense of energy supply costs and the amortization of certain costs, which are recovered from customers in rates and have no impact on earnings. The increase for the three and six months ended June 30, 2017, as compared to the same periods in 2016, was due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. The deferral adjusts expense to match the corresponding revenues.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased for the three months ended June 30, 2017, as compared to the same period in 2016, driven by a $12.4 million decrease in non-tracked costs, which was primarily attributable to lower employee-related expenses and lower bad debt expense, as well as a $1.6 million decrease in tracked costs, which was primarily attributable to lower tracked bad debt expense, partially offset by higher transmission expenses.

Operations and Maintenance expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, driven by a $6.7 million increase in tracked costs, which was primarily attributable to higher transmission expenses, partially offset by lower tracked bad debt expense. Non-tracked costs decreased $3.4 million, which was primarily attributable to lower employee-related expenses and lower bad debt expense, partially offset by higher storm restoration costs, higher shared corporate costs and higher system resiliency project costs.

Interest Expense decreased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to lower interest on regulatory deferral mechanisms ($1.4 million) and an increase in AFUDC attributable to borrowed funds ($0.7 million).

Income Tax Expense increased for the three months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($4.2 million) and higher state taxes ($1.0 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.5 million).

Income Tax Expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($7.0 million) and higher state taxes ($1.9 million), partially offset by items that impact our tax rate as a result of flow-through items and permanent differences ($0.4 million).

EARNINGS SUMMARY

CL&P's earnings increased $8.4 million for the three months ended June 30, 2017, as compared to the same period in 2016, due primarily to lower operations and maintenance expense and higher distribution revenues due in part to a higher rate base for the system resiliency program. These favorable earnings impacts were partially offset by higher depreciation expense.

CL&P's earnings increased $11.6 million for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to an increase in transmission earnings driven by a higher transmission rate base, higher distribution revenues due in part to a higher rate base for the system resiliency program, and lower operations and maintenance expense. These favorable earnings impacts were partially offset by higher depreciation expense.

LIQUIDITY

Cash totaled $5.8 million as of June 30, 2017, compared with $6.6 million as of December 31, 2016.

CL&P had cash flows provided by operating activities of $353.9 million for the six months ended June 30, 2017, as compared to $429.4 million in the same period of 2016. The decrease in operating cash flows was due primarily to $117.1 million in lower income tax refunds received in 2017, as compared to 2016, and the timing of payments of working capital items. Partially offsetting this decrease was the favorable impact of the timing of regulatory recoveries.

Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt, with intercompany loans to certain subsidiaries, including CL&P. The weighted-average interest rate on the commercial paper borrowings as of June 30, 2017 and December 31, 2016 was 1.34 percent and 0.88 percent, respectively. As of June 30, 2017 and December 31, 2016, there were intercompany loans from Eversource parent to CL&P of $101.1 million and $80.1 million, respectively. Eversource parent, and certain of its subsidiaries, including CL&P, are parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility's termination date is September 4, 2021. There were no borrowings outstanding on the revolving credit facility as of June 30, 2017 or December 31, 2016. The revolving credit facility serves to backstop Eversource parent's $1.45 billion commercial paper program.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense. CL&P's investments in property, plant and equipment totaled $419.9 million for the six months ended June 30, 2017.

RESULTS OF OPERATIONS – NSTAR ELECTRIC COMPANY AND SUBSIDIARY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for NSTAR Electric for the six months ended June 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Six Months Ended June 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 1,187.8	$ 1,205.5	$ (17.7)	(1.5)%
Operating Expenses:				
Purchased Power and Transmission	430.4	473.5	(43.1)	(9.1)
Operations and Maintenance	173.6	183.7	(10.1)	(5.5)
Depreciation	111.4	104.5	6.9	6.6
Amortization of Regulatory Assets, Net	8.0	8.7	(0.7)	(8.0)
Energy Efficiency Programs	127.2	128.1	(0.9)	(0.7)
Taxes Other Than Income Taxes	62.0	66.7	(4.7)	(7.0)
Total Operating Expenses	912.6	965.2	(52.6)	(5.4)
Operating Income	275.2	240.3	34.9	14.5
Interest Expense	45.5	41.1	4.4	10.7
Other Income, Net	5.3	2.5	2.8	(a)
Income Before Income Tax Expense	235.0	201.7	33.3	16.5
Income Tax Expense	91.5	79.0	12.5	15.8
Net Income	$ 143.5	$ 122.7	$ 20.8	17.0 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
NSTAR Electric's retail sales volumes were as follows:

	For the Six Months Ended June 30,			
	2017	2016	Decrease	Percent
Retail Sales Volumes in GWh	9,680	9,781	(101)	(1.0)%

NSTAR Electric's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, decreased by $17.7 million for the six months ended June 30, 2017, as compared to the same period in 2016.

Base distribution revenues: Base distribution revenues, excluding LBR, increased $3.3 million for the six months ended June 30, 2017, as compared to the same period in 2016, as a result of an increase in demand revenues driven by heat waves during the second quarter of 2017, partially offset by lower sales volumes in 2017, as compared to 2016. Operating Revenues increased $9.1 million for the six months ended June 30, 2017, as compared to the same period in 2016, as a result of higher LBR revenues.

Tracked revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through DPU-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply costs, retail transmission charges, energy efficiency program costs, net metering for distributed generation and transition cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked distribution revenues decreased primarily as a result of a decrease in energy supply costs ($35.5 million) driven by decreased average retail prices, a decrease in retail transmission charges ($23.4 million), a decrease in the pension rate adjustment mechanism ($8.3 million), and a decrease in transition cost recovery revenues ($6.7 million). Partially offsetting these decreases were an increase in net metering revenues ($13.9 million), an increase in revenues related to renewable energy requirements ($14.7 million), and an increase in energy efficiency program revenues ($5.9 million).

Transmission revenues increased by $14.1 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power and Transmission expense includes costs associated with purchasing electricity on behalf of NSTAR Electric's customers. These energy supply costs are recovered from customers in DPU-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power and Transmission expense decreased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to the following:

(Millions of Dollars)	Decrease
Purchased Power Costs	$ (33.8)
Transmission Costs	(9.3)
Total Purchased Power and Transmission	$ (43.1)

Included in purchased power costs are the costs associated with NSTAR Electric's basic service charge and deferred energy supply costs. The basic service charge recovers energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. The decrease in purchased power costs was due primarily to lower prices associated with the procurement of energy supply. The decrease in transmission costs was primarily the result of a decrease in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased for the six months ended June 30, 2017, as compared to the same period in 2016, driven by a $12.5 million decrease in non-tracked costs, which was primarily attributable to lower employee-related expenses and lower bad debt expense, partially offset by a $4.9 million charge recorded in the second quarter of 2017 related to the Boston Harbor civil action settlement and higher shared corporate costs. Tracked costs increased $2.4 million, which was primarily attributable to higher transmission expenses and higher tracked bad debt expense, partially offset by lower tracked employee-related expenses.

Depreciation expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher utility plant in service balances.

Taxes Other Than Income Taxes expense decreased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to a decrease in property tax rates and lower employment-related taxes.

Interest Expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher interest on long-term debt.

Other Income, Net increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to an increase related to officer insurance policies ($1.5 million) and market value changes related to deferred compensation plans ($1.0 million).

Income Tax Expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($11.7 million) and higher state taxes ($1.5 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($0.7 million).

EARNINGS SUMMARY

NSTAR Electric's earnings increased $20.8 million for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to lower operations and maintenance expense, higher distribution revenues as a result of higher LBR and higher demand revenues, and lower property and other tax expense. These favorable earnings impacts were partially offset by higher depreciation expense and higher interest expense.

LIQUIDITY

NSTAR Electric had cash flows provided by operating activities of $138.5 million for the six months ended June 30, 2017, as compared to $165.1 million in the same period of 2016. The decrease in operating cash flows was due primarily to the unfavorable impact related to changes in the timing of working capital items driven primarily by the timing of accounts payable payments, a decrease in regulatory overrrecoveries due to purchased power costs in excess of collections from customers, and $7.6 million in lower income tax refunds received in 2017, as compared to 2016. Partially offsetting these decreases was a favorable impact related to the timing of collections of accounts receivable.

NSTAR Electric has a $450 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. As of June 30, 2017, NSTAR Electric had no short-term borrowings outstanding and as of December 31, 2016, NSTAR Electric had $126.5 million in short-term borrowings outstanding under its commercial paper program, leaving $450.0 million and $323.5 million of available borrowing capacity as of June 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of December 31, 2016 was 0.71 percent. NSTAR Electric is a party to a five-year $450 million revolving credit facility. The revolving credit facility's termination date is September 4, 2021. The revolving credit facility serves to backstop NSTAR Electric's $450 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of June 30, 2017 or December 31, 2016.

RESULTS OF OPERATIONS – PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for PSNH for the six months ended June 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Six Months Ended June 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 483.5	$ 460.8	$ 22.7	4.9 %
Operating Expenses:				
Purchased Power, Fuel and Transmission	122.2	95.9	26.3	27.4
Operations and Maintenance	127.5	123.0	4.5	3.7
Depreciation	63.2	56.9	6.3	11.1
Amortization of Regulatory (Liabilities)/Assets, Net	(13.5)	0.3	(13.8)	(a)
Energy Efficiency Programs	7.0	6.9	0.1	1.4
Taxes Other Than Income Taxes	44.0	44.0	—	—
Total Operating Expenses	350.4	327.0	23.4	7.2
Operating Income	133.1	133.8	(0.7)	(0.5)
Interest Expense	25.8	25.0	0.8	3.2
Other Income, Net	1.7	0.4	1.3	(a)
Income Before Income Tax Expense	109.0	109.2	(0.2)	(0.2)
Income Tax Expense	43.1	41.9	1.2	2.9
Net Income	$ 65.9	$ 67.3	$ (1.4)	(2.1)%

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
PSNH's retail sales volumes were as follows:

	For the Six Months Ended June 30,			
	2017	2016	Decrease	Percent
Retail Sales Volumes in GWh	3,815	3,818	(3)	(0.1)%

PSNH's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased by $22.7 million for the six months ended June 30, 2017, as compared to the same period in 2016.

Base distribution revenues: Base distribution revenues increased $4.5 million due primarily to a $1.9 million distribution rate increase effective July 1, 2016 and higher demand revenues in 2017.

Tracked revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through NHPUC-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply costs and costs associated with the generation of electricity for customers, retail transmission charges, energy efficiency program costs and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked distribution revenues increased primarily as a result of an increase in retail transmission charges ($9.5 million) and an increase in both energy supply costs and wholesale generation revenues (totaling $8.4 million) for the six months ended June 30, 2017, as compared to the same period in 2016. The increase in energy supply costs was driven by increased average retail prices. Partially offsetting these increases was a decrease in revenues related to the timing of the sale of RECs ($13.9 million).

Transmission revenues increased by $11.3 million due primarily to higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with PSNH's generation of electricity, as well as purchasing electricity on behalf of its customers. These generation and energy supply costs are recovered from customers in NHPUC-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to the following:

(Millions of Dollars)	Increase
Purchased Power and Generation Fuel Costs	$ 8.8
Transmission Costs	17.5
Total Purchased Power, Fuel and Transmission	$ 26.3

In order to meet the demand of customers who have not migrated to third party suppliers, PSNH procures power through power supply contracts and spot purchases in the competitive New England wholesale power market and/or produces power through its own generation. The increase in purchased power and generation fuel costs was due primarily to higher purchased power energy expenses recovered in the Energy Service rate, and Regional Greenhouse Gas Initiative related expenses recovered in the SCRC. The increase in transmission costs was primarily the result of an increase in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, driven by a $3.7 million increase in tracked costs, which was primarily attributable to higher transmission expenses, as well as a $0.8 million increase in non-tracked costs, which was primarily attributable to higher shared corporate costs and higher storm restoration costs, partially offset by lower employee-related expenses.

Depreciation expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory (Liabilities)/Assets, Net expense includes the deferral to expense of energy supply costs and the amortization of certain costs, which are recovered from customers in rates and have no impact on earnings. The decrease for the six months ended June 30, 2017, as compared to the same period in 2016, was due primarily to the deferral adjustment of the energy service charge. The deferral adjusts expense to match the corresponding revenues.

Income Tax Expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to the absence of tax credits in 2017 ($1.6 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($0.4 million).

EARNINGS SUMMARY

PSNH's earnings decreased $1.4 million for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to lower generation earnings and higher depreciation expense, partially offset by higher distribution revenues due primarily to a distribution rate increase effective July 1, 2016 and an increase in transmission earnings driven by a higher transmission rate base.

LIQUIDITY

PSNH had cash flows provided by operating activities of $142.1 million for the six months ended June 30, 2017, as compared to $204.3 million in the same period of 2016. The decrease in operating cash flows was due primarily to income tax payments of $26.5 million made in 2017, as compared to income tax refunds of $37.3 million received in the same period of 2016. Partially offsetting this decrease was $9.8 million of lower Pension Plan contributions made in 2017, as compared to 2016, and the favorable impacts related to the timing of regulatory recoveries.

RESULTS OF OPERATIONS – WESTERN MASSACHUSETTS ELECTRIC COMPANY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for WMECO for the six months ended June 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Six Months Ended June 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 250.9	$ 244.5	$ 6.4	2.6 %
Operating Expenses:				
Purchased Power and Transmission	74.7	72.2	2.5	3.5
Operations and Maintenance	44.2	43.9	0.3	0.7
Depreciation	24.3	22.9	1.4	6.1
Amortization of Regulatory (Liabilities)/Assets, Net	(0.8)	2.2	(3.0)	(a)
Energy Efficiency Programs	18.7	21.2	(2.5)	(11.8)
Taxes Other Than Income Taxes	20.7	19.8	0.9	4.5
Total Operating Expenses	181.8	182.2	(0.4)	(0.2)
Operating Income	69.1	62.3	6.8	10.9
Interest Expense	12.4	12.1	0.3	2.5
Other Income/(Loss), Net	0.3	—	0.3	(a)
Income Before Income Tax Expense	57.0	50.2	6.8	13.5
Income Tax Expense	22.2	20.1	2.1	10.4
Net Income	$ 34.8	$ 30.1	$ 4.7	15.6 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
WMECO's retail sales volumes were as follows:

	For the Six Months Ended June 30,			
	2017	2016	Decrease	Percent
Retail Sales Volumes in GWh	1,673	1,707	(34)	(2.0)%

WMECO's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased by $6.4 million for the six months ended June 30, 2017, as compared to the same period in 2016.

Fluctuations in WMECO's sales volumes do not impact the level of base distribution revenue realized or earnings due to the DPU-approved revenue decoupling mechanism. WMECO's revenue decoupling mechanism permits recovery of a base amount of distribution revenues ($132.4 million annually) and breaks the relationship between sales volumes and revenues recognized. The revenue decoupling mechanism results in the recovery of approved base distribution revenue requirements.

Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through DPU-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply costs, retail transmission charges, energy efficiency program costs, low income assistance programs, and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked revenues decreased due primarily to a decrease in energy supply costs ($9.2 million) driven by decreased average retail prices, partially offset by increases in retail transmission charges, revenues related to renewable energy requirements and net metering charges ($4.1 million, $3.0 million and $1.5 million, respectively).

Transmission revenues increased by $9.5 million due primarily to higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power and Transmission expense includes costs associated with the purchasing of energy supply on behalf of WMECO's customers. These energy supply costs are recovered from customers in DPU-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power and Transmission expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to the following:

(Millions of Dollars)	Increase/(Decrease)
Purchased Power Costs	$ (3.1)
Transmission Costs	5.6
Total Purchased Power and Transmission	$ 2.5

Included in purchased power costs are the costs associated with WMECO's basic service charge and deferred energy supply costs. The basic service charge recovers energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. The decrease in purchased power costs was due primarily to lower prices associated with the procurement of energy supply. The increase in transmission costs was primarily the result of an increase in Local Network Service charges, which reflect the cost of transmission service provided by Eversource over Eversource's local transmission network.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, driven by a $1.0 million increase in tracked costs, which was primarily attributable to higher transmission expenses, partially offset by the deferral adjustment for RECs generated and sold by the WMECO solar program, and lower tracked employee-related expenses. Non-tracked costs decreased $0.7 million, which was primarily attributable to lower employee-related expenses, partially offset by higher shared corporate costs and higher storm restoration costs.

Amortization of Regulatory (Liabilities)/Assets, Net expense decreased for the six months ended June 30, 2017, as compared to the same period in 2016, due to the timing of refunds or recovery of tracked costs to/from customers in rates. These costs have no impact on earnings.

Income Tax Expense increased for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($2.4 million) partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($0.3 million).

EARNINGS SUMMARY

WMECO's earnings increased $4.7 million for the six months ended June 30, 2017, as compared to the same period in 2016, due primarily to an increase in transmission earnings driven by a higher transmission rate base, and higher energy efficiency incentives earned, partially offset by higher depreciation expense.

LIQUIDITY

WMECO had cash flows provided by operating activities of $77.7 million for the six months ended June 30, 2017, as compared to $95.9 million in the same period of 2016. The decrease in operating cash flows was due primarily to a decrease of $20.6 million in income tax refunds in 2017, as compared to 2016, and changes in the timing of working capital items.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Information

Commodity Price Risk Management: Our Regulated companies enter into energy contracts to serve our customers and the economic impacts of those contracts are passed on to our customers. Accordingly, the Regulated companies have no exposure to loss of future earnings or fair values due to these market risk-sensitive instruments. Eversource's Energy Supply Risk Committee, comprised of senior officers, reviews and approves all large scale energy related transactions entered into by its Regulated companies.

Other Risk Management Activities

Interest Rate Risk Management: We manage our interest rate risk exposure in accordance with our written policies and procedures by maintaining a mix of fixed and variable rate long-term debt.

Credit Risk Management: Credit risk relates to the risk of loss that we would incur as a result of non-performance by counterparties pursuant to the terms of our contractual obligations. We serve a wide variety of customers and transact with suppliers that include IPPs, industrial companies, natural gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and we realize interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms that, in turn, require us to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by our risk management process.

Our Regulated companies are subject to credit risk from certain long-term or high-volume supply contracts with energy marketing companies. Our Regulated companies manage the credit risk with these counterparties in accordance with established credit risk practices and monitor contracting risks, including credit risk. As of June 30, 2017, our Regulated companies did not hold collateral (letters of credit) from counterparties related to our standard service contracts. As of June 30, 2017, Eversource had $24.4 million of cash posted with ISO-NE related to energy transactions.

We have provided additional disclosures regarding interest rate risk management and credit risk management in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in Eversource's 2016 Form 10-K, which is incorporated herein by reference. There have been no additional risks identified and no material changes with regard to the items previously disclosed in the Eversource 2016 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Management, on behalf of Eversource, CL&P, NSTAR Electric, PSNH and WMECO, evaluated the design and operation of the disclosure controls and procedures as of June 30, 2017 to determine whether they are effective in ensuring that the disclosure of required information is made timely and in accordance with the Securities Exchange Act of 1934 and the rules and regulations of the SEC. This evaluation was made under management's supervision and with management's participation, including the principal executive officer and principal financial officer as of the end of the period covered by this Quarterly Report on Form 10-Q. There are inherent limitations of disclosure controls and procedures, including the possibility of human error and the circumventing or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The principal executive officer and principal financial officer have concluded, based on their review, that the disclosure controls and procedures of Eversource, CL&P, NSTAR Electric, PSNH and WMECO are effective to ensure that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and regulations and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in internal controls over financial reporting for Eversource, CL&P, NSTAR Electric, PSNH and WMECO during the quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are parties to various legal proceedings. We have disclosed these legal proceedings in Part I, Item 3, "Legal Proceedings," and elsewhere in our 2016 Form 10-K. These disclosures are incorporated herein by reference.

On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, covering the years from 2013 to 2016 ("DOE Phase IV"). The DOE Phase IV trial is expected to begin in 2018. For a further discussion of the Yankee Companies v. U.S. Department of Energy, see Part I, Item 3, "Legal Proceedings" of our 2016 Form 10-K.

Other than as set forth above, there have been no additional material legal proceedings identified and no further material changes with regard to the legal proceedings previously disclosed in our 2016 Form 10-K.

ITEM 1A. RISK FACTORS

We are subject to a variety of significant risks in addition to the matters set forth under "Forward-Looking Statements," in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Quarterly Report on Form 10-Q. We have identified a number of these risk factors in Part I, Item 1A, "Risk Factors," in our 2016 Form 10-K, which risk factors are incorporated herein by reference. These risk factors should be considered carefully in evaluating our risk profile. There have been no additional risk factors identified and no material changes with regard to the risk factors previously disclosed in our 2016 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table discloses purchases of our common shares made by us or on our behalf for the periods shown below. The common shares purchased consist of open market purchases made by the Company or an independent agent. These share transactions related to shares awarded under the Company's Incentive Plan and Dividend Reinvestment Plan and matching contributions under the Eversource 401k Plan.

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans and Programs (at month end)
April 1 - April 30, 2017	99,603	$	58.97	—	—
May 1 - May 31, 2017	87,838		61.50	—	—
June 1 - June 30, 2017	99,022		62.10	—	—
Total	286,463	$	60.83	—	—

ITEM 6. EXHIBITS

Each document described below is filed herewith, unless designated with an asterisk (*), which exhibits are incorporated by reference by the registrant under whose name the exhibit appears.

Exhibit No.	Description
Listing of Exhibits (Eversource)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chief Executive Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chief Executive Officer and Chief Financial Officer of Eversource Energy pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (CL&P)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of The Connecticut Light and Power Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (NSTAR Electric Company)	
* 4.1	A Form of 3.20% Debenture due 2027 (Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed on May 18, 2017 (Exhibit 4, File No. 001-02301)
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of NSTAR Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (PSNH)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of Public Service Company of New Hampshire pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Listing of Exhibits (WMECO)

12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of Western Massachusetts Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Western Massachusetts Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of Western Massachusetts Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Listing of Exhibits (Eversource, CL&P, NSTAR Electric, PSNH, WMECO)

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERSOURCE ENERGY

August 4, 2017 By: /s/ Jay S. Buth

Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CONNECTICUT LIGHT AND POWER COMPANY

August 4, 2017 By: /s/ Jay S. Buth

Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NSTAR ELECTRIC COMPANY

August 4, 2017 By: /s/ Jay S. Buth

Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

August 4, 2017	By:	/s/ Jay S. Buth
		Jay S. Buth
		Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTERN MASSACHUSETTS ELECTRIC COMPANY

August 4, 2017	By:	/s/ Jay S. Buth
		Jay S. Buth
		Vice President, Controller and Chief Accounting Officer

Eversource Energy and Subsidiaries

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012 (a)
Earnings, as defined:						
Net income	$ 493,966	$ 949,821	$ 886,004	$ 827,065	$ 793,689	$ 533,077
Income tax expense	295,103	554,997	539,967	468,297	426,941	274,926
Equity in earnings of equity investees	(17,889)	(243)	(883)	(1,044)	(1,318)	(1,154)
Dividends received from equity investees	9,389	120	—	—	582	733
Fixed charges, as below	224,606	429,406	397,392	386,451	362,403	353,616
Less: Interest capitalized (including AFUDC)	(5,022)	(10,791)	(7,221)	(5,766)	(4,062)	(5,261)
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	(6,265)	(12,532)	(12,532)	(12,532)	(12,803)	(11,715)
Total earnings, as defined	$ 993,888	$ 1,910,778	$ 1,802,727	$ 1,662,471	$ 1,565,432	$ 1,144,222
Fixed charges, as defined:						
Interest Expense	$ 210,758	$ 400,961	$ 372,420	$ 362,106	$ 338,699	$ 329,945
Rental interest factor	2,561	5,122	5,219	6,047	6,839	6,695
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	6,265	12,532	12,532	12,532	12,803	11,715
Interest capitalized (including AFUDC)	5,022	10,791	7,221	5,766	4,062	5,261
Total fixed charges, as defined	$ 224,606	$ 429,406	$ 397,392	$ 386,451	$ 362,403	$ 353,616
Ratio of Earnings to Fixed Charges	4.43	4.45	4.54	4.30	4.32	3.24

(a) NSTAR amounts were included in Eversource beginning April 10, 2012.

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ James J. Judge

James J. Judge
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Eversource Energy (the registrant) for the period ending June 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman, President and Chief Executive Officer of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman, President and Chief Executive Officer

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The Connecticut Light and Power Company — Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012
Earnings, as defined:						
Net income	$ 181,501	$ 334,254	$ 299,360	$ 287,754	$ 279,412	$ 209,725
Income tax expense	106,855	208,308	177,396	133,451	141,663	94,437
Equity in earnings of equity investees	(20)	(61)	(31)	(32)	(67)	(40)
Dividends received from equity investees	—	60	—	—	289	—
Fixed charges, as below	74,938	152,635	153,751	152,513	139,929	139,982
Less: Interest capitalized (including AFUDC)	(2,071)	(3,319)	(2,630)	(1,867)	(2,249)	(2,456)
Total earnings, as defined	$ 361,203	$ 691,877	$ 627,846	$ 571,819	$ 558,977	$ 441,648
Fixed charges, as defined:						
Interest Expense	$ 70,264	$ 144,110	$ 145,795	$ 147,421	$ 133,650	$ 133,127
Rental interest factor	2,603	5,206	5,326	3,225	4,030	4,399
Interest capitalized (including AFUDC)	2,071	3,319	2,630	1,867	2,249	2,456
Total fixed charges, as defined	$ 74,938	$ 152,635	$ 153,751	$ 152,513	$ 139,929	$ 139,982
Ratio of Earnings to Fixed Charges	4.82	4.53	4.08	3.75	3.99	3.16

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant) for the period ending June 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

NSTAR Electric Company and Subsidiary

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012
Earnings, as defined:						
Net income	$ 143,525	$ 292,705	$ 344,542	$ 303,088	$ 268,546	$ 190,242
Income tax expense	91,524	187,767	228,044	201,981	172,866	123,966
Equity in earnings of equity investees	73	(309)	(343)	(408)	(550)	(412)
Dividends received from equity investees	—	20	—	—	344	286
Fixed charges, as below	48,675	91,766	80,536	82,503	73,115	72,364
Less: Interest capitalized (including AFUDC)	(1,638)	(4,634)	(1,980)	(2,027)	(511)	(259)
Total earnings, as defined	$ 282,159	$ 567,315	$ 650,799	$ 585,137	$ 513,810	$ 386,187
Fixed charges, as defined:						
Interest Expense	$ 45,473	$ 84,005	$ 75,347	$ 77,878	$ 70,383	$ 70,054
Rental interest factor	1,564	3,127	3,209	2,598	2,221	2,051
Interest capitalized (including AFUDC)	1,638	4,634	1,980	2,027	511	259
Total fixed charges, as defined	$ 48,675	$ 91,766	$ 80,536	$ 82,503	$ 73,115	$ 72,364
Ratio of Earnings to Fixed Charges	5.80	6.18	8.08	7.09	7.03	5.34

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant) for the period ending June 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Public Service Company of New Hampshire and Subsidiary

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012
Earnings, as defined:						
Net income	$ 65,903	$ 131,985	$ 114,442	$ 113,944	$ 111,397	$ 96,882
Income tax expense	43,116	82,364	73,060	72,135	71,101	60,993
Equity in earnings of equity investees	(4)	(15)	(8)	(8)	(12)	(8)
Dividends received from equity investees	—	25	—	—	42	—
Fixed charges, as below	26,613	51,843	47,949	46,530	47,318	52,769
Less: Interest capitalized (including AFUDC)	(325)	(787)	(994)	(640)	(500)	(1,579)
Total earnings, as defined	$ 135,303	$ 265,415	$ 234,449	$ 231,961	$ 229,346	$ 209,057
Fixed charges, as defined:						
Interest Expense	$ 25,780	$ 50,040	$ 45,990	$ 45,349	$ 46,176	$ 50,228
Rental interest factor	508	1,016	965	541	642	962
Interest capitalized (including AFUDC)	325	787	994	640	500	1,579
Total fixed charges, as defined	$ 26,613	$ 51,843	$ 47,949	$ 46,530	$ 47,318	$ 52,769
Ratio of Earnings to Fixed Charges	5.08	5.12	4.89	4.99	4.85	3.96

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant) for the period ending June 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Western Massachusetts Electric Company

Ratio of Earnings to Fixed Charges

(Unaudited)

Exhibit 12

(Thousands of Dollars)	Six Months Ended June 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012
Earnings, as defined:						
Net income	$ 34,839	$ 58,072	$ 56,506	$ 57,819	$ 60,438	$ 54,503
Income tax expense	22,176	38,022	36,970	37,268	37,368	32,140
Equity in earnings of equity investees	(5)	(16)	(8)	(8)	(18)	(11)
Dividends received from equity investees	—	15	—	—	80	—
Fixed charges, as below	13,147	25,776	26,553	26,202	26,316	28,162
Less: Interest capitalized (including AFUDC)	(362)	(644)	(1,042)	(864)	(498)	(534)
Total earnings, as defined	$ 69,795	$ 121,225	$ 118,979	$ 120,417	$ 123,686	$ 114,260
Fixed charges, as defined:						
Interest Expense	$ 12,431	$ 24,425	$ 24,792	$ 24,931	$ 24,851	$ 26,634
Rental interest factor	354	707	719	407	967	994
Interest capitalized (including AFUDC)	362	644	1,042	864	498	534
Total fixed charges, as defined	$ 13,147	$ 25,776	$ 26,553	$ 26,202	$ 26,316	$ 28,162
Ratio of Earnings to Fixed Charges	5.31	4.70	4.48	4.60	4.70	4.06

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Massachusetts Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Massachusetts Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Western Massachusetts Electric Company (the registrant) for the period ending June 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)
1604.01(a)(10) Attachment 2
Page 214 of 337

EVERSOURCE ENERGY

780 N. Commercial Street, Manchester, NH 03101

Eversource Energy
P.O. Box 330
Manchester, NH 03105-0330
(603) 634-2701
Fax (603) 634-2511

Christopher J. Goulding
Revenue Requirements - NH

E-Mail: Christopher.goulding@eversource.com

November 15, 2017

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, New Hampshire 03301-2429

Re: Docket No. IR 90-218
PSNH d/b/a Eversource Energy Monitoring

Dear Ms. Howland:

Pursuant to Commission Order No. 23,122 in the above Docket, please find enclosed one copy of the following report which was also filed electronically with the NHPUC:

- Eversource Energy Combined Form 10-Q, which includes PSNH, for the quarter ended September 30, 2017.

If you would like additional copies of this report, please do not hesitate to contact me.

Very truly yours,

Christopher J. Goulding
Manager
Revenue Requirements – New Hampshire

CJG/kd
Enclosure
c: Mr. R. A. Bersak
Mr. A. M. Desbiens
Mr. T. C. Frantz, NHPUC
Mr. D. Kreis, NHOCA
Mr. J. W. Hunt, III
Mr. W. J. Quinlan

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2017

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number	**Registrant; State of Incorporation; Address; and Telephone Number**	**I.R.S. Employer Identification No.**
1-5324	**EVERSOURCE ENERGY** (a Massachusetts voluntary association) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (800) 286-5000	04-2147929
0-00404	**THE CONNECTICUT LIGHT AND POWER COMPANY** (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (800) 286-5000	06-0303850
1-02301	**NSTAR ELECTRIC COMPANY** (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (800) 286-5000	04-1278810
1-6392	**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134 Telephone: (800) 286-5000	02-0181050
0-7624	**WESTERN MASSACHUSETTS ELECTRIC COMPANY** (a Massachusetts corporation) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (800) 286-5000	04-1961130

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes	No
☒	☐

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Yes	No
☒	☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Eversource Energy	☒	☐	☐	☐	☐
The Connecticut Light and Power Company	☐	☐	☒	☐	☐
NSTAR Electric Company	☐	☐	☒	☐	☐
Public Service Company of New Hampshire	☐	☐	☒	☐	☐
Western Massachusetts Electric Company	☐	☐	☒	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

	Yes	No
Eversource Energy	☐	☒
The Connecticut Light and Power Company	☐	☒
NSTAR Electric Company	☐	☒
Public Service Company of New Hampshire	☐	☒
Western Massachusetts Electric Company	☐	☒

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

Company - Class of Stock	Outstanding as of October 31, 2017
Eversource Energy Common Shares, $5.00 par value	316,885,808 shares
The Connecticut Light and Power Company Common Stock, $10.00 par value	6,035,205 shares
NSTAR Electric Company Common Stock, $1.00 par value	100 shares
Public Service Company of New Hampshire Common Stock, $1.00 par value	301 shares
Western Massachusetts Electric Company Common Stock, $25.00 par value	434,653 shares

Eversource Energy holds all of the 6,035,205 shares, 100 shares, 301 shares, and 434,653 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company, respectively.

NSTAR Electric Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company each meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q, and each is therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) of Form 10-Q.

Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire, and Western Massachusetts Electric Company each separately file this combined Form 10-Q. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

GLOSSARY OF TERMS

The following is a glossary of abbreviations and acronyms that are found in this report:

Current or former Eversource Energy companies, segments or investments:	
Eversource, ES or the Company	Eversource Energy and subsidiaries
Eversource parent or ES parent	Eversource Energy, a public utility holding company
ES parent and other companies	ES parent and other companies are comprised of Eversource parent, Eversource Service and other subsidiaries, which primarily includes our unregulated businesses, HWP Company, The Rocky River Realty Company (a real estate subsidiary), and the consolidated operations of CYAPC and YAEC
CL&P	The Connecticut Light and Power Company
NSTAR Electric	NSTAR Electric Company
PSNH	Public Service Company of New Hampshire
WMECO	Western Massachusetts Electric Company
NSTAR Gas	NSTAR Gas Company
Yankee Gas	Yankee Gas Services Company
NPT	Northern Pass Transmission LLC
Northern Pass	The HVDC and associated alternating-current transmission line project from Canada into New Hampshire
Eversource Service	Eversource Energy Service Company
Bay State Wind	A project being developed jointly by Eversource and Denmark-based Ørsted (formerly known as DONG Energy) to construct an offshore wind farm off the coast of Massachusetts
CYAPC	Connecticut Yankee Atomic Power Company
MYAPC	Maine Yankee Atomic Power Company
YAEC	Yankee Atomic Electric Company
Yankee Companies	CYAPC, YAEC and MYAPC
Regulated companies	The Eversource Regulated companies are comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric, PSNH, and WMECO, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, NPT, and the generation activities of PSNH and WMECO
Regulators:	
DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission
SJC	Supreme Judicial Court of Massachusetts
Other Terms and Abbreviations:	
Access Northeast	A project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge"), and National Grid plc ("National Grid") through Algonquin Gas Transmission, LLC to bring needed additional natural gas pipeline and storage capacity to New England.
ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance For Funds Used During Construction
AOCL	Accumulated Other Comprehensive Loss
Aquarion	Aquarion Water Company
ARO	Asset Retirement Obligation
Bcf	Billion cubic feet
C&LM	Conservation and Load Management
CfD	Contract for Differences
Clean Air Project	The construction of a wet flue gas desulphurization system, known as "scrubber technology," to reduce mercury emissions of the Merrimack coal-fired generation station in Bow, New Hampshire
CO_2	Carbon dioxide
CPSL	Capital Projects Scheduling List
CTA	Competitive Transition Assessment
CWIP	Construction Work in Progress
EDC	Electric distribution company
EPS	Earnings Per Share

ERISA	Employee Retirement Income Security Act of 1974
ESOP	Employee Stock Ownership Plan
ESPP	Employee Share Purchase Plan
Eversource 2016 Form 10-K	The Eversource Energy and Subsidiaries 2016 combined Annual Report on Form 10-K as filed with the SEC
FERC ALJ	FERC Administrative Law Judge
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt-Hours
HQ	Hydro-Québec, a corporation wholly-owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High-voltage direct current
Hydro Renewable Energy	Hydro Renewable Energy, Inc., a wholly-owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kVa	Kilovolt-ampere
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LBR	Lost Base Revenue
LNG	Liquefied natural gas
LRS	Supplier of last resort service
MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
NETOs	New England Transmission Owners (including Eversource, National Grid and Avangrid)
NOx	Nitrogen oxides
OCI	Other Comprehensive Income/(Loss)
PAM	Pension and PBOP Rate Adjustment Mechanism
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree benefits, primarily medical, dental and life insurance
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
RNS	Regional Network Service
ROE	Return on Equity
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plans and non-qualified defined benefit retirement plans
SIP	Simplified Incentive Plan
SO_2	Sulfur dioxide
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
WESTERN MASSACHUSETTS ELECTRIC COMPANY

TABLE OF CONTENTS

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 125,761	$ 30,251
Receivables, Net	919,959	847,301
Unbilled Revenues	146,634	168,490
Fuel, Materials, Supplies and Inventory	305,035	328,721
Regulatory Assets	746,142	887,625
Prepayments and Other Current Assets	159,939	215,284
Total Current Assets	2,403,470	2,477,672
Property, Plant and Equipment, Net	22,537,304	21,350,510
Deferred Debits and Other Assets:		
Regulatory Assets	3,505,901	3,638,688
Goodwill	3,519,401	3,519,401
Marketable Securities	570,255	544,642
Other Long-Term Assets	627,289	522,260
Total Deferred Debits and Other Assets	8,222,846	8,224,991
Total Assets	$ 33,163,620	$ 32,053,173
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 18,238	$ 1,148,500
Long-Term Debt – Current Portion	957,697	773,883
Accounts Payable	794,195	884,521
Obligations to Third Party Suppliers	149,789	122,806
Regulatory Liabilities	170,215	146,787
Other Current Liabilities	530,297	562,108
Total Current Liabilities	2,620,431	3,638,605
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	6,001,589	5,607,207
Regulatory Liabilities	700,207	702,255
Derivative Liabilities	391,910	413,676
Accrued Pension and SERP	946,629	1,141,514
Other Long-Term Liabilities	881,056	853,260
Total Deferred Credits and Other Liabilities	8,921,391	8,717,912
Capitalization:		
Long-Term Debt	10,468,193	8,829,354
Noncontrolling Interest – Preferred Stock of Subsidiaries	155,568	155,568
Equity:		
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid In	6,235,846	6,250,224
Retained Earnings	3,474,185	3,175,171
Accumulated Other Comprehensive Loss	(63,615)	(65,282)
Treasury Stock	(317,771)	(317,771)
Common Shareholders' Equity	10,998,037	10,711,734
Total Capitalization	21,621,798	19,696,656

Total Liabilities and Capitalization	$	33,163,620	$	32,053,173

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars, Except Share Information)	For the Three Months Ended September 30, 2017	2016	For the Nine Months Ended September 30, 2017	2016
Operating Revenues	$ 1,988,512	$ 2,039,706	$ 5,856,458	$ 5,862,525
Operating Expenses:				
Purchased Power, Fuel and Transmission	651,776	665,810	1,955,129	2,001,929
Operations and Maintenance	300,421	324,734	933,400	965,584
Depreciation	194,466	181,288	571,152	531,781
Amortization of Regulatory Assets, Net	41,848	43,942	58,058	56,223
Energy Efficiency Programs	129,205	149,121	391,761	405,962
Taxes Other Than Income Taxes	168,193	164,942	479,648	479,219
Total Operating Expenses	1,485,909	1,529,837	4,389,148	4,440,698
Operating Income	502,603	509,869	1,467,310	1,421,827
Interest Expense	108,719	99,865	319,477	298,568
Other Income, Net	21,184	13,641	56,304	23,689
Income Before Income Tax Expense	415,068	423,645	1,204,137	1,146,948
Income Tax Expense	152,818	156,446	447,921	428,186
Net Income	262,250	267,199	756,216	718,762
Net Income Attributable to Noncontrolling Interests	1,880	1,880	5,639	5,639
Net Income Attributable to Common Shareholders	$ 260,370	$ 265,319	$ 750,577	$ 713,123
Basic and Diluted Earnings Per Common Share	$ 0.82	$ 0.83	$ 2.36	$ 2.24
Dividends Declared Per Common Share	$ 0.48	$ 0.45	$ 1.43	$ 1.34
Weighted Average Common Shares Outstanding:				
Basic	317,393,029	317,787,836	317,415,848	317,696,823
Diluted	317,949,396	318,577,079	318,007,042	318,511,609

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30, 2017	2016	For the Nine Months Ended September 30, 2017	2016
Net Income	$ 262,250	$ 267,199	$ 756,216	$ 718,762
Other Comprehensive (Loss)/Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	519	534	1,567	1,602
Changes in Unrealized (Losses)/Gains on Marketable Securities	(1,872)	946	733	2,271
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	673	(1,733)	(633)	(2,646)
Other Comprehensive (Loss)/Income, Net of Tax	(680)	(253)	1,667	1,227
Comprehensive Income Attributable to Noncontrolling Interests	(1,880)	(1,880)	(5,639)	(5,639)
Comprehensive Income Attributable to Common Shareholders	$ 259,690	$ 265,066	$ 752,244	$ 714,350

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
(Thousands of Dollars)	2017	2016
Operating Activities:		
Net Income	$ 756,216	$ 718,762
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	571,152	531,781
Deferred Income Taxes	374,863	301,413
Pension, SERP and PBOP Expense, Net	16,891	31,627
Pension and PBOP Contributions	(197,900)	(121,854)
Regulatory Overrecoveries, Net	185,952	152,808
Amortization of Regulatory Assets, Net	58,058	56,223
Other	(148,741)	(27,671)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(107,473)	(191,454)
Fuel, Materials, Supplies and Inventory	23,686	25,425
Taxes Receivable/Accrued, Net	88,856	347,898
Accounts Payable	(96,551)	(121,513)
Other Current Assets and Liabilities, Net	(32,874)	(53,077)
Net Cash Flows Provided by Operating Activities	1,492,135	1,650,368
Investing Activities:		
Investments in Property, Plant and Equipment	(1,642,280)	(1,359,171)
Proceeds from Sales of Marketable Securities	520,664	444,209
Purchases of Marketable Securities	(506,302)	(437,197)
Other Investing Activities	(10,177)	(9,463)
Net Cash Flows Used in Investing Activities	(1,638,095)	(1,361,622)
Financing Activities:		
Cash Dividends on Common Shares	(451,562)	(423,471)
Cash Dividends on Preferred Stock	(5,639)	(5,639)
Decrease in Notes Payable	(231,500)	(426,453)
Issuance of Long-Term Debt	1,250,000	800,000
Retirements of Long-Term Debt	(320,000)	(200,000)
Other Financing Activities	171	(17,074)
Net Cash Flows Provided by/(Used in) Financing Activities	241,470	(272,637)
Net Increase in Cash and Cash Equivalents	95,510	16,109
Cash and Cash Equivalents - Beginning of Period	30,251	23,947
Cash and Cash Equivalents - End of Period	$ 125,761	$ 40,056

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash	$ 9,364	$ 6,579
Receivables, Net	404,065	359,132
Accounts Receivable from Affiliated Companies	29,287	16,851
Unbilled Revenues	48,625	50,373
Materials, Supplies and Inventory	44,516	52,050
Regulatory Assets	274,982	335,526
Prepaid Property Taxes	55,375	19,678
Prepayments and Other Current Assets	13,832	32,992
Total Current Assets	880,046	873,181
Property, Plant and Equipment, Net	8,107,957	7,632,392
Deferred Debits and Other Assets:		
Regulatory Assets	1,312,191	1,391,564
Other Long-Term Assets	145,246	137,907
Total Deferred Debits and Other Assets	1,457,437	1,529,471
Total Assets	$ 10,445,440	$ 10,035,044
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ —	$ 80,100
Long-Term Debt – Current Portion	300,000	250,000
Accounts Payable	292,234	289,532
Accounts Payable to Affiliated Companies	80,899	88,075
Obligations to Third Party Suppliers	52,865	55,520
Accrued Taxes	64,332	16,090
Regulatory Liabilities	69,296	47,055
Derivative Liabilities	59,895	77,765
Other Current Liabilities	99,467	104,309
Total Current Liabilities	1,018,988	1,008,446
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	2,089,480	1,987,661
Regulatory Liabilities	98,777	100,138
Derivative Liabilities	391,758	412,750
Accrued Pension, SERP and PBOP	297,492	300,208
Other Long-Term Liabilities	134,870	123,244
Total Deferred Credits and Other Liabilities	3,012,377	2,924,001
Capitalization:		
Long-Term Debt	2,758,851	2,516,010
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	2,110,752	2,110,714
Retained Earnings	1,367,650	1,299,374
Accumulated Other Comprehensive Income/(Loss)	270	(53)

Common Stockholder's Equity	3,539,024	3,470,387
Total Capitalization	6,414,075	6,102,597
Total Liabilities and Capitalization	$ 10,445,440	$ 10,035,044

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Operating Revenues	$ 774,762	$ 760,037	$ 2,173,629	$ 2,175,141
Operating Expenses:				
Purchased Power and Transmission	259,005	253,509	711,154	760,613
Operations and Maintenance	123,107	123,034	359,834	356,409
Depreciation	63,727	57,675	184,275	172,175
Amortization of Regulatory Assets, Net	34,574	23,418	58,799	30,308
Energy Efficiency Programs	37,739	44,381	106,483	117,969
Taxes Other Than Income Taxes	79,067	81,948	223,482	227,981
Total Operating Expenses	597,219	583,965	1,644,027	1,665,455
Operating Income	177,543	176,072	529,602	509,686
Interest Expense	36,313	36,083	106,577	108,561
Other Income, Net	7,509	3,669	14,070	10,881
Income Before Income Tax Expense	148,739	143,658	437,095	412,006
Income Tax Expense	52,595	57,026	159,450	155,453
Net Income	$ 96,144	$ 86,632	$ 277,645	$ 256,553

The accompanying notes are an integral part of these unaudited condensed financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Net Income	$ 96,144	$ 86,632	$ 277,645	$ 256,553
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	96	111	298	333
Changes in Unrealized (Losses)/Gains on Marketable Securities	(64)	33	25	78
Other Comprehensive Income, Net of Tax	32	144	323	411
Comprehensive Income	$ 96,176	$ 86,776	$ 277,968	$ 256,964

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
(Thousands of Dollars)	2017	2016
Operating Activities:		
Net Income	$ 277,645	$ 256,553
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	184,275	172,175
Deferred Income Taxes	90,132	109,637
Pension, SERP, and PBOP Expense, Net of PBOP Contributions	4,546	4,825
Regulatory Overrecoveries, Net	71,413	33,492
Amortization of Regulatory Assets, Net	58,799	30,308
Other	(22,113)	(14,873)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(70,936)	(100,074)
Taxes Receivable/Accrued, Net	69,335	197,422
Accounts Payable	(1,649)	(30,168)
Other Current Assets and Liabilities, Net	(38,111)	(44,908)
Net Cash Flows Provided by Operating Activities	623,336	614,389
Investing Activities:		
Investments in Property, Plant and Equipment	(621,882)	(438,518)
Proceeds from the Sale of Property, Plant and Equipment	—	9,047
Other Investing Activities	185	310
Net Cash Flows Used in Investing Activities	(621,697)	(429,161)
Financing Activities:		
Cash Dividends on Common Stock	(205,200)	(149,700)
Cash Dividends on Preferred Stock	(4,169)	(4,169)
Capital Contributions from Eversource Parent	—	145,700
Issuance of Long-Term Debt	525,000	—
Retirement of Long-Term Debt	(250,000)	—
Decrease in Notes Payable to Eversource Parent	(80,100)	(168,900)
Premium on Issuance of Long-Term Debt	21,937	—
Other Financing Activities	(6,322)	(609)
Net Cash Flows Provided by/(Used in) Financing Activities	1,146	(177,678)
Net Increase in Cash	2,785	7,550
Cash - Beginning of Period	6,579	1,057
Cash - End of Period	$ 9,364	$ 8,607

The accompanying notes are an integral part of these unaudited condensed financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 89,915	$ 3,494
Receivables, Net	322,193	257,557
Accounts Receivable from Affiliated Companies	13,632	8,581
Unbilled Revenues	39,160	31,632
Taxes Receivable	—	39,738
Materials, Supplies and Inventory	53,203	62,288
Regulatory Assets	230,620	289,400
Prepayments and Other Current Assets	16,550	14,906
Total Current Assets	765,273	707,596
Property, Plant and Equipment, Net	6,268,689	6,051,835
Deferred Debits and Other Assets:		
Regulatory Assets	1,049,324	1,057,746
Prepaid PBOP	115,367	95,073
Other Long-Term Assets	79,653	60,572
Total Deferred Debits and Other Assets	1,244,344	1,213,391
Total Assets	$ 8,278,306	$ 7,972,822
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ —	$ 126,500
Long-Term Debt – Current Portion	43,814	400,000
Accounts Payable	198,251	232,599
Accounts Payable to Affiliated Companies	81,953	91,532
Obligations to Third Party Suppliers	86,346	55,863
Renewable Portfolio Standards Compliance Obligations	69,527	75,571
Accrued Taxes	32,021	3,922
Regulatory Liabilities	65,520	63,653
Other Current Liabilities	58,628	67,200
Total Current Liabilities	636,060	1,116,840
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,910,328	1,836,292
Regulatory Liabilities	392,851	391,823
Accrued Pension and SERP	39,830	111,827
Other Long-Term Liabilities	135,613	123,194
Total Deferred Credits and Other Liabilities	2,478,622	2,463,136
Capitalization:		
Long-Term Debt	2,382,392	1,678,116
Preferred Stock Not Subject to Mandatory Redemption	43,000	43,000
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	1,047,678	1,045,378
Retained Earnings	1,690,198	1,625,984
Accumulated Other Comprehensive Income	356	368

Common Stockholder's Equity	2,738,232	2,671,730
Total Capitalization	5,163,624	4,392,846
Total Liabilities and Capitalization	$ 8,278,306	$ 7,972,822

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Operating Revenues	$ 725,701	$ 780,462	$ 1,913,548	$ 1,985,979
Operating Expenses:				
Purchased Power and Transmission	259,400	291,382	689,784	764,907
Operations and Maintenance	92,571	96,282	266,203	279,932
Depreciation	56,200	54,695	167,598	159,151
Amortization of Regulatory Assets, Net	9,845	9,621	17,806	18,275
Energy Efficiency Programs	71,615	84,717	198,803	212,882
Taxes Other Than Income Taxes	37,052	35,050	99,090	101,800
Total Operating Expenses	526,683	571,747	1,439,284	1,536,947
Operating Income	199,018	208,715	474,264	449,032
Interest Expense	24,488	21,101	69,962	62,206
Other Income, Net	3,426	5,022	8,703	7,524
Income Before Income Tax Expense	177,956	192,636	413,005	394,350
Income Tax Expense	69,796	75,440	161,320	154,493
Net Income	$ 108,160	$ 117,196	$ 251,685	$ 239,857

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Net Income	$ 108,160	$ 117,196	$ 251,685	$ 239,857
Other Comprehensive Loss, Net of Tax:				
Changes in Funded Status of SERP Benefit Plan	(4)	(10)	(12)	(31)
Other Comprehensive Loss, Net of Tax	(4)	(10)	(12)	(31)
Comprehensive Income	$ 108,156	$ 117,186	$ 251,673	$ 239,826

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
(Thousands of Dollars)	2017	2016
Operating Activities:		
Net Income	$ 251,685	$ 239,857
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	167,598	159,151
Deferred Income Taxes	71,327	40,960
Pension, SERP and PBOP (Benefits)/Expense, Net	(7,305)	1,370
Pension and PBOP Contributions	(83,040)	(26,734)
Regulatory Overrecoveries, Net	61,356	131,774
Amortization of Regulatory Assets, Net	17,806	18,275
Other	(23,120)	(20,088)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(95,398)	(103,444)
Materials, Supplies and Inventory	9,086	30,659
Taxes Receivable/Accrued, Net	67,501	141,379
Accounts Payable	(38,486)	(22,913)
Other Current Assets and Liabilities, Net	13,961	(25,942)
Net Cash Flows Provided by Operating Activities	412,971	564,304
Investing Activities:		
Investments in Property, Plant and Equipment	(358,041)	(327,731)
Other Investing Activities	(3,617)	—
Net Cash Flows Used in Investing Activities	(361,658)	(327,731)
Financing Activities:		
Cash Dividends on Common Stock	(186,000)	(278,300)
Cash Dividends on Preferred Stock	(1,470)	(1,470)
Capital Contributions from Eversource Parent	2,300	25,000
Decrease in Notes Payable	(126,500)	(26,500)
Issuance of Long-Term Debt	350,000	250,000
Retirements of Long-Term Debt	—	(200,000)
Other Financing Activities	(3,222)	(2,495)
Net Cash Flows Provided by/(Used in) Financing Activities	35,108	(233,765)
Increase in Cash and Cash Equivalents	86,421	2,808
Cash and Cash Equivalents - Beginning of Period	3,494	3,346
Cash and Cash Equivalents - End of Period	$ 89,915	$ 6,154

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash	$ 597	$ 4,646
Receivables, Net	93,299	84,450
Accounts Receivable from Affiliated Companies	24,331	4,185
Unbilled Revenues	37,133	41,004
Fuel, Materials, Supplies and Inventory	158,091	162,354
Regulatory Assets	112,465	117,240
Prepayments and Other Current Assets	3,797	28,908
Total Current Assets	429,713	442,787
Property, Plant and Equipment, Net	3,167,905	3,039,313
Deferred Debits and Other Assets:		
Regulatory Assets	244,561	245,525
Other Long-Term Assets	51,740	37,720
Total Deferred Debits and Other Assets	296,301	283,245
Total Assets	$ 3,893,919	$ 3,765,345
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 202,300	$ 160,900
Long-Term Debt – Current Portion	110,000	70,000
Accounts Payable	92,201	85,716
Accounts Payable to Affiliated Companies	42,788	29,154
Regulatory Liabilities	7,923	12,659
Other Current Liabilities	61,210	43,253
Total Current Liabilities	516,422	401,682
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	827,412	785,385
Regulatory Liabilities	40,822	44,779
Accrued Pension, SERP and PBOP	98,553	94,652
Other Long-Term Liabilities	54,131	49,442
Total Deferred Credits and Other Liabilities	1,020,918	974,258
Capitalization:		
Long-Term Debt	892,581	1,002,048
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	843,134	843,134
Retained Earnings	625,012	549,286
Accumulated Other Comprehensive Loss	(4,148)	(5,063)
Common Stockholder's Equity	1,463,998	1,387,357
Total Capitalization	2,356,579	2,389,405
Total Liabilities and Capitalization	$ 3,893,919	$ 3,765,345

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Operating Revenues	$ 250,032	$ 266,946	$ 733,572	$ 727,753
Operating Expenses:				
Purchased Power, Fuel and Transmission	57,099	59,833	179,289	155,700
Operations and Maintenance	63,669	64,183	191,153	187,184
Depreciation	32,084	29,646	95,266	86,524
Amortization of Regulatory Assets/(Liabilities), Net	2,835	14,158	(10,658)	14,490
Energy Efficiency Programs	4,007	3,983	11,040	10,862
Taxes Other Than Income Taxes	22,936	20,460	66,935	64,543
Total Operating Expenses	182,630	192,263	533,025	519,303
Operating Income	67,402	74,683	200,547	208,450
Interest Expense	12,896	12,397	38,676	37,386
Other Income, Net	1,229	574	2,883	1,007
Income Before Income Tax Expense	55,735	62,860	164,754	172,071
Income Tax Expense	22,012	24,345	65,128	66,242
Net Income	$ 33,723	$ 38,515	$ 99,626	$ 105,829

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2017	2016	2017	2016
Net Income	$ 33,723	$ 38,515	$ 99,626	$ 105,829
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	291	290	872	871
Changes in Unrealized (Losses)/Gains on Marketable Securities	(112)	56	43	135
Other Comprehensive Income, Net of Tax	179	346	915	1,006
Comprehensive Income	$ 33,902	$ 38,861	$ 100,541	$ 106,835

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
(Thousands of Dollars)	2017	2016
Operating Activities:		
Net Income	$ 99,626	$ 105,829
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	95,266	86,524
Deferred Income Taxes	43,217	74,522
Regulatory Over/(Under) Recoveries, Net	8,910	(4,289)
Amortization of Regulatory (Liabilities)/Assets, Net	(10,658)	14,490
Other	(7,792)	(12,660)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(30,276)	(28,754)
Fuel, Materials, Supplies and Inventory	4,263	(4,014)
Taxes Receivable/Accrued, Net	10,749	33,589
Accounts Payable	18,394	14,508
Other Current Assets and Liabilities, Net	32,296	26,207
Net Cash Flows Provided by Operating Activities	263,995	305,952
Investing Activities:		
Investments in Property, Plant and Equipment	(215,470)	(215,804)
Other Investing Activities	113	272
Net Cash Flows Used in Investing Activities	(215,357)	(215,532)
Financing Activities:		
Cash Dividends on Common Stock	(23,900)	(58,200)
Capital Contributions from Eversource Parent	—	94,500
Retirements of Long-Term Debt	(70,000)	—
Increase/(Decrease) in Notes Payable to Eversource Parent	41,400	(123,800)
Other Financing Activities	(187)	(217)
Net Cash Flows Used in Financing Activities	(52,687)	(87,717)
Net (Decrease)/Increase in Cash	(4,049)	2,703
Cash - Beginning of Period	4,646	1,733
Cash - End of Period	$ 597	$ 4,436

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Receivables, Net	$ 58,034	$ 54,940
Accounts Receivable from Affiliated Companies	23,440	14,425
Unbilled Revenues	15,000	15,329
Materials, Supplies and Inventory	6,221	8,618
Regulatory Assets	60,606	64,123
Prepayments and Other Current Assets	1,297	2,595
Total Current Assets	164,598	160,030
Property, Plant and Equipment, Net	1,769,566	1,678,262
Deferred Debits and Other Assets:		
Regulatory Assets	121,796	127,291
Other Long-Term Assets	38,934	29,062
Total Deferred Debits and Other Assets	160,730	156,353
Total Assets	$ 2,094,894	$ 1,994,645
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 96,900	$ 51,000
Accounts Payable	58,518	56,036
Accounts Payable to Affiliated Companies	22,181	19,478
Obligations to Third Party Suppliers	9,736	10,508
Renewable Portfolio Standards Compliance Obligations	16,144	20,383
Regulatory Liabilities	10,236	14,888
Other Current Liabilities	13,020	14,984
Total Current Liabilities	226,735	187,277
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	519,998	490,793
Regulatory Liabilities	22,726	17,227
Accrued Pension, SERP and PBOP	18,038	20,390
Other Long-Term Liabilities	45,831	41,308
Total Deferred Credits and Other Liabilities	606,593	569,718
Capitalization:		
Long-Term Debt	566,172	566,536
Common Stockholder's Equity:		
Common Stock	10,866	10,866
Capital Surplus, Paid In	444,398	444,398
Retained Earnings	242,157	218,212
Accumulated Other Comprehensive Loss	(2,027)	(2,362)
Common Stockholder's Equity	695,394	671,114
Total Capitalization	1,261,566	1,237,650
Total Liabilities and Capitalization	$ 2,094,894	$ 1,994,645

The accompanying notes are an integral part of these unaudited condensed financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY
CONDENSED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Operating Revenues	$ 126,335	$ 124,042	$ 377,214	$ 368,533
Operating Expenses:				
Purchased Power and Transmission	34,828	32,178	109,553	104,406
Operations and Maintenance	21,528	24,125	65,769	68,018
Depreciation	12,546	11,567	36,844	34,414
Amortization of Regulatory Assets/(Liabilities), Net	286	1,102	(563)	3,305
Energy Efficiency Programs	10,996	12,389	29,739	33,593
Taxes Other Than Income Taxes	10,779	10,609	31,403	30,440
Total Operating Expenses	90,963	91,970	272,745	274,176
Operating Income	35,372	32,072	104,469	94,357
Interest Expense	6,321	6,222	18,752	18,298
Other Income, Net	1,060	179	1,409	133
Income Before Income Tax Expense	30,111	26,029	87,126	76,192
Income Tax Expense	12,504	10,018	34,680	30,089
Net Income	$ 17,607	$ 16,011	$ 52,446	$ 46,103

The accompanying notes are an integral part of these unaudited condensed financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Net Income	$ 17,607	$ 16,011	$ 52,446	$ 46,103
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	109	109	328	328
Changes in Unrealized (Losses)/Gains on Marketable Securities	(18)	9	7	22
Other Comprehensive Income, Net of Tax	91	118	335	350
Comprehensive Income	$ 17,698	$ 16,129	$ 52,781	$ 46,453

The accompanying notes are an integral part of these unaudited condensed financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30, 2017	2016
Operating Activities:		
Net Income	$ 52,446	$ 46,103
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	36,844	34,414
Deferred Income Taxes	29,008	15,587
Regulatory Overrecoveries, Net	10,291	323
Amortization of Regulatory (Liabilities)/Assets, Net	(563)	3,305
Other	(10,182)	(2,532)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(16,818)	1,933
Taxes Receivable/Accrued, Net	4,203	36,658
Accounts Payable	(5,777)	(16,240)
Other Current Assets and Liabilities, Net	(7,482)	5,277
Net Cash Flows Provided by Operating Activities	91,970	124,828
Investing Activities:		
Investments in Property, Plant and Equipment	(109,233)	(104,811)
Proceeds from Sales of Marketable Securities	1,641	1,934
Purchases of Marketable Securities	(1,590)	(1,894)
Net Cash Flows Used in Investing Activities	(109,182)	(104,771)
Financing Activities:		
Cash Dividends on Common Stock	(28,500)	(28,500)
Capital Contributions from Eversource Parent	—	53,000
Increase/(Decrease) in Notes Payable to Eversource Parent	45,900	(95,200)
Issuance of Long-Term Debt	—	50,000
Other Financing Activities	(188)	(191)
Net Cash Flows Provided by/(Used in) Financing Activities	17,212	(20,891)
Net Decrease in Cash	—	(834)
Cash - Beginning of Period	—	834
Cash - End of Period	$ —	$ —

The accompanying notes are an integral part of these unaudited condensed financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
WESTERN MASSACHUSETTS ELECTRIC COMPANY

COMBINED NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout the combined notes to the unaudited condensed financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Eversource Energy is a public utility holding company primarily engaged, through its wholly-owned regulated utility subsidiaries, in the energy delivery business. Eversource Energy's wholly-owned regulated utility subsidiaries consist of CL&P, NSTAR Electric, PSNH, WMECO, Yankee Gas and NSTAR Gas. Eversource provides energy delivery service to approximately 3.7 million electric and natural gas customers through these six regulated utilities in Connecticut, Massachusetts and New Hampshire.

On June 2, 2017, Eversource announced that it had entered into an agreement to acquire Aquarion from Macquarie Infrastructure Partners for $1.675 billion, consisting of approximately $880 million in cash and $795 million of assumed Aquarion debt. The transaction requires approval from PURA, the DPU, the NHPUC, the Maine PUC, and the Federal Communications Commission, and is also subject to a review under the Hart-Scott-Rodino Act. On June 29, 2017, Eversource and Aquarion filed joint applications with regulatory agencies in Connecticut, Massachusetts, New Hampshire and Maine requesting approval of the transaction. With the exception of Massachusetts, all state and federal regulatory agency approvals have been received and the related review period has expired. The transaction is expected to close by December 31, 2017.

The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH include the accounts of each of their respective subsidiaries. Intercompany transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P and WMECO are herein collectively referred to as the "financial statements."

The combined notes to the financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. The accompanying financial statements should be read in conjunction with the *Combined Notes to Financial Statements* included in Item 8, "Financial Statements and Supplementary Data," of the Eversource 2016 Form 10-K, which was filed with the SEC. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements contain, in the opinion of management, all adjustments (including normal, recurring adjustments) necessary to present fairly Eversource's, CL&P's, NSTAR Electric's, PSNH's and WMECO's financial position as of September 30, 2017 and December 31, 2016, the results of operations and comprehensive income for the three and nine months ended September 30, 2017 and 2016, and the cash flows for the nine months ended September 30, 2017 and 2016. The results of operations and comprehensive income for the three and nine months ended September 30, 2017 and 2016 and the cash flows for the nine months ended September 30, 2017 and 2016 are not necessarily indicative of the results expected for a full year.

Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's, PSNH's and WMECO's combined ownership interest in each of these entities is greater than 50 percent. Intercompany transactions between CL&P, NSTAR Electric, PSNH and WMECO and the CYAPC and YAEC companies have been eliminated in consolidation of the Eversource financial statements.

Eversource's utility subsidiaries' distribution (including generation assets) and transmission businesses are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for entities with rate-regulated operations, which considers the effect of regulation on the differences in the timing of the recognition of certain revenues and expenses from those of other businesses and industries. See Note 2, "Regulatory Accounting," for further information.

Certain reclassifications of prior period data were made in the accompanying financial statements to conform to the current period presentation.

B. Accounting Standards

Accounting Standards Issued but Not Yet Effective: In May 2014, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which amends existing revenue recognition guidance and is required to be applied retrospectively (either to each reporting period presented or cumulatively at the date of initial application). The Company will implement the standard in the first quarter of 2018 cumulatively at the date of initial application. Implementation of the ASU is not expected to have a material effect on the financial statements of Eversource, CL&P, NSTAR Electric, PSNH or WMECO.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Liabilities*, which is required to be implemented in the first quarter of 2018. The ASU will remove the available-for-sale designation for equity securities, whereby changes in fair value are recorded in accumulated other comprehensive income within shareholders' equity, and will require changes in fair value of all equity securities to be recorded in earnings beginning on January 1, 2018, with the unrealized gain or loss on available-for-sale equity securities as of that date reclassified to retained earnings as a cumulative effect of adoption. The fair value of available-for-sale equity securities subject to this guidance as of September 30, 2017 was approximately $51 million with an unrealized gain of $1.7 million. The remaining available-for-sale equity securities included in marketable securities on the balance sheet are held in nuclear decommissioning trusts and are subject to regulatory accounting treatment and will not be impacted by this guidance. Implementation of the ASU for other financial instruments is not expected to have a material impact on the financial statements of Eversource, CL&P, NSTAR Electric, PSNH or WMECO.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which changes existing lease accounting guidance and is required to be applied in the first quarter of 2019, with earlier application permitted. The ASU lease criteria are required to be applied to leases and lease renewals entered into effective January 1, 2019, and leases entered into before that date are required to be recognized and measured using a modified retrospective approach. The Company is reviewing the requirements of ASU 2016-02, including balance sheet recognition of leases previously deemed to be operating leases, and expects to implement the ASU in the first quarter of 2019.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, required to be implemented in the first quarter of 2018. The ASU requires separate presentation of service cost from other components of net pension and PBOP costs, with the other components presented as non-operating income and not subject to capitalization. The ASU is required to be applied retrospectively for the separate presentation in the income statement of service costs and other components and prospectively in the balance sheet for the capitalization of only the service cost component. The implementation of the ASU will not have an impact on the net income of Eversource, CL&P, NSTAR Electric, PSNH or WMECO.

C. Provision for Uncollectible Accounts

Eversource, including CL&P, NSTAR Electric, PSNH and WMECO, presents its receivables at estimated net realizable value by maintaining a provision for uncollectible accounts. This provision is determined based upon a variety of judgments and factors, including the application of an estimated uncollectible percentage to each receivable aging category. The estimate is based upon historical collection and write-off experience and management's assessment of collectability from customers. Management continuously assesses the collectability of receivables and adjusts collectability estimates based on actual experience. Receivable balances are written off against the provision for uncollectible accounts when the customer accounts are terminated and these balances are deemed to be uncollectible.

The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows WMECO and NSTAR Gas also to recover in rates amounts associated with certain uncollectible hardship accounts receivable. Certain of NSTAR Electric's uncollectible hardship accounts receivable are expected to be recovered in future rates, similar to WMECO and NSTAR Gas. These uncollectible customer account balances are included in Regulatory Assets or Other Long-Term Assets on the balance sheets.

The total provision for uncollectible accounts and for uncollectible hardship accounts, which is included in the total provision, is included in Receivables, Net on the balance sheets, and was as follows:

	Total Provision for Uncollectible Accounts		Uncollectible Hardship	
(Millions of Dollars)	As of September 30, 2017	As of December 31, 2016	As of September 30, 2017	As of December 31, 2016
Eversource	$ 196.8	$ 200.6	$ 126.3	$ 119.9
CL&P	77.6	86.4	64.6	67.7
NSTAR Electric	55.7	54.8	32.3	26.2
PSNH	10.6	9.9	—	—
WMECO	17.0	15.5	11.3	9.9

D. Fair Value Measurements

Fair value measurement guidance is applied to derivative contracts that are not elected or designated as "normal purchases" or "normal sales" ("normal") and to the marketable securities held in trusts. Fair value measurement guidance is also applied to valuations of the investments used to calculate the funded status of pension and PBOP plans, the nonrecurring fair value measurements of nonfinancial assets such as goodwill and AROs, and the estimated fair value of preferred stock and long-term debt.

Fair Value Hierarchy: In measuring fair value, Eversource uses observable market data when available in order to minimize the use of unobservable inputs. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. Eversource evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and Eversource's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy-related products.

Determination of Fair Value: The valuation techniques and inputs used in Eversource's fair value measurements are described in Note 4, "Derivative Instruments," Note 5, "Marketable Securities," and Note 10, "Fair Value of Financial Instruments," to the financial statements.

E. Other Income, Net

Items included within Other Income, Net on the statements of income primarily consist of income/(loss) related to equity method investments, investment income/(loss), interest income and AFUDC related to equity funds. For the three and nine months ended September 30, 2017, Eversource had equity in earnings of $5.1 million and $23.0 million, respectively, related to its equity method investments. For the three and nine months ended September 30, 2016 Eversource had equity in earnings of $0.9 million and losses of $2.0 million, respectively, related to its equity method investments. Investment income/(loss) primarily relates to debt and equity securities held in trust. For further information, see Note 5, "Marketable Securities," to the financial statements.

F. Other Taxes

Gross receipts taxes levied by the state of Connecticut are collected by CL&P and Yankee Gas from their respective customers. These gross receipts taxes are shown separately with collections in Operating Revenues and with payments in Taxes Other Than Income Taxes on the statements of income as follows:

	For the Three Months Ended		For the Nine Months Ended	
(Millions of Dollars)	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Eversource	$ 40.3	$ 45.1	$ 118.2	$ 124.8
CL&P	37.8	42.6	103.5	112.2

As agents for state and local governments, Eversource's companies that serve customers in Connecticut and Massachusetts collect certain sales taxes that are recorded on a net basis with no impact on the statements of income.

G. Supplemental Cash Flow Information

Non-cash investing activities include plant additions included in Accounts Payable as follows:

(Millions of Dollars)	As of September 30, 2017	As of September 30, 2016
Eversource	$ 307.7	$ 203.6
CL&P	113.4	64.5
NSTAR Electric	55.4	39.4
PSNH	39.6	31.0
WMECO	37.1	17.6

2. REGULATORY ACCOUNTING

Eversource's Regulated companies are subject to rate regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The Regulated companies' financial statements reflect the effects of the rate-making process. The rates charged to the customers of Eversource's Regulated companies are designed to collect each company's costs to provide service, including a return on investment.

Management believes it is probable that each of the Regulated companies will recover its respective investments in long-lived assets, including regulatory assets. If management were to determine that it could no longer apply the accounting guidance applicable to rate-regulated enterprises to any of the Regulated companies' operations, or if management could not conclude it is probable that costs would be recovered from customers in future rates, the costs would be charged to net income in the period in which the determination is made.

Regulatory Assets: The components of regulatory assets were as follows:

Eversource

(Millions of Dollars)	As of September 30, 2017	As of December 31, 2016
Benefit Costs	$ 1,793.8	$ 1,817.8
Derivative Liabilities	385.1	423.3
Income Taxes, Net	652.7	644.5
Storm Restoration Costs	330.1	385.3
Goodwill-related	449.0	464.4
Regulatory Tracker Mechanisms	470.7	576.6
Asset Retirement Obligations	104.8	99.3
Other Regulatory Assets	65.8	115.1
Total Regulatory Assets	4,252.0	4,526.3
Less: Current Portion	746.1	887.6
Total Long-Term Regulatory Assets	$ 3,505.9	$ 3,638.7

	As of September 30, 2017				As of December 31, 2016			
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	CL&P	NSTAR Electric	PSNH	WMECO
Benefit Costs	$ 415.8	$ 436.7	$ 183.2	$ 84.8	$ 429.3	$ 438.6	$ 184.2	$ 86.7
Derivative Liabilities	381.6	2.4	—	—	420.5	2.8	—	—
Income Taxes, Net	441.1	92.4	22.3	30.5	437.0	89.7	24.2	30.8
Storm Restoration Costs	195.7	112.4	9.2	12.8	239.8	112.5	17.1	15.9
Goodwill-related	—	385.5	—	—	—	398.7	—	—
Regulatory Tracker Mechanisms	87.9	201.1	108.0	44.4	123.9	257.3	104.5	46.7
Asset Retirement Obligations	35.1	33.9	16.8	4.5	33.2	31.9	16.2	4.2
Other Regulatory Assets	30.0	15.5	17.6	5.4	43.4	15.6	16.5	7.1
Total Regulatory Assets	1,587.2	1,279.9	357.1	182.4	1,727.1	1,347.1	362.7	191.4
Less: Current Portion	275.0	230.6	112.5	60.6	335.5	289.4	117.2	64.1
Total Long-Term Regulatory Assets	$ 1,312.2	$ 1,049.3	$ 244.6	$ 121.8	$ 1,391.6	$ 1,057.7	$ 245.5	$ 127.3

Regulatory Costs in Other Long-Term Assets: Eversource's Regulated companies had $108.7 million (including $3.9 million for CL&P, $42.3 million for NSTAR Electric, $18.5 million for PSNH, and $25.7 million for WMECO) and $86.3 million (including $5.9 million for CL&P, $35.0 million for NSTAR Electric, $8.2 million for PSNH, and $20.1 million for WMECO) of additional regulatory costs as of September 30, 2017 and December 31, 2016, respectively, that were included in Other Long-Term Assets on the balance sheets. These amounts represent incurred costs for which recovery has not yet been specifically approved by the applicable regulatory agency. However, based on regulatory policies or past precedent on similar costs, management believes it is probable that these costs will ultimately be approved and recovered from customers in rates.

Regulatory Liabilities: The components of regulatory liabilities were as follows:

Eversource

(Millions of Dollars)	As of September 30, 2017	As of December 31, 2016
Cost of Removal	$ 470.3	$ 459.7
Benefit Costs	125.5	136.2
Regulatory Tracker Mechanisms	175.8	145.3
AFUDC - Transmission	65.4	65.8
Other Regulatory Liabilities	33.4	42.1
Total Regulatory Liabilities	870.4	849.1
Less: Current Portion	170.2	146.8
Total Long-Term Regulatory Liabilities	$ 700.2	$ 702.3

	As of September 30, 2017				As of December 31, 2016			
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	CL&P	NSTAR Electric	PSNH	WMECO
Cost of Removal	$ 40.5	$ 278.8	$ 40.5	$ 11.7	$ 38.8	$ 271.6	$ 44.1	$ 8.6
Benefit Costs	—	106.0	—	—	—	113.1	—	—
Regulatory Tracker Mechanisms	57.1	65.5	5.6	12.7	37.2	63.7	10.7	14.7
AFUDC - Transmission	49.2	7.7	—	8.5	50.2	6.9	—	8.7
Other Regulatory Liabilities	21.3	0.4	2.6	—	21.0	0.2	2.7	0.1
Total Regulatory Liabilities	168.1	458.4	48.7	32.9	147.2	455.5	57.5	32.1
Less: Current Portion	69.3	65.5	7.9	10.2	47.1	63.7	12.7	14.9
Total Long-Term Regulatory Liabilities	$ 98.8	$ 392.9	$ 40.8	$ 22.7	$ 100.1	$ 391.8	$ 44.8	$ 17.2

3. PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

The following tables summarize property, plant and equipment by asset category:

Eversource

(Millions of Dollars)	As of September 30, 2017	As of December 31, 2016
Distribution - Electric	$ 14,217.3	$ 13,716.9
Distribution - Natural Gas	3,158.1	3,010.4
Transmission - Electric	8,918.2	8,517.4
Generation	1,215.8	1,224.2
Electric and Natural Gas Utility	27,509.4	26,468.9
Other [(1)]	679.9	591.6
Property, Plant and Equipment, Gross	28,189.3	27,060.5
Less: Accumulated Depreciation		
Electric and Natural Gas Utility	(6,838.5)	(6,480.4)
Other	(274.4)	(242.0)
Total Accumulated Depreciation	(7,112.9)	(6,722.4)
Property, Plant and Equipment, Net	21,076.4	20,338.1
Construction Work in Progress [(2)]	1,460.9	1,012.4
Total Property, Plant and Equipment, Net	$ 22,537.3	$ 21,350.5

[(1)] These assets are primarily comprised of building improvements, computer software, hardware and equipment at Eversource Service.
[(2)] As of September 30, 2017, the total CWIP related to NPT was approximately $201 million.

	As of September 30, 2017				As of December 31, 2016			
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	CL&P	NSTAR Electric	PSNH	WMECO
Distribution	$ 5,797.6	$ 5,543.1	$ 2,048.8	$ 868.1	$ 5,562.9	$ 5,402.3	$ 1,949.8	$ 841.9
Transmission	4,061.2	2,545.0	1,115.7	1,147.9	3,912.9	2,435.8	1,059.3	1,061.1
Generation	—	—	1,179.8	36.0	—	—	1,188.2	36.0
Property, Plant and Equipment, Gross	9,858.8	8,088.1	4,344.3	2,052.0	9,475.8	7,838.1	4,197.3	1,939.0
Less: Accumulated Depreciation	(2,207.0)	(2,143.8)	(1,315.7)	(356.5)	(2,082.4)	(2,025.4)	(1,254.7)	(338.8)
Property, Plant and Equipment, Net	7,651.8	5,944.3	3,028.6	1,695.5	7,393.4	5,812.7	2,942.6	1,600.2
Construction Work in Progress	456.2	324.4	139.3	74.1	239.0	239.1	96.7	78.1
Total Property, Plant and Equipment, Net	$ 8,108.0	$ 6,268.7	$ 3,167.9	$ 1,769.6	$ 7,632.4	$ 6,051.8	$ 3,039.3	$ 1,678.3

4. DERIVATIVE INSTRUMENTS

The Regulated companies purchase and procure energy and energy-related products, which are subject to price volatility, for their customers. The costs associated with supplying energy to customers are recoverable from customers in future rates. The Regulated companies manage the risks associated with the price volatility of energy and energy-related products through the use of derivative and non-derivative contracts.

Many of the derivative contracts meet the definition of, and are designated as, normal and qualify for accrual accounting under the applicable accounting guidance. The costs and benefits of derivative contracts that meet the definition of normal are recognized in Operating Expenses or Operating Revenues on the statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not designated as normal are recorded at fair value as current or long-term Derivative Assets or Derivative Liabilities on the balance sheets. For the Regulated companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivatives, as contract settlement amounts are recovered from, or refunded to, customers in their respective energy supply rates.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with current and long-term portions, on the balance sheets. The following table presents the gross fair values of contracts, categorized by risk type, and the net amounts recorded as current or long-term derivative assets or liabilities:

	As of September 30, 2017			As of December 31, 2016		
(Millions of Dollars)	Commodity Supply and Price Risk Management	Netting [1]	Net Amount Recorded as a Derivative	Commodity Supply and Price Risk Management	Netting [1]	Net Amount Recorded as a Derivative
Current Derivative Assets:						
Level 2:						
Eversource	$ —	$ —	$ —	$ 6.0	$ —	$ 6.0
Level 3:						
CL&P	10.4	(7.7)	2.7	13.9	(9.4)	4.5
Long-Term Derivative Assets:						
Level 2:						
Eversource	$ —	$ —	$ —	$ 0.3	$ (0.1)	$ 0.2
Level 3:						
CL&P	74.3	(6.9)	67.4	77.3	(11.7)	65.6
Current Derivative Liabilities:						
Level 2:						
Eversource	$ (1.5)	$ 0.4	$ (1.1)	$ —	$ —	$ —
Level 3:						
Eversource	(62.2)	—	(62.2)	(79.7)	—	(79.7)
CL&P	(59.9)	—	(59.9)	(77.8)	—	(77.8)
NSTAR Electric	(2.3)	—	(2.3)	(1.9)	—	(1.9)
Long-Term Derivative Liabilities:						
Level 3:						
Eversource	$ (391.9)	$ —	$ (391.9)	$ (413.7)	$ —	$ (413.7)
CL&P	(391.8)	—	(391.8)	(412.8)	—	(412.8)
NSTAR Electric	(0.1)	—	(0.1)	(0.9)	—	(0.9)

(1) Amounts represent derivative assets and liabilities that Eversource elected to record net on the balance sheets. These amounts are subject to master netting agreements or similar agreements for which the right of offset exists.

For further information on the fair value of derivative contracts, see Note 1D, "Summary of Significant Accounting Policies - Fair Value Measurements," to the financial statements.

Derivative Contracts at Fair Value with Offsetting Regulatory Amounts
Commodity Supply and Price Risk Management: As required by regulation, CL&P, along with UI, has capacity-related contracts with generation facilities. CL&P has a sharing agreement with UI, with 80 percent of the costs or benefits of each contract borne by or allocated to CL&P and 20 percent borne by or allocated to UI. The combined capacity of these contracts is 787 MW. The capacity contracts extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set capacity price and the capacity market price received in the ISO-NE capacity markets. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

NSTAR Electric has a renewable energy contract to purchase 0.1 million MWh of energy per year through 2018 and a capacity-related contract to purchase up to 35 MW per year through 2019.

As of September 30, 2017 and December 31, 2016, Eversource had New York Mercantile Exchange ("NYMEX") financial contracts for natural gas futures in order to reduce variability associated with the purchase price of approximately 10.4 million and 9.2 million MMBtu of natural gas, respectively.

For the three months ended September 30, 2017 and 2016, there were gains of $0.6 million and losses of $53.4 million, respectively, deferred as regulatory costs, which reflect the change in fair value associated with Eversource's derivative contracts. For the nine months ended September 30, 2017 and 2016, these losses were $30.3 million and $127.8 million, respectively.

Fair Value Measurements of Derivative Instruments
Derivative contracts classified as Level 2 in the fair value hierarchy relate to the financial contracts for natural gas futures. Prices are obtained from broker quotes and are based on actual market activity. The contracts are valued using NYMEX natural gas prices. Valuations of these contracts also incorporate discount rates using the yield curve approach.

The fair value of derivative contracts classified as Level 3 utilizes significant unobservable inputs. The fair value is modeled using income techniques, such as discounted cash flow valuations adjusted for assumptions relating to exit price. Significant observable inputs for valuations of these contracts include energy and energy-related product prices in future years for which quoted prices in an active market exist. Fair value measurements categorized in Level 3 of the fair value hierarchy are prepared by individuals with expertise in valuation techniques, pricing of energy and energy-related products, and accounting requirements. The future power and capacity prices for periods that are not quoted in an active market or established at auction are based on available market data and are escalated based on estimates of inflation in order to address the full term of the contract.

Valuations of derivative contracts using a discounted cash flow methodology include assumptions regarding the timing and likelihood of scheduled payments and also reflect non-performance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the Company's credit rating for liabilities. Valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using historical market transactions adjusted for the terms of the contract.

The following is a summary of Eversource's, including CL&P's and NSTAR Electric's, Level 3 derivative contracts and the range of the significant unobservable inputs utilized in the valuations over the duration of the contracts:

	As of September 30, 2017					As of December 31, 2016				
	Range				Period Covered	Range				Period Covered
Capacity Prices:										
CL&P	$ 5.00	—	8.70	per kW-Month	2021 - 2026	$ 5.50	—	8.70	per kW-Month	2020 - 2026
Forward Reserve:										
CL&P	$ 1.00	—	2.00	per kW-Month	2017 - 2024	$ 1.40	—	2.00	per kW-Month	2017 - 2024
REC Prices:										
NSTAR Electric	$ 15.75	—	22.00	per REC	2017 - 2018	$ 24.00	—	29.00	per REC	2017 - 2018

Exit price premiums of 1 percent through 18 percent are also applied on these contracts and reflect the uncertainty and illiquidity premiums that would be required based on the most recent market activity available for similar type contracts.

Significant increases or decreases in future energy or capacity prices in isolation would decrease or increase, respectively, the fair value of the derivative liability. Any increases in risk premiums would increase the fair value of the derivative liability. Changes in these fair values are recorded as a regulatory asset or liability and do not impact net income.

Valuations using significant unobservable inputs: The following table presents changes in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis.

	For the Three Months Ended September 30,					
	2017			2016		
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	Eversource	CL&P	NSTAR Electric
Derivatives, Net:						
Fair Value as of Beginning of Period	$ (397.1)	$ (394.8)	$ (2.3)	$ (412.6)	$ (411.3)	$ (1.3)
Net Realized/Unrealized Gains/Losses Included in Regulatory Assets and Liabilities	0.5	(0.7)	1.2	(52.3)	(49.8)	(2.5)
Settlements	12.6	13.9	(1.3)	21.2	20.1	1.1
Fair Value as of End of Period	$ (384.0)	$ (381.6)	$ (2.4)	$ (443.7)	$ (441.0)	$ (2.7)

	For the Nine Months Ended September 30,					
	2017			2016		
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	Eversource	CL&P	NSTAR Electric
Derivatives, Net:						
Fair Value as of Beginning of Period	$ (423.3)	$ (420.5)	$ (2.8)	$ (380.9)	$ (380.8)	$ (0.1)
Net Realized/Unrealized Losses Included in Regulatory Assets and Liabilities	(17.9)	(15.9)	(2.0)	(128.9)	(122.0)	(6.9)
Settlements	57.2	54.8	2.4	66.1	61.8	4.3
Fair Value as of End of Period	$ (384.0)	$ (381.6)	$ (2.4)	$ (443.7)	$ (441.0)	$ (2.7)

5. MARKETABLE SECURITIES

Eversource maintains trusts that hold marketable securities to fund certain non-qualified executive benefits. These trusts are not subject to regulatory oversight by state or federal agencies. CYAPC and YAEC maintain legally restricted trusts, each of which holds marketable securities, to fund the spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

Trading Securities: Eversource has elected to record certain equity securities as trading securities, with the changes in fair values recorded in Other Income, Net on the statements of income. As of December 31, 2016, these securities were classified as Level 1 in the fair value hierarchy and totaled $9.6 million. These securities were sold during the first quarter of 2017 and were no longer held as of September 30, 2017. For the three and nine months ended September 30, 2016, net gains on these securities of $0.1 million and $0.6 million, respectively, were recorded in Other Income, Net on the statements of income. Dividend income is recorded in Other Income, Net when dividends are declared.

Available-for-Sale Securities: The following is a summary of available-for-sale securities, which are recorded at fair value and are included in current and long-term Marketable Securities on the balance sheets.

Eversource (Millions of Dollars)	As of September 30, 2017 Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value	As of December 31, 2016 Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value
Debt Securities	$ 286.5	$ 5.5	$ (0.5)	$ 291.5	$ 296.2	$ 1.1	$ (2.1)	$ 295.2
Equity Securities	210.7	81.5	—	292.2	203.3	62.3	(1.2)	264.4

Eversource's debt and equity securities include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts in the amounts of $489.1 million and $466.7 million as of September 30, 2017 and December 31, 2016, respectively. Unrealized gains and losses for these nuclear decommissioning trusts are recorded in Marketable Securities with the corresponding offset to Other Long-Term Liabilities on the balance sheets, with no impact on the statements of income.

Unrealized Losses and Other-than-Temporary Impairment: There have been no significant unrealized losses, other-than-temporary impairments or credit losses for the three and nine months ended September 30, 2017 and 2016. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset-backed debt securities, underlying collateral and expected future cash flows are also evaluated.

Realized Gains and Losses: Realized gains and losses on available-for-sale securities are recorded in Other Income, Net for Eversource's non-qualified benefit trust and are offset in Other Long-Term Liabilities for CYAPC and YAEC. Eversource utilizes the specific identification basis method for the Eversource non-qualified benefit trust, and the average cost basis method for the CYAPC and YAEC nuclear decommissioning trusts to compute the realized gains and losses on the sale of available-for-sale securities.

Contractual Maturities: As of September 30, 2017, the contractual maturities of available-for-sale debt securities were as follows:

Eversource (Millions of Dollars)	Amortized Cost	Fair Value
Less than one year [(1)]	$ 40.2	$ 40.2
One to five years	56.7	57.6
Six to ten years	52.6	54.1
Greater than ten years	137.0	139.6
Total Debt Securities	$ 286.5	$ 291.5

(1) Amounts in the Less than one year category include securities in the CYAPC and YAEC nuclear decommissioning trusts, which are restricted and are classified in long-term Marketable Securities on the balance sheets.

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

Eversource *(Millions of Dollars)*	As of September 30, 2017		As of December 31, 2016	
Level 1:				
Mutual Funds and Equities	$	292.2	$	274.0
Money Market Funds		21.8		54.8
Total Level 1	$	314.0	$	328.8
Level 2:				
U.S. Government Issued Debt Securities (Agency and Treasury)	$	69.0	$	63.0
Corporate Debt Securities		56.1		41.1
Asset-Backed Debt Securities		20.4		18.5
Municipal Bonds		113.6		107.5
Other Fixed Income Securities		10.6		10.3
Total Level 2	$	269.7	$	240.4
Total Marketable Securities	$	583.7	$	569.2

U.S. government issued debt securities are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate debt securities are valued using a market approach, utilizing recent trades of the same or similar instrument and also incorporating yield curves, credit spreads and specific bond terms and conditions. Asset-backed debt securities include collateralized mortgage obligations, commercial mortgage backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset-backed debt securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates, and tranche information. Municipal bonds are valued using a market approach that incorporates reported trades and benchmark yields. Other fixed income securities are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

6. SHORT-TERM AND LONG-TERM DEBT

Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. As of September 30, 2017 and December 31, 2016, Eversource parent had $917.0 million and approximately $1.0 billion, respectively, in short-term borrowings outstanding under the Eversource parent commercial paper program, leaving $533.0 million and $428.0 million of available borrowing capacity as of September 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of September 30, 2017 and December 31, 2016 was 1.34 percent and 0.88 percent, respectively. As of September 30, 2017, there were intercompany loans from Eversource parent of $202.3 million to PSNH and $96.9 million to WMECO. As of December 31, 2016, there were intercompany loans from Eversource parent of $80.1 million to CL&P, $160.9 million to PSNH and $51.0 million to WMECO. Eversource parent, CL&P, PSNH, WMECO, NSTAR Gas and Yankee Gas are parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on September 4, 2021. The revolving credit facility serves to backstop Eversource parent's $1.45 billion commercial paper program. There were no borrowings outstanding on the revolving credit facility as of September 30, 2017 and December 31, 2016.

Except as described below, amounts outstanding under the commercial paper programs are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. Intercompany loans from Eversource parent to CL&P, PSNH and WMECO are included in Notes Payable to Eversource Parent and are classified in current liabilities on their respective balance sheets. Intercompany loans from Eversource parent to CL&P, PSNH and WMECO are eliminated in consolidation on Eversource's balance sheets.

As a result of the October 2017 Eversource parent long-term debt issuances, the net proceeds of which were used to repay short-term borrowings outstanding under the Eversource parent commercial paper program, $898.8 million of short-term debt was reclassified to Long-Term Debt as of September 30, 2017.

NSTAR Electric has a $450 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. As of September 30, 2017, NSTAR Electric had no short-term borrowings outstanding and as of December 31, 2016, NSTAR Electric had $126.5 million in short-term borrowings outstanding under its commercial paper program, leaving $450.0 million and $323.5 million of available borrowing capacity as of September 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of December 31, 2016 was 0.71 percent. NSTAR Electric is a party to a five-year $450 million revolving credit facility. The revolving credit facility terminates on September 4, 2021. The revolving credit facility serves to backstop NSTAR Electric's $450 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of September 30, 2017 and December 31, 2016.

Long-Term Debt Issuances: In March 2017, Eversource parent issued $300 million of 2.75 percent Series K Senior Notes due to mature in 2022. The proceeds, net of issuance costs, were used to repay short-term borrowings under the Eversource parent commercial paper program.

In March 2017, CL&P issued $300 million of 3.20 percent 2017 Series A First and Refunding Mortgage Bonds due to mature in 2027. The proceeds, net of issuance costs, were used to repay short-term borrowings.

In May 2017, NSTAR Electric issued $350 million of 3.20 percent Debentures due to mature in 2027. The proceeds, net of issuance costs, were used to repay short-term borrowings and fund capital expenditures and working capital.

In August 2017, CL&P issued $225 million of 4.30 percent 2014 Series A First and Refunding Mortgage Bonds due to mature in 2044. These bonds are part of the same series of CL&P's existing 4.30 percent bonds that were initially issued in 2014. The aggregate outstanding principal amount for these bonds is now $475 million. The proceeds, net of issuance costs, were used to refinance short-term debt and fund capital expenditures and working capital.

In September 2017, Yankee Gas issued $75 million of 3.02 percent Series N First Mortgage Bonds due to mature in 2027. The proceeds, net of issuance costs, were used to repay short-term borrowings.

In October 2017, Eversource parent issued $450 million 2.75 percent Series K Senior Notes due to mature in 2022. These senior notes are part of the same series of Eversource parent's existing 2.75 percent Series K Senior Notes that were initially issued in March 2017. The aggregate outstanding principal amount for the Series K Senior Notes is now $750 million. In addition, Eversource parent issued $450 million of 2.90 percent 2017 Series L Senior Notes due to mature in 2024. The proceeds, net of issuance costs, were used to repay short-term borrowings.

In October 2017, NSTAR Electric issued $350 million of 3.20 percent Debentures due to mature in 2027. The debentures are part of the same series of NSTAR Electric's existing 3.20 percent Debentures that were initially issued in May 2017. The aggregate outstanding principal amount for the 3.20 percent Debentures is now $700 million. The proceeds, net of issuance costs, will be used to redeem long-term debt due to mature on November 15, 2017. As the debt issuance refinanced short-term debt, the amount was reclassified to Long-Term Debt on Eversource's and NSTAR Electric's balance sheets.

Long-Term Debt Repayments: In March 2017, CL&P repaid at maturity the $150 million 5.375 percent 2007 Series A First and Refunding Mortgage Bonds.

In September 2017, CL&P repaid at maturity $100 million of 5.75 percent 2007 Series C First Mortgage Bonds and PSNH repaid at maturity $70 million of 6.15 percent 2007 Series N First Mortgage Bonds.

In October 2017, NSTAR Gas repaid at maturity $25 million of 7.04 percent Series M First Mortgage Bonds.

Long-Term Debt Issuance Authorizations: On January 4, 2017, PURA approved CL&P's request for authorization to issue up to $1.325 billion in long-term debt through December 31, 2020. On March 30, 2017, the DPU approved NSTAR Electric's request for authorization to issue up to $700 million in long-term debt through December 31, 2018.

7. PENSION BENEFITS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Eversource Service sponsors a defined benefit retirement plan ("Pension Plan") that covers eligible participants. In addition to the Pension Plan, Eversource maintains non-qualified defined benefit retirement plans sponsored by Eversource Service ("SERP Plans"), which provide benefits in excess of Internal Revenue Code limitations to eligible participants. Eversource Service also sponsors a defined benefit postretirement plan that provides life insurance and a health reimbursement arrangement created for the purpose of reimbursing retirees and dependents for health insurance premiums and certain medical expenses, to eligible participants that meet certain age and service eligibility requirements ("PBOP Plan").

In August 2016, the Company amended its PBOP Plan, which standardized separate benefit structures that existed within the plan and made other benefit changes. The remeasurement resulted in a prior service credit of $5.3 million and $16.1 million for the three and nine months ended September 30, 2017, respectively, which was reflected as a reduction to net periodic benefit expense for PBOP benefits. The majority of this amount will be deferred for future refund to customers.

The components of net periodic benefit expense for the Pension, SERP and PBOP Plans are shown below. The net periodic benefit expense and the intercompany allocations, less the capitalized portions of pension, SERP and PBOP amounts, are included in Operations and Maintenance expense on the statements of income. Capitalized amounts relate to employees working on capital projects and are included in Property, Plant and Equipment, Net on the balance sheets. Pension, SERP and PBOP expense reflected in the statements of cash flows for CL&P, NSTAR Electric, PSNH and WMECO does not include the intercompany allocations or the corresponding capitalized portion, as these amounts are cash settled on a short-term basis.

	Pension and SERP			
Eversource	For the Three Months Ended		For the Nine Months Ended	
(Millions of Dollars)	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Service Cost	$ 17.4	$ 18.6	$ 53.8	$ 56.6
Interest Cost	47.2	46.4	140.7	139.2
Expected Return on Pension Plan Assets	(83.5)	(79.4)	(250.5)	(238.5)
Actuarial Loss	33.9	31.4	101.3	94.2
Prior Service Cost	1.2	0.9	3.4	2.6
Total Net Periodic Benefit Expense	$ 16.2	$ 17.9	$ 48.7	$ 54.1
Capitalized Pension Expense	$ 5.5	$ 5.4	$ 16.5	$ 16.8

	PBOP			
Eversource	For the Three Months Ended		For the Nine Months Ended	
(Millions of Dollars)	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Service Cost	$ 2.4	$ 3.0	$ 7.1	$ 9.2
Interest Cost	6.8	7.5	20.3	26.5
Expected Return on Plan Assets	(16.0)	(15.9)	(47.8)	(47.3)
Actuarial Loss	2.2	3.0	6.9	5.0
Prior Service Credit	(5.3)	(3.6)	(16.1)	(3.7)
Total Net Periodic Benefit Income	$ (9.9)	$ (6.0)	$ (29.6)	$ (10.3)
Capitalized PBOP Income	$ (4.8)	$ (2.6)	$ (14.3)	$ (4.6)

	Pension and SERP							
	For the Three Months Ended September 30, 2017				For the Three Months Ended September 30, 2016			
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	CL&P	NSTAR Electric	PSNH	WMECO
Service Cost	$ 4.6	$ 3.1	$ 2.4	$ 0.7	$ 4.6	$ 3.3	$ 2.5	$ 0.8
Interest Cost	10.5	8.6	5.3	2.1	10.2	8.5	5.1	2.1
Expected Return on Pension Plan Assets	(17.8)	(17.5)	(10.0)	(4.4)	(18.0)	(16.9)	(9.6)	(4.4)
Actuarial Loss	6.8	8.9	3.0	1.5	6.3	8.7	2.5	1.3
Prior Service Cost	0.4	0.1	0.1	0.1	0.4	—	0.1	0.1
Total Net Periodic Benefit Expense/(Income)	$ 4.5	$ 3.2	$ 0.8	$ —	$ 3.5	$ 3.6	$ 0.6	$ (0.1)
Intercompany Allocations	$ 2.4	$ 1.8	$ 0.8	$ 0.5	$ 3.5	$ 2.2	$ 1.0	$ 0.6
Capitalized Pension Expense	$ 2.4	$ 1.9	$ 0.4	$ 0.1	$ 2.2	$ 2.0	$ 0.4	$ 0.1

	Pension and SERP							
	For the Nine Months Ended September 30, 2017				For the Nine Months Ended September 30, 2016			
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	CL&P	NSTAR Electric	PSNH	WMECO
Service Cost	$ 13.9	$ 9.4	$ 7.3	$ 2.3	$ 14.3	$ 9.9	$ 7.5	$ 2.4
Interest Cost	31.3	25.6	15.9	6.3	31.2	25.3	15.4	6.3
Expected Return on Pension Plan Assets	(53.9)	(52.5)	(29.9)	(13.3)	(54.2)	(50.7)	(28.9)	(13.1)
Actuarial Loss	20.7	26.4	8.7	4.5	19.2	25.8	7.5	4.1
Prior Service Cost	1.1	0.2	0.4	0.2	1.1	—	0.3	0.2
Total Net Periodic Benefit Expense/(Income)	$ 13.1	$ 9.1	$ 2.4	$ —	$ 11.6	$ 10.3	$ 1.8	$ (0.1)
Intercompany Allocations	$ 7.4	$ 5.5	$ 2.5	$ 1.4	$ 10.3	$ 6.7	$ 3.0	$ 1.9
Capitalized Pension Expense	$ 7.3	$ 5.4	$ 1.1	$ 0.3	$ 7.1	$ 5.7	$ 1.0	$ 0.3

PBOP

(Millions of Dollars)	For the Three Months Ended September 30, 2017 CL&P	NSTAR Electric	PSNH	WMECO	For the Three Months Ended September 30, 2016 CL&P	NSTAR Electric	PSNH	WMECO
Service Cost	$ 0.5	$ 0.3	$ 0.3	$ 0.1	$ 0.6	$ 0.6	$ 0.4	$ 0.1
Interest Cost	1.3	1.9	0.8	0.3	1.3	2.5	0.7	0.3
Expected Return on Plan Assets	(2.4)	(6.6)	(1.4)	(0.6)	(2.5)	(6.4)	(1.4)	(0.6)
Actuarial Loss	0.2	0.9	0.1	—	0.5	1.2	0.2	—
Prior Service Cost/(Credit)	0.3	(4.3)	0.2	—	0.2	(2.9)	0.1	—
Total Net Periodic Benefit (Income)/Expense	$ (0.1)	$ (7.8)	$ —	$ (0.2)	$ 0.1	$ (5.0)	$ —	$ (0.2)
Intercompany Allocations	$ (0.2)	$ (0.2)	$ (0.1)	$ —	$ —	$ (0.1)	$ —	$ —
Capitalized PBOP Income	$ (0.1)	$ (4.0)	$ —	$ (0.1)	$ —	$ (2.2)	$ —	$ (0.1)

PBOP

(Millions of Dollars)	For the Nine Months Ended September 30, 2017 CL&P	NSTAR Electric	PSNH	WMECO	For the Nine Months Ended September 30, 2016 CL&P	NSTAR Electric	PSNH	WMECO
Service Cost	$ 1.5	$ 1.1	$ 1.0	$ 0.3	$ 1.4	$ 2.5	$ 0.9	$ 0.3
Interest Cost	4.0	5.7	2.3	0.8	4.0	10.3	2.2	0.8
Expected Return on Plan Assets	(7.3)	(19.9)	(4.1)	(1.7)	(7.6)	(19.2)	(4.2)	(1.7)
Actuarial Loss	0.7	2.6	0.4	—	0.9	1.7	0.5	—
Prior Service Cost/(Credit)	0.8	(12.9)	0.4	0.1	0.2	(2.9)	0.1	—
Total Net Periodic Benefit Income	$ (0.3)	$ (23.4)	$ —	$ (0.5)	$ (1.1)	$ (7.6)	$ (0.5)	$ (0.6)
Intercompany Allocations	$ (0.5)	$ (0.7)	$ (0.3)	$ (0.1)	$ 0.3	$ —	$ —	$ —
Capitalized PBOP Income	$ (0.4)	$ (11.9)	$ —	$ (0.2)	$ (0.5)	$ (3.3)	$ —	$ (0.3)

8. COMMITMENTS AND CONTINGENCIES

A. Environmental Matters

Eversource, CL&P, NSTAR Electric, PSNH and WMECO are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. Eversource, CL&P, NSTAR Electric, PSNH and WMECO have an active environmental auditing and training program and each believes it is substantially in compliance with all enacted laws and regulations.

The number of environmental sites and related reserves for which remediation or long-term monitoring, preliminary site work or site assessment is being performed are as follows:

	As of September 30, 2017 Number of Sites	Reserve (in millions)	As of December 31, 2016 Number of Sites	Reserve (in millions)
Eversource	58	$ 57.7	61	$ 65.8
CL&P	14	4.9	14	4.9
NSTAR Electric	10	2.0	13	3.2
PSNH	11	5.7	11	5.3
WMECO	4	0.8	4	0.6

Included in the Eversource number of sites and reserve amounts above are former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which Eversource may have potential liability. The reserve balances related to these former MGP sites were $51.9 million and $59.0 million as of September 30, 2017 and December 31, 2016, respectively, and related primarily to the natural gas business segment. The reduction in the reserve balance at the MGP sites in the first quarter of 2017 was primarily due to a change in cost estimates at one site where actual contamination was less than originally estimated.

These reserve estimates are subjective in nature as they take into consideration several different remediation options at each specific site. The reliability and precision of these estimates can be affected by several factors, including new information concerning either the level of contamination at the site, the extent of Eversource's, CL&P's, NSTAR Electric's, PSNH's, and WMECO's responsibility for remediation or the extent of remediation required, recently enacted laws and regulations, or changes in cost estimates due to certain economic factors. It is possible that new information or future developments could require a reassessment of the potential exposure to related environmental matters. As this information becomes available, management will continue to assess the potential exposure and adjust the reserves accordingly.

B. Guarantees and Indemnifications

In the normal course of business, Eversource parent provides credit assurances on behalf of its subsidiaries, including CL&P, NSTAR Electric, PSNH and WMECO, in the form of guarantees.

Eversource parent issued a guaranty on behalf of its subsidiary, NPT, under which, beginning at the time the Northern Pass Transmission line goes into commercial operation, Eversource parent will guarantee the financial obligations of NPT under the TSA with HQ in an amount not to exceed $25 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations. Eversource parent has also entered into a guaranty on behalf of NPT under which Eversource parent will guarantee NPT's obligations under a facility with a financial institution pursuant to which NPT may request letters of credit in an aggregate amount of up to approximately $14 million.

Eversource parent has also guaranteed certain indemnification and other obligations as a result of the sales of former unregulated subsidiaries and the termination of an unregulated business, with maximum exposures either not specified or not material.

Management does not anticipate a material impact to net income or cash flows as a result of these various guarantees and indemnifications.
The following table summarizes Eversource parent's exposure to guarantees and indemnifications of its subsidiaries to external parties, as of September 30, 2017:

Company	Description	Maximum Exposure (in millions)	Expiration Dates
On behalf of subsidiaries:			
Eversource Gas Transmission LLC	Access Northeast Project Capital Contributions Guaranty (1)	$ 185.1	2021
Various	Surety Bonds (2)	40.1	2017 - 2018
Eversource Service and Rocky River Realty Company	Lease Payments for Vehicles and Real Estate	8.2	2019 - 2024

(1) Eversource parent issued a declining balance guaranty on behalf of its subsidiary, Eversource Gas Transmission LLC, to guarantee the payment of the subsidiary's capital contributions for its investment in the Access Northeast project. The guaranty decreases as capital contributions are made. The guaranty will expire upon the earlier of the full performance of the guaranteed obligations or December 31, 2021.

(2) Surety bond expiration dates reflect termination dates, the majority of which will be renewed or extended. Certain surety bonds contain credit ratings triggers that would require Eversource parent to post collateral in the event that the unsecured debt credit ratings of Eversource parent are downgraded.

C. Spent Nuclear Fuel Obligations - Yankee Companies

CL&P, NSTAR Electric, PSNH and WMECO have plant closure and fuel storage cost obligations to the Yankee Companies, which have each completed the physical decommissioning of their respective nuclear facilities and are now engaged in the long-term storage of their spent fuel. The Yankee Companies collect these costs through wholesale, FERC-approved rates charged under power purchase agreements with several New England utilities, including CL&P, NSTAR Electric, PSNH and WMECO. These companies in turn recover these costs from their customers through state regulatory commission-approved retail rates. The Yankee Companies have collected or are currently collecting amounts that management believes are adequate to recover the remaining plant closure and fuel storage cost estimates for the respective plants. Management believes CL&P, NSTAR Electric and WMECO will recover their shares of these obligations from their customers. PSNH has recovered its total share of these costs from its customers.

Spent Nuclear Fuel Litigation:
The Yankee Companies have filed complaints against the DOE in the Court of Federal Claims seeking monetary damages resulting from the DOE's failure to provide for a permanent facility to store spent nuclear fuel pursuant to the terms of the 1983 spent fuel and high level waste disposal contracts between the Yankee Companies and the DOE. The court had previously awarded the Yankee Companies damages for Phase I, II, and III of litigation resulting from the DOE's failure to meet its contractual obligations. These Phases covered damages incurred in the years 1998 through 2012, and the awarded damages have been received by the Yankee Companies with certain amounts of the damages refunded to their customers.

DOE Phase IV Damages - On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, covering the years from 2013 to 2016 ("DOE Phase IV"). The DOE Phase IV trial is expected to begin in 2018.

For further discussion, see Part I, Item 3, "Legal Proceedings - Yankee Companies v. U.S. Department of Energy" of our 2016 Form 10-K.

D. FERC ROE Complaints

Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

On May 26, 2017, the Chief Administrative Law Judge ("ALJ") issued an order that the fourth complaint will continue to trial in December 2017 with an ALJ initial decision expected in March of 2018.

A summary of the four separate complaints and the base ROEs pertinent to those complaints are as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date [1]	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 [1]	Reserve (Pre-Tax and Excluding Interest) as of September 30, 2017 (in millions)		FERC ALJ Recommendation of Base ROE on Second and Third Complaints (Issued March 22, 2016)
First	10/1/2011 - 12/31/2012	11.14%	10.57%	$—	(2)	N/A
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1	(3)	9.59%
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—		10.90%
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—		N/A

(1) The billed ROE (base plus incentives) between October 1, 2011 and October 15, 2014 was within a range of 11.14 percent to 13.1 percent. On October 16, 2014, the FERC set the incentive cap at 11.74 percent for the first complaint period and also effective from October 16, 2014 through April 14, 2017, the date on which the Court vacated this FERC order.

(2) CL&P, NSTAR Electric, PSNH and WMECO have refunded all amounts associated with the first complaint period, totaling $38.9 million (pre-tax and excluding interest) at Eversource (consisting of $22.4 million at CL&P, $8.4 million at NSTAR Electric, $2.8 million at PSNH, and $5.3 million at WMECO), reflecting both the base ROE and incentive cap prescribed by the FERC order.

(3) The reserve represents the difference between the ROEs billed during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $8.5 million for NSTAR Electric, $3.1 million for PSNH, and $6.1 million for WMECO as of September 30, 2017.

On June 5, 2017, the NETOs, including Eversource, submitted a filing to the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. On October 6, 2017, the FERC did not accept the NETOs filing, temporarily leaving in place the ROEs (10.57 percent base ROE with an 11.74 percent incentive cap ROE) set in the first complaint proceeding until the FERC addresses the Court's decision.

On October 5, 2017 the NETOs filed a series of motions, requesting that the FERC dismiss the four complaint proceedings. Alternatively, if the FERC does not dismiss the proceedings, the NETOs requested that the FERC consolidate all four complaint proceedings for expeditious resolution and/or stay the trial in the fourth complaint proceeding and resolve it based on the standards set in the April 14, 2017 Court decision.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. The April 14, 2017 Court decision did not provide a reasonable basis for a change to the reserve balance of $39.1 million (pre-tax, excluding interest) for the second complaint period, and the Company has not changed its reserve or recognized ROEs for any of the complaint periods.

Management cannot at this time predict the ultimate effect of the Court decision or future FERC action on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric, PSNH or WMECO.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

E. Eversource and NSTAR Electric Boston Harbor Civil Action
On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

After substantial negotiations, the parties reached a settlement whereby HEEC will install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and will remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit will result in the initial $17.5 million of construction costs on the new cable to be expensed as incurred. Construction of the new cable is expected to be completed in 2019.

9. PSNH GENERATION ASSET SALE

On June 10, 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement (the "Agreement") with the New Hampshire Office of Energy and Planning, certain members of the NHPUC staff, the Office of Consumer Advocate, two State Senators, and several other parties. Under the terms of the Agreement, PSNH agreed to divest its generation assets, subject to NHPUC approval. The Agreement provided for a resolution of issues pertaining to PSNH's generation assets in pending regulatory proceedings before the NHPUC. The Agreement provided for the Clean Air Project prudence proceeding to be resolved and all remaining Clean Air Project costs to be included in rates effective January 1, 2016. As part of the Agreement, PSNH agreed to forego recovery of $25 million of the equity return related to the Clean Air Project.

On July 1, 2016, the NHPUC approved the Agreement in an order that, among other things, instructed PSNH to begin the process of divesting its generation assets. The NHPUC selected an auction adviser to assist with the divestiture, and the final plan and auction process were approved by the NHPUC in November 2016.

As of September 30, 2017, PSNH's generation assets were as follows:

(Millions of Dollars)		
Gross Plant	$	1,184.1
Accumulated Depreciation		(573.3)
Net Plant		610.8
Fuel		92.9
Materials and Supplies		44.0
Emission Allowances		19.4
Total Generation Assets	$	767.1

On October 11, 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of $175 million and $83 million, respectively, subject to adjustments as set forth in each Agreement.
On October 12, 2017, PSNH filed an application with the NHPUC requesting approval of the Agreements. We expect to receive approvals from the NHPUC and other necessary regulatory agencies by late December 2017 or early 2018, with the transactions to be completed shortly thereafter. The Company will classify these assets as held for sale upon NHPUC approval of the sale.

Upon completion, full recovery of PSNH's generation assets will occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs via bonds that will be secured by a non-bypassable charge or through recoveries in future rates billed to PSNH's customers.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Preferred Stock and Long-Term Debt: The fair value of CL&P's and NSTAR Electric's preferred stock is based upon pricing models that incorporate interest rates and other market factors, valuations or trades of similar securities and cash flow projections. The fair value of long-term debt securities is based upon pricing models that incorporate quoted market prices for those issues or similar issues adjusted for market conditions, credit ratings of the respective companies and treasury benchmark yields. The fair values provided in the tables below are classified as Level 2 within the fair value hierarchy. Carrying amounts and estimated fair values are as follows:

Eversource (Millions of Dollars)	As of September 30, 2017 Carrying Amount	Fair Value	As of December 31, 2016 Carrying Amount	Fair Value
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 160.3	$ 155.6	$ 158.3
Long-Term Debt	11,425.9	11,968.1	9,603.2	9,980.5

(Millions of Dollars)	CL&P Carrying Amount	CL&P Fair Value	NSTAR Electric Carrying Amount	NSTAR Electric Fair Value	PSNH Carrying Amount	PSNH Fair Value	WMECO Carrying Amount	WMECO Fair Value
As of September 30, 2017:								
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 115.9	$ 43.0	$ 44.4	$ —	$ —	$ —	$ —
Long-Term Debt	3,058.9	3,388.8	2,426.2	2,598.1	1,002.6	1,047.0	566.2	603.7
As of December 31, 2016:								
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 114.7	$ 43.0	$ 43.6	$ —	$ —	$ —	$ —
Long-Term Debt	2,766.0	3,049.6	2,078.1	2,201.6	1,072.0	1,109.7	566.5	589.0

Derivative Instruments and Marketable Securities: Derivative instruments and investments in marketable securities are carried at fair value. For further information, see Note 4, "Derivative Instruments," and Note 5, "Marketable Securities," to the financial statements.

See Note 1D, "Summary of Significant Accounting Policies - Fair Value Measurements," for the fair value measurement policy and the fair value hierarchy.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in accumulated other comprehensive income/(loss) by component, net of tax, is as follows:

Eversource (Millions of Dollars)	2017: Qualified Cash Flow Hedging Instruments	2017: Unrealized Gains on Marketable Securities	2017: Defined Benefit Plans	2017: Total	2016: Qualified Cash Flow Hedging Instruments	2016: Unrealized Gains/(Losses) on Marketable Securities	2016: Defined Benefit Plans	2016: Total
	For the Nine Months Ended September 30, 2017				For the Nine Months Ended September 30, 2016			
Balance as of Beginning of Period	$ (8.2)	$ 0.4	$ (57.5)	$ (65.3)	$ (10.3)	$ (1.9)	$ (54.6)	$ (66.8)
OCI Before Reclassifications	—	0.7	(3.5)	(2.8)	—	2.3	(5.3)	(3.0)
Amounts Reclassified from AOCL	1.6	—	2.9	4.5	1.6	—	2.6	4.2
Net OCI	1.6	0.7	(0.6)	1.7	1.6	2.3	(2.7)	1.2
Balance as of End of Period	$ (6.6)	$ 1.1	$ (58.1)	$ (63.6)	$ (8.7)	$ 0.4	$ (57.3)	$ (65.6)

Eversource's qualified cash flow hedging instruments represent interest rate swap agreements on debt issuances that were settled in prior years. The settlement amount was recorded in AOCL and is being amortized into Net Income over the term of the underlying debt instrument. CL&P, PSNH and WMECO continue to amortize interest rate swaps settled in prior years from AOCL into Interest Expense over the remaining life of the associated long-term debt. Such interest rate swaps are not material to their respective financial statements.

Defined benefit plan OCI amounts before reclassifications relate to actuarial gains and losses and prior service costs that arose during the year and were recognized in AOCL. The unamortized actuarial gains and losses and prior service costs on the defined benefit plans are amortized from AOCL into Operations and Maintenance expense over the average future employee service period, and are reflected in amounts reclassified from AOCL. For further information, see Note 7, "Pension Benefits and Postretirement Benefits Other Than Pensions."

12. COMMON SHARES

The following table sets forth the Eversource parent common shares and the shares of common stock of CL&P, NSTAR Electric, PSNH and WMECO that were authorized and issued, as well as the respective per share par values:

		Shares		
		Authorized as of September 30, 2017 and	Issued as of	
	Par Value	December 31, 2016	September 30, 2017	December 31, 2016
Eversource	$ 5	380,000,000	333,878,402	333,878,402
CL&P	$ 10	24,500,000	6,035,205	6,035,205
NSTAR Electric	$ 1	100,000,000	100	100
PSNH	$ 1	100,000,000	301	301
WMECO	$ 25	1,072,471	434,653	434,653

As of both September 30, 2017 and December 31, 2016, there were 16,992,594 Eversource common shares held as treasury shares. As of both September 30, 2017 and December 31, 2016, Eversource common shares outstanding were 316,885,808.

13. COMMON SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS

Dividends on the preferred stock of CL&P and NSTAR Electric totaled $1.9 million for both of the three months ended September 30, 2017 and 2016, and $5.6 million for both of the nine months ended September 30, 2017 and 2016. These dividends were presented as Net Income Attributable to Noncontrolling Interests on the Eversource statements of income. Noncontrolling Interest – Preferred Stock of Subsidiaries on the Eversource balance sheets totaled $155.6 million as of September 30, 2017 and December 31, 2016. On the Eversource balance sheets, Common Shareholders' Equity was fully attributable to the parent and Noncontrolling Interest – Preferred Stock of Subsidiaries was fully attributable to the noncontrolling interest.

14. EARNINGS PER SHARE

Basic EPS is computed based upon the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of common shares outstanding plus the potential dilutive effect of certain share-based compensation awards as if they were converted into common shares. The dilutive effect of unvested RSU and performance share awards is calculated using the treasury stock method. RSU and performance share awards are included in basic weighted average common shares outstanding as of the date that all necessary vesting conditions have been satisfied. For the three and nine months ended September 30, 2017 and 2016, there were no antidilutive share awards excluded from the computation of diluted EPS.

The following table sets forth the components of basic and diluted EPS:

Eversource *(Millions of Dollars, except share information)*	For the Three Months Ended September 30, 2017	 September 30, 2016	For the Nine Months Ended September 30, 2017	 September 30, 2016
Net Income Attributable to Common Shareholders	$ 260.4	$ 265.3	$ 750.6	$ 713.1
Weighted Average Common Shares Outstanding:				
Basic	317,393,029	317,787,836	317,415,848	317,696,823
Dilutive Effect	556,367	789,243	591,194	814,786
Diluted	317,949,396	318,577,079	318,007,042	318,511,609
Basic and Diluted EPS	$ 0.82	$ 0.83	$ 2.36	$ 2.24

15. SEGMENT INFORMATION

Presentation: Eversource is organized among the Electric Distribution, Electric Transmission and Natural Gas Distribution reportable segments and Other based on a combination of factors, including the characteristics of each segments' services, the sources of operating revenues and expenses and the regulatory environment in which each segment operates. These reportable segments represent substantially all of Eversource's total consolidated revenues. Revenues from the sale of electricity and natural gas primarily are derived from residential, commercial and industrial customers and are not dependent on any single customer. The Electric Distribution reportable segment includes the generation activities of NSTAR Electric, PSNH and WMECO.

The remainder of Eversource's operations is presented as Other in the tables below and primarily consists of 1) the equity in earnings of Eversource parent from its subsidiaries and intercompany interest income, both of which are eliminated in consolidation, and interest expense related to the debt of Eversource parent, 2) the revenues and expenses of Eversource Service, most of which are eliminated in consolidation, 3) the operations of CYAPC and YAEC, and 4) the results of other unregulated subsidiaries, which are not part of its core business. In addition, Other in the tables below includes Eversource parent's equity ownership interests in certain natural gas pipeline projects owned by Enbridge, Inc., the Bay State Wind project, a renewable energy investment fund, and two companies that transmit hydroelectricity imported from the Hydro-Quebec system in Canada. In the ordinary course of business, Yankee Gas and NSTAR Gas purchase natural gas transmission services from the Enbridge, Inc. natural gas pipeline projects described above. These affiliate transaction costs total approximately $62.5 million annually and are classified as Purchased Power, Fuel and Transmission on the Eversource statements of income.

Cash flows used for investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred but not paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense.

Eversource's reportable segments are determined based upon the level at which Eversource's chief operating decision maker assesses performance and makes decisions about the allocation of company resources. Each of Eversource's subsidiaries, including CL&P, NSTAR Electric, PSNH and WMECO, has one reportable segment. Eversource's operating segments and reporting units are consistent with its reportable business segments.

Eversource's segment information is as follows:

	For the Three Months Ended September 30, 2017					
Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Other**	**Eliminations**	**Total**
Operating Revenues	$ 1,547.1	$ 109.2	$ 328.5	$ 224.2	$ (220.5)	$ 1,988.5
Depreciation and Amortization	(159.6)	(15.2)	(52.6)	(9.5)	0.6	(236.3)
Other Operating Expenses	(1,088.7)	(95.5)	(95.5)	(190.0)	220.1	(1,249.6)
Operating Income/(Loss)	$ 298.8	$ (1.5)	$ 180.4	$ 24.7	$ 0.2	$ 502.6
Interest Expense	$ (51.3)	$ (10.8)	$ (29.2)	$ (21.8)	$ 4.4	$ (108.7)
Other Income, Net	7.7	0.3	8.5	267.5	(262.8)	21.2
Net Income/(Loss) Attributable to Common Shareholders	157.4	(6.2)	99.0	268.4	(258.2)	260.4

	For the Nine Months Ended September 30, 2017					
Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Other**	**Eliminations**	**Total**
Operating Revenues	$ 4,224.2	$ 698.8	$ 970.0	$ 677.5	$ (714.0)	$ 5,856.5
Depreciation and Amortization	(394.9)	(54.8)	(154.5)	(26.7)	1.7	(629.2)
Other Operating Expenses	(3,056.0)	(535.2)	(280.4)	(602.4)	714.0	(3,760.0)
Operating Income	$ 773.3	$ 108.8	$ 535.1	$ 48.4	$ 1.7	$ 1,467.3
Interest Expense	$ (149.0)	$ (32.3)	$ (86.1)	$ (63.1)	$ 11.0	$ (319.5)
Other Income, Net	15.2	0.8	20.1	853.9	(833.7)	56.3
Net Income Attributable to Common Shareholders	393.4	49.1	289.6	839.5	(821.0)	750.6
Cash Flows Used for Investments in Plant	752.4	209.8	575.6	104.5	—	1,642.3

	For the Three Months Ended September 30, 2016					
Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Other**	**Eliminations**	**Total**
Operating Revenues	$ 1,623.4	$ 99.2	$ 306.8	$ 211.5	$ (201.2)	$ 2,039.7
Depreciation and Amortization	(154.8)	(15.2)	(47.1)	(8.6)	0.5	(225.2)
Other Operating Expenses	(1,146.8)	(87.8)	(90.2)	(179.3)	199.5	(1,304.6)
Operating Income/(Loss)	$ 321.8	$ (3.8)	$ 169.5	$ 23.6	$ (1.2)	$ 509.9
Interest Expense	$ (49.0)	$ (10.2)	$ (26.9)	$ (15.1)	$ 1.3	$ (99.9)
Other Income, Net	5.3	0.6	6.3	256.9	(255.5)	13.6
Net Income/(Loss) Attributable to Common Shareholders	170.1	(7.0)	88.4	268.5	(254.7)	265.3

	For the Nine Months Ended September 30, 2016					
Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Other**	**Eliminations**	**Total**
Operating Revenues	$ 4,362.6	$ 622.3	$ 892.5	$ 636.8	$ (651.7)	$ 5,862.5
Depreciation and Amortization	(380.9)	(47.9)	(137.7)	(23.1)	1.6	(588.0)
Other Operating Expenses	(3,230.1)	(462.4)	(245.7)	(564.7)	650.2	(3,852.7)
Operating Income	$ 751.6	$ 112.0	$ 509.1	$ 49.0	$ 0.1	$ 1,421.8
Interest Expense	$ (144.6)	$ (30.8)	$ (82.2)	$ (45.8)	$ 4.8	$ (298.6)
Other Income, Net	11.6	0.5	14.2	781.4	(784.0)	23.7
Net Income Attributable to Common Shareholders	381.3	51.9	266.6	791.7	(778.4)	713.1
Cash Flows Used for Investments in Plant	570.9	170.3	536.2	81.8	—	1,359.2

The following table summarizes Eversource's segmented total assets:

Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Other**	**Eliminations**	**Total**
As of September 30, 2017	$ 18,826.0	$ 3,432.6	$ 9,290.3	$ 14,939.4	$ (13,324.7)	$ 33,163.6
As of December 31, 2016	18,367.5	3,303.8	8,751.5	14,493.1	(12,862.7)	32,053.2

EVERSOURCE ENERGY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related combined notes included in this combined Quarterly Report on Form 10-Q, the combined quarterly reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017, as well as the Eversource 2016 Form 10-K. References in this combined Quarterly Report on Form 10-Q to "Eversource," the "Company," "we," "us," and "our" refer to Eversource Energy and its consolidated subsidiaries. All per-share amounts are reported on a diluted basis. The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P and WMECO are herein collectively referred to as the "financial statements."

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The only common equity securities that are publicly traded are common shares of Eversource. The earnings and EPS of each business discussed below do not represent a direct legal interest in the assets and liabilities of such business but rather represent a direct interest in our assets and liabilities as a whole. EPS by business is a financial measure not recognized under GAAP calculated by dividing the Net Income Attributable to Common Shareholders of each business by the weighted average diluted Eversource common shares outstanding for the period. We use this non-GAAP financial measure to evaluate and provide details of earnings results by business. We believe that the non-GAAP presentation is a meaningful representative of our financial performance and provides additional and useful information to readers of this report in analyzing historical and future performance by business. This non-GAAP financial measure should not be considered as an alternative to reported Net Income Attributable to Common Shareholders or EPS determined in accordance with GAAP as an indicator of operating performance.

From time to time, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to:

- cyber breaches, acts of war or terrorism, or grid disturbances,
- actions or inaction of local, state and federal regulatory, public policy and taxing bodies,
- changes in business conditions, which could include disruptive technology related to our current or future business model,
- changes in economic conditions, including impact on interest rates, tax policies, and customer demand and payment ability,
- fluctuations in weather patterns,
- changes in laws, regulations or regulatory policy,
- changes in levels or timing of capital expenditures,
- disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly,
- developments in legal or public policy doctrines,
- technological developments,
- changes in accounting standards and financial reporting regulations,
- actions of rating agencies, and
- other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated as necessary, and we encourage you to consult such disclosures.

All such factors are difficult to predict and contain uncertainties that may materially affect our actual results, many of which are beyond our control. You should not place undue reliance on the forward-looking statements, as each speaks only as of the date on which such statement is made, and, except as required by federal securities laws, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For more information, see Item 1A, Risk Factors, included in this combined Quarterly Report on Form 10-Q and in Eversource's 2016 combined Annual Report on Form 10-K. This combined Quarterly Report on Form 10-Q and Eversource's 2016 combined Annual Report on Form 10-K also describe material contingencies and critical accounting policies in the accompanying *Management's Discussion and Analysis of Financial Condition and Results of Operations and Combined Notes to Financial Statements*. We encourage you to review these items.

Financial Condition and Business Analysis

Executive Summary

The following items in this executive summary are explained in more detail in this combined Quarterly Report on Form 10-Q:

Results:

- We earned $260.4 million, or $0.82 per share, in the third quarter of 2017, and $750.6 million, or $2.36 per share, in the first nine months of 2017, compared with $265.3 million, or $0.83 per share, in the third quarter of 2016, and $713.1 million, or $2.24 per share, in the first nine months of 2016.

- Our electric distribution segment, which includes generation, earned $157.4 million, or $0.50 per share, in the third quarter of 2017, and $393.4 million, or $1.24 per share, in the first nine months of 2017, compared with $170.1 million, or $0.53 per share, in the third quarter of 2016, and $381.3 million, or $1.20 per share, in the first nine months of 2016.

- Our electric transmission segment earned $99.0 million, or $0.31 per share, in the third quarter of 2017, and $289.6 million, or $0.91 per share, in the first nine months of 2017, compared with $88.4 million, or $0.28 per share, in the third quarter of 2016, and $266.6 million, or $0.84 per share, in the first nine months of 2016.

- Our natural gas distribution segment had a net loss of $6.2 million, or $0.02 per share, in the third quarter of 2017, and earnings of $49.1 million, or $0.15 per share, in the first nine months of 2017, compared with a net loss of $7.0 million, or $0.02 per share, in the third quarter of 2016, and earnings of $51.9 million, or $0.16 per share, in the first nine months of 2016.

- Eversource parent and other companies earned $10.2 million in the third quarter of 2017 and $18.5 million in the first nine months of 2017, compared with $13.8 million in the third quarter of 2016 and $13.3 million in the first nine months of 2016.

Liquidity:

- Cash flows provided by operating activities totaled $1.49 billion in the first nine months of 2017, compared with $1.65 billion in the first nine months of 2016. Investments in property, plant and equipment totaled $1.64 billion in the first nine months of 2017, compared with $1.36 billion in the first nine months of 2016. Cash and cash equivalents totaled $125.8 million as of September 30, 2017, compared with $30.3 million as of December 31, 2016.

- In 2017, we issued $2.5 billion of new long-term debt, consisting of $1.2 billion by Eversource parent, $700 million by NSTAR Electric, $525 million by CL&P, and $75 million by Yankee Gas. Proceeds from these new issuances were used primarily to pay short-term borrowings and redeem long-term debt at maturity.

- On September 6, 2017, our Board of Trustees approved a common share dividend payment of $0.475 per share, which was paid on September 29, 2017 to shareholders of record as of September 19, 2017.

Strategic, Legislative, Regulatory, Policy and Other Items:

- On October 6, 2017, the FERC issued an order that did not accept the NETOs June 5, 2017 filing to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent. Therefore, the Company will continue to recognize transmission revenues as billed utilizing a base ROE of 10.57 percent with an incentive cap of 11.74 percent.

- On October 12, 2017, PSNH filed an application with the NHPUC requesting approval of the sale of PSNH's thermal and hydroelectric power generation assets in New Hampshire to private investors for a combined purchase price totaling $258 million.

- On October 29, 2017, a storm delivered high winds and rain, causing extensive damage to our electric distribution systems across all three states. We estimate that more than 800,000 of our electric distribution customers were without power during or following the storm. Restoration costs cannot be estimated at this time. As a result of the extent of the damages, we expect the storm restoration costs will be material and will exceed the criteria to be declared a major storm in Connecticut, New Hampshire, and Massachusetts and, as a result, we do not expect the storm to have a material impact on our results of operations.

Overview

Consolidated: Below is a summary of our earnings by business, which also reconciles the non-GAAP financial measure of EPS by business to the most directly comparable GAAP measure of diluted EPS, for the third quarter and the first nine months of 2017 and 2016.

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2017		2016		2017		2016	
(Millions of Dollars, Except Per-Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net Income Attributable to Common Shareholders (GAAP)	$ 260.4	$ 0.82	$ 265.3	$ 0.83	$ 750.6	$ 2.36	$ 713.1	$ 2.24
Regulated Companies	$ 250.2	$ 0.79	$ 251.5	$ 0.79	$ 732.1	$ 2.30	$ 699.8	$ 2.20
Eversource Parent and Other Companies	10.2	0.03	13.8	0.04	18.5	0.06	13.3	0.04
Net Income Attributable to Common Shareholders (GAAP)	$ 260.4	$ 0.82	$ 265.3	$ 0.83	$ 750.6	$ 2.36	$ 713.1	$ 2.24

Regulated Companies: Our Regulated companies consist of the electric distribution, electric transmission, and natural gas distribution segments. Generation activities of PSNH and WMECO are included in our electric distribution segment. A summary of our segment earnings and EPS for the third quarter and the first nine months of 2017 and 2016 is as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2017		2016		2017		2016	
(Millions of Dollars, Except Per-Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Electric Distribution	$ 157.4	$ 0.50	$ 170.1	$ 0.53	$ 393.4	$ 1.24	$ 381.3	$ 1.20
Electric Transmission	99.0	0.31	88.4	0.28	289.6	0.91	266.6	0.84
Natural Gas Distribution	(6.2)	(0.02)	(7.0)	(0.02)	49.1	0.15	51.9	0.16
Net Income - Regulated Companies	$ 250.2	$ 0.79	$ 251.5	$ 0.79	$ 732.1	$ 2.30	$ 699.8	$ 2.20

Our electric distribution segment earnings decreased $12.7 million in the third quarter of 2017, as compared to the third quarter of 2016, due primarily to lower sales volumes and demand revenues driven by the mild summer weather during the third quarter of 2017, primarily at NSTAR Electric, as well as higher property tax, depreciation and interest expense.

Our electric distribution segment earnings increased $12.1 million in the first nine months of 2017, as compared to the first nine months of 2016, due primarily to lower operations and maintenance expense, partially offset by lower sales volumes driven by the mild summer weather during the third quarter of 2017, primarily at NSTAR Electric, higher depreciation and interest expense, and lower generation earnings.

Our electric transmission segment earnings increased $10.6 million and $23.0 million in the third quarter and first nine months of 2017, respectively, as compared to the third quarter and first nine months of 2016, due primarily to a higher transmission rate base as a result of our continued investment in our transmission infrastructure, partially offset by a lower benefit in the second quarter of 2017 related to the annual billing and cost reconciliation filing with the FERC.

Our natural gas distribution segment results improved $0.8 million in the third quarter of 2017, as compared to the third quarter of 2016, and earnings decreased $2.8 million in the first nine months of 2017, as compared to the first nine months of 2016. The decrease in the first nine months of 2017 was due primarily to higher depreciation expense, higher operations and maintenance expense, and lower demand revenues in Connecticut driven by lower peak usage in 2017, as compared to 2016, as a result of milder winter weather.

Eversource Parent and Other Companies: Eversource parent and other companies earned $10.2 million in the third quarter of 2017 and $18.5 million in the first nine months of 2017, compared with $13.8 million in the third quarter of 2016 and $13.3 million in the first nine months of 2016. The improved year-to-date results were largely due to increased gains on investments recorded in 2017, partially offset by higher interest expense.

Electric and Natural Gas Sales Volumes: Weather, fluctuations in energy supply costs, conservation measures (including utility-sponsored energy efficiency programs), and economic conditions affect customer energy usage. Industrial sales volumes are less sensitive to temperature variations than residential and commercial sales volumes. In our service territories, weather impacts electric sales volumes during the summer and both electric and natural gas sales volumes during the winter; however, natural gas sales volumes are more sensitive to temperature variations than are electric sales volumes. Customer heating or cooling usage may not directly correlate with historical levels or with the level of degree-days that occur.

Fluctuations in retail electric sales volumes at NSTAR Electric and PSNH impact earnings ("Traditional" in the table below). For CL&P and WMECO, fluctuations in retail electric sales volumes do not impact earnings due to their respective regulatory commission approved distribution revenue decoupling mechanisms ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized. CL&P and WMECO reconcile their annual base distribution rate recovery amounts to their respective pre-established levels of baseline distribution delivery service revenues of $1.059 billion and $132.4 million, respectively. Any difference between the allowed level of distribution revenue and the actual amount incurred during a 12-month period is adjusted through rates in the following period.

Fluctuations in natural gas sales volumes in Connecticut impact earnings ("Traditional" in the table below). In Massachusetts, fluctuations in natural gas sales volumes do not impact earnings due to the DPU-approved natural gas distribution revenue decoupling mechanism approved in the last rate case decision ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized.

A summary of our retail electric GWh sales volumes and our firm natural gas MMcf sales volumes, as well as percentage changes, is as follows:

	For the Three Months Ended September 30, 2017 Compared to 2016			For the Nine Months Ended September 30, 2017 Compared to 2016		
	Sales Volumes (GWh)		Percentage	Sales Volumes (GWh)		Percentage
Electric	2017	2016	Decrease	2017	2016	Decrease
Traditional:						
Residential	2,583	2,910	(11.2)%	7,126	7,407	(3.8)%
Commercial	4,291	4,525	(5.2)%	12,058	12,376	(2.6)%
Industrial	671	696	(3.6)%	1,856	1,948	(4.7)%
Total – Traditional	7,545	8,131	(7.2)%	21,040	21,731	(3.2)%
Decoupled:						
Residential	2,972	3,398	(12.5)%	8,334	8,750	(4.8)%
Commercial	2,849	3,039	(6.3)%	8,003	8,315	(3.8)%
Industrial	730	776	(5.9)%	2,054	2,170	(5.3)%
Total – Decoupled	6,551	7,213	(9.2)%	18,391	19,235	(4.4)%
Total Sales Volumes	14,096	15,344	(8.1)%	39,431	40,966	(3.7)%

	For the Three Months Ended September 30, 2017 Compared to 2016			For the Nine Months Ended September 30, 2017 Compared to 2016		
	Sales Volumes (MMcf)		Percentage	Sales Volumes (MMcf)		Percentage
Firm Natural Gas	2017	2016	Increase/(Decrease)	2017	2016	Increase/(Decrease)
Traditional:						
Residential	1,036	956	8.4 %	10,138	10,109	0.3 %
Commercial	2,482	2,350	5.6 %	14,432	13,864	4.1 %
Industrial	2,032	1,964	3.5 %	7,663	7,597	0.9 %
Total – Traditional	5,550	5,270	5.3 %	32,233	31,570	2.1 %
Decoupled:						
Residential	1,244	1,308	(4.9)%	14,593	13,848	5.4 %
Commercial	2,314	2,147	7.8 %	15,072	15,019	0.4 %
Industrial	1,270	990	28.3 %	4,293	4,163	3.1 %
Total – Decoupled	4,828	4,445	8.6 %	33,958	33,030	2.8 %
Special Contracts (1)	1,147	1,208	(5.0)%	3,495	3,507	(0.3)%
Total – Decoupled and Special Contracts	5,975	5,653	5.7 %	37,453	36,537	2.5 %
Total Sales Volumes	11,525	10,923	5.5 %	69,686	68,107	2.3 %

(1) Special contracts are unique to the natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

For the third quarter and the first nine months of 2017, retail electric sales volumes at our electric utilities with a traditional rate structure (NSTAR Electric and PSNH) were lower, as compared to the third quarter and first nine months of 2016. Sales volumes were negatively impacted by the mild summer weather in the third quarter of 2017, as compared to the same period in 2016, and lower customer usage driven by the impact of increased customer energy conservation efforts. Cooling degree days for the first nine months of 2017 were 17.8 percent lower in the Boston metropolitan area and 24.8 percent lower in New Hampshire, as compared to the same period in 2016.

On January 28, 2016, Eversource received approval of a three-year energy efficiency plan in Massachusetts, which includes recovery of LBR at NSTAR Electric until it is operating under a decoupled rate structure. NSTAR Electric earns LBR related to reductions in sales volume as a result of successful energy efficiency programs. LBR is recovered from retail customers through current rates. NSTAR Electric recognized LBR of $18.8 million and $54.7 million in the third quarter and first nine months of 2017, respectively, compared to $17.4 million and $44.1 million in the third quarter and first nine months of 2016, respectively.

Our firm natural gas sales volumes are subject to many of the same influences as our retail electric sales volumes. In addition, they have benefited from customer growth in both of our natural gas distribution companies. Consolidated firm natural gas sales volumes were higher in the first nine months of 2017, as compared to the first nine months of 2016, due primarily to improved economic conditions across our service territories, partially offset by increased customer energy conservation efforts. The first quarter of 2017 mild winter weather was more than offset by colder than normal weather in the second quarter of 2017. Heating degree days for the first nine months of 2017 were 2.2 percent higher in Connecticut, as compared to the same period in 2016.

Major Storm: On October 29, 2017, a storm delivered high winds and rain, causing extensive damage to our electric distribution systems across all three states. We estimate that more than 800,000 of our electric distribution customers were without power during or following the storm. Restoration costs cannot be estimated at this time. As a result of the extent of the damages, we expect the storm restoration costs will be material and will exceed the criteria to be declared a major storm in Connecticut, New Hampshire, and Massachusetts and that each operating company will seek recovery of these costs through its applicable regulatory recovery process. As a result, all qualifying expenses prudently incurred during the storm will be deferred and recovered from customers. We do not expect the storm to have a material impact to the results of operations of CL&P, NSTAR Electric, PSNH or WMECO.

Liquidity

Consolidated: Cash and cash equivalents totaled $125.8 million as of September 30, 2017, compared with $30.3 million as of December 31, 2016.

Long-Term Debt Issuances: In August 2017, CL&P issued $225 million of 4.30 percent 2014 Series A First and Refunding Mortgage Bonds due to mature in 2044. These bonds are part of the same series of CL&P's existing 4.30 percent bonds that were initially issued in 2014. The aggregate outstanding principal amount for these bonds is now $475 million. The proceeds, net of issuance costs, were used to refinance short-term debt and fund capital expenditures and working capital.

In September 2017, Yankee Gas issued $75 million of 3.02 percent Series N First Mortgage Bonds due to mature in 2027. The proceeds, net of issuance costs, were used to repay short-term borrowings.

In October 2017, Eversource parent issued $450 million 2.75 percent Series K Senior Notes due to mature in 2022. These senior notes are part of the same series of Eversource parent's existing 2.75 percent Series K Senior Notes that were initially issued in March 2017. The aggregate outstanding principal amount for the Series K Senior Notes is now $750 million. In addition, Eversource parent issued $450 million of 2.90 percent 2017 Series L Senior Notes due to mature in 2024. The proceeds, net of issuance costs, were used to repay short-term borrowings.

In October 2017, NSTAR Electric issued $350 million of 3.20 percent Debentures due to mature in 2027. The debentures are part of the same series of NSTAR Electric's existing 3.20 percent Debentures that were initially issued in May 2017. The aggregate outstanding principal amount for the 3.20 percent Debentures is now $700 million. The proceeds, net of issuance costs, will be used to redeem long-term debt due to mature on November 15, 2017.

Long-Term Debt Repayments: In September 2017, CL&P repaid at maturity $100 million of 5.75 percent 2007 Series C First Mortgage Bonds and PSNH repaid at maturity $70 million of 6.15 percent 2007 Series N First Mortgage Bonds.

In October 2017, NSTAR Gas repaid at maturity $25 million of 7.04 percent Series M First Mortgage Bonds.

Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. As of September 30, 2017 and December 31, 2016, Eversource parent had $917.0 million and approximately $1.0 billion, respectively, in short-term borrowings outstanding under the Eversource parent commercial paper program, leaving $533.0 million and $428.0 million of available borrowing capacity as of September 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of September 30, 2017 and December 31, 2016 was 1.34 percent and 0.88 percent, respectively. As of September 30, 2017, there were intercompany loans from Eversource parent of $202.3 million to PSNH, and $96.9 million to WMECO. As of December 31, 2016, there were intercompany loans from Eversource parent of $80.1 million to CL&P, $160.9 million to PSNH and $51.0 million to WMECO. Eversource parent, CL&P, PSNH, WMECO, NSTAR Gas and Yankee Gas are parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on September 4, 2021. The revolving credit facility serves to backstop Eversource parent's $1.45 billion commercial paper program. There were no borrowings outstanding on the revolving credit facility as of September 30, 2017 and December 31, 2016.

Except as described below, amounts outstanding under the commercial paper programs are included in Notes Payable for Eversource and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time.

As a result of the October 2017 Eversource parent long-term debt issuances, the net proceeds of which were used to repay short-term borrowings outstanding under the Eversource parent commercial paper program, $898.8 million of short-term debt was reclassified to Long-Term Debt as of September 30, 2017.

NSTAR Electric has a $450 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. As of September 30, 2017, NSTAR Electric had no short-term borrowings outstanding and as of December 31, 2016, NSTAR Electric had $126.5 million in short-term borrowings outstanding under its commercial paper program, leaving $450.0 million and $323.5 million of available borrowing capacity as of September 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of December 31, 2016 was 0.71 percent. NSTAR Electric is a party to a five-year $450 million revolving credit facility. The revolving credit facility terminates on September 4, 2021. The revolving credit facility serves to backstop NSTAR Electric's $450 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of September 30, 2017 and December 31, 2016.

Cash Flows: Cash flows provided by operating activities totaled $1.49 billion in the first nine months of 2017, compared with $1.65 billion in the first nine months of 2016. The decrease in operating cash flows was due primarily to the $200.7 million net unfavorable impact as a result of the change in income tax payments made, or refunds received, in 2017 when compared to 2016. This unfavorable impact was primarily the result of the December 2015 legislation, which extended the accelerated deduction of depreciation from 2015 to 2019. The legislation resulted in a significant refund of approximately $275 million, which we received in the first quarter of 2016. Additionally, there was an increase of $76.0 million in Pension and PBOP Plan cash contributions made in the first nine months of 2017, as compared to the same period in 2016. Partially offsetting these unfavorable impacts was the benefit related to the timing of regulatory recoveries and the timing of collections and payments of our working capital items, including accounts receivable and accounts payable.

On September 6, 2017, our Board of Trustees approved a common share dividend payment of $0.475 per share, which was paid on September 29, 2017 to shareholders of record as of September 19, 2017.

In the first nine months of 2017, CL&P, NSTAR Electric, PSNH, and WMECO paid $205.2 million, $186.0 million, $23.9 million, and $28.5 million, respectively, in common stock dividends to Eversource parent.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense. In the first nine months of 2017, investments for Eversource, CL&P, NSTAR Electric, PSNH, and WMECO were $1.64 billion, $621.9 million, $358.0 million, $215.5 million, and $109.2 million respectively.

Business Development and Capital Expenditures

Aquarion: On June 2, 2017, Eversource announced that it had entered into an agreement to acquire Aquarion from Macquarie Infrastructure Partners for $1.675 billion, consisting of approximately $880 million in cash and $795 million of assumed Aquarion debt. The transaction requires approval from PURA, the DPU, the NHPUC, the Maine PUC, and the Federal Communications Commission, and is also subject to a review under the Hart-Scott-Rodino Act. On June 29, 2017, Eversource and Aquarion filed joint applications with regulatory agencies in Connecticut, Massachusetts, New Hampshire and Maine requesting approval of the transaction. With the exception of Massachusetts, all state and federal regulatory agency approvals have been received and the related review period has expired. The transaction is expected to close by December 31, 2017.

Bay State Wind: Bay State Wind is a proposed offshore wind project being jointly developed by Eversource and Denmark-based Ørsted (formerly known as DONG Energy). Bay State Wind will be located in a 300-square-mile area approximately 15 to 25 miles south of Martha's Vineyard that has the ultimate potential to generate more than 2,000 MW of energy. Both Eversource and Ørsted hold a 50 percent ownership interest in Bay State Wind. In August 2016, Massachusetts passed clean energy legislation that requires EDCs to jointly solicit RFPs and enter into long-term contracts for offshore wind, creating RFP opportunities for projects like Bay State Wind. On June 29, 2017, the Bureau of Ocean Energy Management ("BOEM") approved the project’s Site Assessment Plan ("SAP"), the first BOEM approval of an offshore wind SAP in the U.S.

On June 29, 2017, the Massachusetts RFP was issued, seeking bids for a minimum of 400 MW of offshore wind capacity. The RFP states that bids of up to 800 MW would be considered, provided they demonstrate significant net economic benefits to customers. Bay State Wind submitted a Notice of Intent to Bid on July 26, 2017, and will submit a proposal by the December 20, 2017 due date.

Consolidated Capital Expenditures: Our consolidated capital expenditures, including amounts incurred but not paid, cost of removal, AFUDC, and the capitalized portions of pension expense (all of which are non-cash factors), totaled $1.69 billion in the first nine months of 2017, compared to $1.43 billion in the first nine months of 2016. These amounts included $97.8 million and $87.1 million in the first nine months of 2017 and 2016, respectively, related to information technology and facilities upgrades and enhancements, primarily at Eversource Service and The Rocky River Realty Company.

Electric Transmission Business:

Our consolidated electric transmission business capital expenditures increased by $40.9 million in the first nine months of 2017, as compared to the first nine months of 2016. A summary of electric transmission capital expenditures by company is as follows:

	For the Nine Months Ended September 30,	
(Millions of Dollars)	2017	2016
CL&P	$ 300.7	$ 211.8
NSTAR Electric	108.5	162.6
PSNH	87.4	80.2
WMECO	70.9	75.7
NPT	32.1	28.4
Total Electric Transmission Segment	$ 599.6	$ 558.7

Northern Pass: Northern Pass is a planned HVDC transmission line from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire. Northern Pass will interconnect at the Québec-New Hampshire border with a planned HQ HVDC transmission line.

On April 13, 2017, the New Hampshire Site Evaluation Committee ("NH SEC") commenced final adjudicative hearings that, on August 31, 2017, were extended and will result in the issuance of a final order by March 31, 2018.

On August 10, 2017, the DOE issued the final Environmental Impact Statement for Northern Pass concluding that the proposed Northern Pass route is the preferred alternative, providing substantial benefits with only minimal impacts. Siting and permitting at both the state and federal levels is well advanced and the DOE is expected to issue the Presidential Permit for Northern Pass during the fourth quarter of 2017. Northern Pass is expected to be placed in service in the second half of 2020.

In August 2016, Massachusetts enacted clean energy legislation that requires EDCs to solicit proposals jointly and enter into long-term contracts for energy, such as hydropower. The RFP was issued on March 31, 2017 and on July 27, 2017, Eversource Energy Transmission Ventures, Inc. and HQ jointly submitted proposals for Northern Pass into the Massachusetts clean energy RFP.

Greater Boston Reliability Solution: In February 2015, ISO-NE selected the Greater Boston and New Hampshire Solution (the "Solution"), proposed by Eversource and National Grid, to satisfy the requirements identified in the Greater Boston study. The Solution consists of a portfolio of electric transmission upgrades covering southern New Hampshire and northern Massachusetts and continuing into the greater Boston metropolitan area, of which 28 are in Eversource's service territory. The NH SEC issued its written order approving the New Hampshire upgrades on October 4, 2016. We are currently pursuing the necessary regulatory and siting application approvals in Massachusetts. To date, we have received approval for two of these projects from the Massachusetts Energy Facilities Siting Board. Construction has also begun on several smaller projects not requiring siting approval. All upgrades are expected to be completed by the end of 2019. We estimate our portion of the investment in the Solution will be approximately $560 million, of which $186.3 million has been capitalized through September 30, 2017.

GHCC: The Greater Hartford Central Connecticut ("GHCC") projects, which have been approved by ISO-NE, consist of 27 projects with an expected investment of approximately $350 million that are expected to be placed in service through 2019. Sixteen projects have been placed in service, and eight projects are in active construction. As of September 30, 2017, CL&P had capitalized $192.3 million in costs associated with GHCC.

Seacoast Reliability Project: On April 12, 2016, PSNH filed a siting application with the NH SEC for the Seacoast Reliability Project, a 13-mile, 115kV transmission line within several New Hampshire communities, which proposes to use a combination of overhead, underground and underwater line design to help meet the growing demand for electricity in the Seacoast region. In June 2016, the NH SEC accepted our application as complete. Due to delays with the siting hearings, we now expect the NH SEC decision in mid-2018, and this project is now expected to be completed by the end of 2019. We estimate our investment in this project to be approximately $84 million, of which, through September 30, 2017, PSNH had capitalized $19.7 million in costs.

Distribution Business:

A summary of distribution capital expenditures is as follows:

	For the Nine Months Ended September 30,						
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	WMECO	Total Electric	Natural Gas	Total Electric and Natural Gas Distribution Segment
2017							
Basic Business	$ 161.8	$ 110.3	$ 52.5	$ 16.4	$ 341.0	$ 51.3	$ 392.3
Aging Infrastructure	127.4	49.6	63.9	16.3	257.2	149.6	406.8
Load Growth [(1)]	41.0	53.2	14.1	(1.5)	106.8	30.6	137.4
Total Distribution	330.2	213.1	130.5	31.2	705.0	231.5	936.5
Generation [(2)]	—	24.6	6.7	20.9	52.2	—	52.2
Total Electric and Natural Gas Distribution Segment	$ 330.2	$ 237.7	$ 137.2	$ 52.1	$ 757.2	$ 231.5	$ 988.7
2016							
Basic Business	$ 127.0	$ 87.7	$ 46.8	$ 10.7	$ 272.2	$ 48.9	$ 321.1
Aging Infrastructure	97.4	57.8	61.9	17.6	234.7	103.0	337.7
Load Growth [(1)]	31.9	48.1	11.8	(2.5)	89.3	28.3	117.6
Total Distribution	256.3	193.6	120.5	25.8	596.2	180.2	776.4
Generation	—	—	8.5	—	8.5	—	8.5
Total Electric and Natural Gas Distribution Segment	$ 256.3	$ 193.6	$ 129.0	$ 25.8	$ 604.7	$ 180.2	$ 784.9

(1) For the nine months ended September 30, 2017 and September 30, 2016, WMECO had $11.0 million and $6.4 million, respectively, of total contributions in aid of construction, which were credits to capital expenditures for those periods.

(2) In 2017, NSTAR Electric and WMECO incurred capital expenditures related to the construction of solar generation facilities.

For the electric distribution business, basic business includes meters, tools, vehicles, information technology, transformer replacements, equipment facilities, and the relocation of plant. Aging infrastructure relates to reliability and the replacement of overhead lines, plant substations, underground cable replacement, and equipment failures. Load growth includes requests for new business and capacity additions on distribution lines and substation additions and expansions.

For the natural gas distribution segment, basic business addresses daily operational needs including meters, pipe relocations due to public works projects, vehicles, and tools. Aging infrastructure projects seek to improve the reliability of the system through enhancements related to cast iron and bare steel replacement of main and services, corrosion mediation, and station upgrades. Load growth reflects growth in existing service territories including new developments, installation of services, and expansion.

The natural gas distribution segment's capital spending program increased by $51.3 million in the first nine months of 2017, as compared to the first nine months of 2016, primarily due to an increased investment in system replacement and reliability, as well as upgrades to our LNG facilities. We expect the LNG facility upgrades to cost approximately $200 million and to be placed in service in late 2019.

<u>FERC Regulatory Matters</u>

FERC ROE Complaints: Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

On May 26, 2017, the Chief Administrative Law Judge ("ALJ") issued an order that the fourth complaint will continue to trial in December 2017 with an ALJ initial decision expected in March of 2018.

A summary of the four separate complaints and the base ROEs pertinent to those complaints are as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date (1)	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 (1)	Reserve (Pre-Tax and Excluding Interest) as of September 30, 2017 (in millions)		FERC ALJ Recommendation of Base ROE on Second and Third Complaints (Issued March 22, 2016)
First	10/1/2011 - 12/31/2012	11.14%	10.57%	$—	(2)	N/A
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1	(3)	9.59%
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—		10.90%
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—		N/A

(1) The billed ROE (base plus incentives) between October 1, 2011 and October 15, 2014 was within a range of 11.14 percent to 13.1 percent. On October 16, 2014, the FERC set the incentive cap at 11.74 percent for the first complaint period and also effective from October 16, 2014 through April 14, 2017, the date on which the Court vacated this FERC order.

(2) CL&P, NSTAR Electric, PSNH and WMECO have refunded all amounts associated with the first complaint period, totaling $38.9 million (pre-tax and excluding interest) at Eversource (consisting of $22.4 million at CL&P, $8.4 million at NSTAR Electric, $2.8 million at PSNH, and $5.3 million at WMECO), reflecting both the base ROE and incentive cap prescribed by the FERC order.

(3) The reserve represents the difference between the ROEs billed during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $8.5 million for NSTAR Electric, $3.1 million for PSNH, and $6.1 million for WMECO as of September 30, 2017.

On June 5, 2017, the NETOs, including Eversource, submitted a filing to the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. On October 6, 2017, the FERC did not accept the NETOs filing, temporarily leaving in place the ROEs (10.57 percent base ROE with an 11.74 percent incentive cap ROE) set in the first complaint proceeding until the FERC addresses the Court's decision.

On October 5, 2017 the NETOs filed a series of motions, requesting that the FERC dismiss the four complaint proceedings. Alternatively, if the FERC does not dismiss the proceedings, the NETOs requested that the FERC consolidate all four complaint proceedings for expeditious resolution and/or stay the trial in the fourth complaint proceeding and resolve it based on the standards set in the April 14, 2017 Court decision.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. The April 14, 2017 Court decision did not provide a reasonable basis for a change to the reserve balance of $39.1 million (pre-tax, excluding interest) for the second complaint period, and the Company has not changed its reserve or recognized ROEs for any of the complaint periods.

Management cannot at this time predict the ultimate effect of the Court decision or future FERC action on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric, PSNH or WMECO.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

NSTAR Electric and WMECO Merger FERC Filings: On January 13, 2017, Eversource made two filings with FERC related to the proposed merger of WMECO into NSTAR Electric with an anticipated effective date of December 31, 2017. One filing requests FERC approval of the merger, and the other filing requests FERC approval of NSTAR Electric's assumption of WMECO's short-term debt obligations. The FERC approved the merger on March 2, 2017 and will act on the assumption of debt filing by the end of 2017.

Regulatory Developments and Rate Matters

Electric and Natural Gas Base Distribution Rates:

The Regulated companies' distribution rates are set by their respective state regulatory commissions, and their tariffs include mechanisms for periodically adjusting their rates for the recovery of specific incurred costs. Other than as described below, for the first nine months of 2017, changes made to the Regulated companies' rates did not have a material impact on their earnings, financial position, or cash flows. For further information, see "Financial Condition and Business Analysis – Regulatory Developments and Rate Matters" included in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," of the Eversource 2016 Form 10-K.

Connecticut:

On April 20, 2017, PURA approved the joint request of CL&P, the Connecticut Office of Consumer Counsel and the Connecticut Attorney General to amend the deadline to establish new electric distribution rates in the 2012 Connecticut merger settlement agreement from "no later than December 1, 2017" to "no later than July 1, 2018." On October 27, 2017, CL&P filed a letter of intent with PURA to request a rate increase of $255.8 million, $45 million and $36 million effective May 1, 2018, 2019, and 2020, respectively.

Massachusetts:

Eversource and NSTAR Electric Boston Harbor Civil Action: On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

After substantial negotiations, the parties reached a settlement whereby HEEC will install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and will remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit will result in the initial $17.5 million of construction costs on the new cable to be expensed as incurred. Construction of the new cable is expected to be completed in 2019.

Massachusetts RFPs: On March 31, 2017, pursuant to a comprehensive energy law enacted in 2016, "An Act to Promote Energy Diversity," (the "Act") the Massachusetts EDCs, including NSTAR Electric and WMECO, and the DOER issued a joint RFP for 9.45 terawatt hours of clean energy per year, such as hydropower, land-based wind or solar. The RFP seeks proposals for long-term contracts of 15 to 20 years to provide the state's electric distribution companies with clean energy generation. The proposal submission due date was July 27, 2017. Contracts will be selected in January 2018, with an expectation to submit executed long-term contracts to the DPU for final approval in April 2018. On July 27, 2017, Eversource Energy Transmission Ventures, Inc. and HQ jointly submitted proposals for Northern Pass into the Massachusetts clean energy RFP. Northern Pass is expected to be placed in service in the second half of 2020.

On June 29, 2017, pursuant to the Act, the Massachusetts EDCs, including NSTAR Electric and WMECO, and the DOER issued a joint RFP for long-term contracts for offshore wind energy projects, seeking bids for a minimum of 400 MW of offshore wind capacity. The Offshore Wind Energy RFP states that bids of up to 800 MW would be considered, provided they demonstrate significant net economic benefits to customers. Bay State Wind submitted a Notice of Intent to Bid on July 26, 2017 and will submit a proposal by the December 20, 2017 due date.

NSTAR Electric and WMECO Rate Case: On January 17, 2017, NSTAR Electric and WMECO jointly filed an application (the "Joint Applicants") with the DPU for approval of a combined $96 million increase in base distribution rates, effective January 1, 2018. As part of this filing, the Joint Applicants are presenting a grid-wise performance plan, including the implementation of a performance-based rate-making mechanism in conjunction with a grid modernization base commitment of $400 million in incremental capital investment over a period of five years, commencing January 1, 2018. In addition, the Joint Applicants proposed to streamline and align rate classifications between NSTAR Electric and WMECO, and requested a revenue decoupling rate mechanism for NSTAR Electric. WMECO has a revenue decoupling mechanism in place. The DPU will also be reviewing the proposed December 31, 2017 merger of NSTAR Electric and WMECO as part of the rate case. A final decision from the DPU is expected in late 2017, with new rates anticipated to be effective January 1, 2018.

New Hampshire:

Generation Divestiture: On June 10, 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement (the "Agreement") with the New Hampshire Office of Energy and Planning, certain members of the NHPUC staff, the Office of Consumer Advocate, two State Senators, and several other parties. Under the terms of the Agreement, PSNH agreed to divest its generation assets, subject to NHPUC approval. The Agreement provided for a resolution of issues pertaining to PSNH's generation assets in pending regulatory proceedings before the NHPUC. The Agreement provided for the Clean Air Project prudence proceeding to be resolved and all remaining Clean Air Project costs to be included in rates effective January 1, 2016. As part of the Agreement, PSNH agreed to forego recovery of $25 million of the equity return related to the Clean Air Project.

On July 1, 2016, the NHPUC approved the Agreement in an order that, among other things, instructed PSNH to begin the process of divesting its generation assets. The NHPUC selected an auction adviser to assist with the divestiture, and the final plan and auction process were approved by the NHPUC in November 2016.

On October 11, 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of $175 million and $83 million, respectively, subject to adjustments as set forth in each Agreement.
On October 12, 2017, PSNH filed an application with the NHPUC requesting approval of the Agreements. We expect to receive approvals from the NHPUC and other necessary regulatory agencies by late December 2017 or early 2018, with the transactions to be completed shortly thereafter. Upon completion, full recovery of PSNH's generation assets will occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs via bonds that will be secured by a non-bypassable charge or through recoveries in future rates billed to PSNH's customers.

As of September 30, 2017, PSNH's energy service rate base balance was approximately $594 million, and the carrying value of PSNH's total generation assets subject to divestiture was approximately $767 million.

Legislative and Policy Matters

On August 11, 2017, Massachusetts issued final legislation, pursuant to Executive Order 569, which established volumetric limits on multiple greenhouse emission sources to ensure reductions are realized by deadlines established in the Massachusetts Global Warming Solutions Act enacted in 2008. Under this legislation, the initial target date for reduction in greenhouse gas emissions has been established in the year 2020. The legislation is not expected to have a material impact on the financial statements of Eversource, NSTAR Electric or WMECO.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and, at times, difficult, subjective or complex judgments. Changes in these estimates, assumptions and judgments, in and of themselves, could materially impact our financial position, results of operations or cash flows. Our management communicates to and discusses with the Audit Committee of our Board of Trustees significant matters relating to critical accounting policies. Our critical accounting policies that we believed were the most critical in nature were reported in the Eversource 2016 Form 10-K. There have been no material changes with regard to these critical accounting policies.

Other Matters

Accounting Standards: For information regarding new accounting standards, see Note 1B, "Summary of Significant Accounting Policies –Accounting Standards," to the financial statements.

Contractual Obligations and Commercial Commitments: There have been no material contractual obligations identified and no material changes with regard to the contractual obligations and commercial commitments previously disclosed in the Eversource 2016 Form 10-K.

Web Site: Additional financial information is available through our website at www.eversource.com. We make available through our website a link to the SEC's EDGAR website (http://www.sec.gov/edgar/searchedgar/companysearch.html), at which site Eversource's, CL&P's, NSTAR Electric's, PSNH's and WMECO's combined Annual Reports on Form 10-K, combined Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports may be reviewed. Information contained on the Company's website or that can be accessed through the website is not incorporated into and does not constitute a part of this combined Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the three and nine months ended September 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 1,988.5	$ 2,039.7	$ (51.2)	(2.5)%	$ 5,856.5	$ 5,862.5	$ (6.0)	(0.1)%
Operating Expenses:								
Purchased Power, Fuel and Transmission	651.8	665.8	(14.0)	(2.1)	1,955.1	2,001.9	(46.8)	(2.3)
Operations and Maintenance	300.4	324.7	(24.3)	(7.5)	933.4	965.6	(32.2)	(3.3)
Depreciation	194.5	181.3	13.2	7.3	571.2	531.8	39.4	7.4
Amortization of Regulatory Assets, Net	41.8	43.9	(2.1)	(4.8)	58.1	56.2	1.9	3.4
Energy Efficiency Programs	129.2	149.1	(19.9)	(13.3)	391.8	406.0	(14.2)	(3.5)
Taxes Other Than Income Taxes	168.2	165.0	3.2	1.9	479.6	479.2	0.4	0.1
Total Operating Expenses	1,485.9	1,529.8	(43.9)	(2.9)	4,389.2	4,440.7	(51.5)	(1.2)
Operating Income	502.6	509.9	(7.3)	(1.4)	1,467.3	1,421.8	45.5	3.2
Interest Expense	108.7	99.9	8.8	8.8	319.5	298.6	20.9	7.0
Other Income, Net	21.2	13.6	7.6	55.9	56.3	23.7	32.6	(a)
Income Before Income Tax Expense	415.1	423.6	(8.5)	(2.0)	1,204.1	1,146.9	57.2	5.0
Income Tax Expense	152.8	156.4	(3.6)	(2.3)	447.9	428.2	19.7	4.6
Net Income	262.3	267.2	(4.9)	(1.8)	756.2	718.7	37.5	5.2
Net Income Attributable to Noncontrolling Interests	1.9	1.9	—	—	5.6	5.6	—	—
Net Income Attributable to Common Shareholders	$ 260.4	$ 265.3	$ (4.9)	(1.8)%	$ 750.6	$ 713.1	$ 37.5	5.3 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
A summary of our Operating Revenues by segment is as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent	2017	2016	Increase/ (Decrease)	Percent
Electric Distribution	$ 1,547.1	$ 1,623.4	$ (76.3)	(4.7)%	$ 4,224.2	$ 4,362.6	$ (138.4)	(3.2)%
Natural Gas Distribution	109.2	99.2	10.0	10.1	698.8	622.3	76.5	12.3
Electric Transmission	328.5	306.8	21.7	7.1	970.0	892.5	77.5	8.7
Other and Eliminations	3.7	10.3	(6.6)	(64.1)	(36.5)	(14.9)	(21.6)	(a)
Total Operating Revenues	$ 1,988.5	$ 2,039.7	$ (51.2)	(2.5)%	$ 5,856.5	$ 5,862.5	$ (6.0)	(0.1)%

(a) Percent greater than 100 not shown as it is not meaningful.

A summary of our retail electric GWh sales volumes and our firm natural gas sales volumes in MMcf were as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2017	2016	Increase/ (Decrease)	Percent	2017	2016	Increase/ (Decrease)	Percent
Electric								
Traditional	7,545	8,131	(586)	(7.2)%	21,040	21,731	(691)	(3.2)%
Decoupled	6,551	7,213	(662)	(9.2)	18,391	19,235	(844)	(4.4)
Total Electric	14,096	15,344	(1,248)	(8.1)	39,431	40,966	(1,535)	(3.7)
Firm Natural Gas								
Traditional	5,550	5,270	280	5.3	32,233	31,570	663	2.1
Decoupled and Special Contracts	5,975	5,653	322	5.7	37,453	36,537	916	2.5
Total Firm Natural Gas	11,525	10,923	602	5.5 %	69,686	68,107	1,579	2.3 %

<u>*Three Months Ended:*</u>
Operating Revenues, which primarily consist of base electric and natural gas distribution revenues and tracked revenues further described below, decreased by $51.2 million for the three months ended September 30, 2017, as compared to the same period in 2016.

Base electric and natural gas distribution revenues: Base electric distribution segment revenues, excluding LBR, decreased $21.0 million for the three months ended September 30, 2017, as compared to the same period in 2016, due primarily to a decrease in sales volumes and lower demand revenues driven by the mild summer weather during the third quarter of 2017 at NSTAR Electric and PSNH. LBR increased $1.5 million for the three months ended September 30, 2017, as compared to the same period in 2016.

Base natural gas distribution revenues remained relatively unchanged for the three months ended September 30, 2017, as compared to the same period in 2016.

Fluctuations in CL&P's, WMECO's and NSTAR Gas' sales volumes do not impact the level of base distribution revenue realized or earnings due to their respective regulatory commission approved revenue decoupling mechanisms. The revenue decoupling mechanisms permit recovery of a base amount of distribution revenues and break the relationship between sales volumes and revenues recognized. Revenue decoupling mechanisms result in the recovery of our approved base distribution revenue requirements.

Tracked distribution revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement costs and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, and restructuring and stranded cost recovery revenues. In addition, certain tracked revenues include incentives earned and carrying charges that are billed in rates to customers. Tracked natural gas distribution segment revenues increased as a result of an increase in natural gas supply costs ($7.6 million) and an increase in energy efficiency program revenues ($2.2 million). Tracked electric distribution revenues decreased as a result of a decrease in retail electric transmission charges ($39.8 million), a decrease in stranded cost recovery revenues ($16.9 million), a decrease in energy efficiency program revenues ($13.9 million) and a decrease in pension rate adjustment mechanisms ($7.1 million). Partially offsetting these decreases were increases in tracked electric distribution revenues related to electric energy supply costs ($7.3 million), revenues related to renewable energy requirements ($10.8 million), net metering revenues ($7.0 million) and federally-mandated congestion charges ($2.8 million).

Electric transmission revenues: The electric transmission segment revenues increased by $21.7 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Other: Other revenues decreased due primarily to the sale of Eversource's unregulated telecommunication business on December 31, 2016 ($5.0 million).

<u>*Nine Months Ended:*</u>
Operating Revenues decreased by $6.0 million for the nine months ended September 30, 2017, as compared to the same period in 2016.

Base electric and natural gas distribution revenues: Base electric distribution segment revenues, excluding LBR, decreased $13.2 million for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to a decrease in sales volumes driven by the mild summer weather during the third quarter of 2017 at NSTAR Electric and PSNH. LBR increased $10.6 million for the nine months ended September 30, 2017, as compared to the same period in 2016.

Base natural gas distribution revenues remained relatively unchanged for the nine months ended September 30, 2017, as compared to the same period in 2016. The impact of higher firm natural gas sales volumes was offset by lower demand revenues in Connecticut driven by lower peak usage in 2017, as compared to 2016.

Tracked distribution revenues: Tracked natural gas distribution segment revenues increased as a result of an increase in natural gas supply costs ($57.8 million) and an increase in energy efficiency program revenues ($17.1 million). Tracked electric distribution revenues decreased as a result of a decrease in electric energy supply costs ($81.0 million), driven by decreased average retail prices and lower sales volumes, a decrease in retail electric transmission charges ($45.9 million), a decrease in transition and stranded cost recovery revenues ($33.1 million), a decrease in pension rate adjustment mechanisms ($16.2 million), and a decrease in energy efficiency program revenues ($8.8 million). Partially offsetting these decreases were increases in tracked electric distribution revenues related to federally-mandated congestion charges ($23.0 million), net metering revenues ($22.4 million) and revenues related to renewable energy requirements and the sale of PSNH's RECs ($14.7 million).

Electric transmission revenues: The electric transmission segment revenues increased by $77.5 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Other: Other revenues decreased due primarily to the sale of Eversource's unregulated telecommunication business on December 31, 2016 ($15.0 million).

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity and natural gas on behalf of our customers. These energy supply costs are recovered from customers in rates through cost tracking mechanisms, which have no impact on earnings (tracked costs). Total Purchased Power, Fuel and Transmission expense decreased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to the following:

(Millions of Dollars)	Three Months Ended Increase/(Decrease)	Nine Months Ended Increase/(Decrease)
Electric Distribution	$ (0.4)	$ (109.1)
Natural Gas Distribution	7.0	50.1
Transmission	(20.6)	12.2
Total Purchased Power, Fuel and Transmission	$ (14.0)	$ (46.8)

The decrease in purchased power expense at the electric distribution business for the nine months ended September 30, 2017, as compared to the same period in 2016, was driven primarily by lower prices associated with the procurement of energy supply and lower sales volumes. The increase in purchased power expense at the natural gas distribution business for each of the periods presented was due to higher average natural gas prices and higher sales volumes. The decrease in transmission costs for the three months ended September 30, 2017, as compared to the same period in 2016, was primarily the result of a decrease in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. The increase in transmission costs for the nine months ended September 30, 2017, as compared to the same period in 2016, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and Local Network Service charges, which reflect the cost of transmission service provided by Eversource over our local transmission network. This was partially offset by a decrease in the retail transmission cost deferral.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric and natural gas distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to the following:

(Millions of Dollars)	Three Months Ended Increase/(Decrease)	Nine Months Ended Increase/(Decrease)
Base Electric Distribution:		
Employee-related expenses, including labor and benefits	$ (15.0)	$ (46.2)
Bad debt expense	(2.6)	(15.3)
Shared corporate costs (including computer software depreciation at Eversource Service)	5.4	15.0
Storm restoration costs	(4.0)	3.1
Boston Harbor civil action settlement charge recorded in the second quarter of 2017	—	4.9
Other operations and maintenance	9.1	15.7
Total Base Electric Distribution	(7.1)	(22.8)
Total Base Natural Gas Distribution:		
Shared corporate costs (including computer software depreciation at Eversource Service)	1.2	3.6
Other operations and maintenance	(4.1)	(1.5)
Total Base Natural Gas Distribution	(2.9)	2.1
Total Tracked costs (Electric Distribution, Electric Transmission and Natural Gas Distribution)	(5.5)	7.2
Other and eliminations:		
Eversource Parent and Other Companies	(1.1)	0.8
Eliminations	(7.7)	(19.5)
Total Operations and Maintenance	$ (24.3)	$ (32.2)

Depreciation expense increased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved tracking mechanisms, and the amortization of certain costs. The deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets, Net, decreased for the three months ended September 30, 2017 and increased for the nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to the deferral of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs at CL&P, NSTAR Electric, PSNH and WMECO, which are the primary drivers in amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense decreased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to deferral adjustments at CL&P, NSTAR Electric and WMECO, partially offset by deferral adjustments at the natural gas businesses, which reflect the actual costs of energy efficiency programs compared to the estimated amounts billed to customers. The deferral adjusts costs incurred to match energy efficiency revenue billed to customers and the timing of the recovery of energy efficiency costs. The costs for various state policy initiatives are recovered from customers in rates and have no impact on earnings.

Interest Expense increased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to higher interest on long-term debt ($5.8 million and $15.9 million, respectively) as a result of new debt issuances, and higher interest on short-term debt ($2.4 million and $4.8 million, respectively).

Other Income, Net increased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to increased gains on investments ($4.2 million and $24.9 million, respectively), primarily related to Eversource's investment in a renewable energy fund, market value changes related to the deferred compensation plans ($2.9 million and $5.1 million, respectively) and higher AFUDC related to equity funds ($1.2 million and $5.0 million, respectively).

Income Tax Expense decreased for the three months ended September 30, 2017, as compared to the same period in 2016, due primarily to lower pre-tax earnings ($2.4 million) and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.2 million).

Income Tax Expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($20.6 million), the absence of a tax credit in 2017 ($2.4 million), and higher state taxes ($1.3 million), partially offset by flow-through items and permanent differences ($4.6 million).

RESULTS OF OPERATIONS – THE CONNECTICUT LIGHT AND POWER COMPANY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P for the three and nine months ended September 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 774.8	$ 760.0	$ 14.8	1.9 %	$ 2,173.6	$ 2,175.1	$ (1.5)	(0.1)%
Operating Expenses:								
Purchased Power and Transmission	259.0	253.5	5.5	2.2	711.2	760.6	(49.4)	(6.5)
Operations and Maintenance	123.1	123.0	0.1	0.1	359.8	356.4	3.4	1.0
Depreciation	63.7	57.7	6.0	10.4	184.3	172.2	12.1	7.0
Amortization of Regulatory Assets, Net	34.6	23.4	11.2	47.9	58.8	30.3	28.5	94.1
Energy Efficiency Programs	37.7	44.4	(6.7)	(15.1)	106.5	118.0	(11.5)	(9.7)
Taxes Other Than Income Taxes	79.2	81.9	(2.7)	(3.3)	223.4	227.9	(4.5)	(2.0)
Total Operating Expenses	597.3	583.9	13.4	2.3	1,644.0	1,665.4	(21.4)	(1.3)
Operating Income	177.5	176.1	1.4	0.8	529.6	509.7	19.9	3.9
Interest Expense	36.3	36.1	0.2	0.6	106.6	108.6	(2.0)	(1.8)
Other Income, Net	7.5	3.7	3.8	(a)	14.1	10.9	3.2	29.4
Income Before Income Tax Expense	148.7	143.7	5.0	3.5	437.1	412.0	25.1	6.1
Income Tax Expense	52.6	57.1	(4.5)	(7.9)	159.5	155.4	4.1	2.6
Net Income	$ 96.1	$ 86.6	$ 9.5	11.0 %	$ 277.6	$ 256.6	$ 21.0	8.2 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
CL&P's retail sales volumes were as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2017	2016	Decrease	Percent	2017	2016	Decrease	Percent
Retail Sales Volumes in GWh	5,644	6,225	(581)	(9.3)%	15,812	16,541	(729)	(4.4)%

Three Months Ended:
CL&P's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased by $14.8 million for the three months ended September 30, 2017, as compared to the same period in 2016.

Fluctuations in CL&P's sales volumes do not impact the level of base distribution revenue realized or earnings due to the PURA-approved revenue decoupling mechanism. CL&P's revenue decoupling mechanism permits recovery of a base amount of distribution revenues ($1.059 billion annually) and breaks the relationship between sales volumes and revenues recognized. The revenue decoupling mechanism results in the recovery of approved base distribution revenue requirements.

Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through PURA-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs and restructuring and stranded cost recovery revenues. In addition, certain tracked revenues include incentives earned and carrying charges that are billed in rates to customers. Tracked distribution revenues increased primarily as a result of an increase in energy supply costs ($27.1 million) driven by increased average retail prices. Partially offsetting this increase was a decrease in stranded cost recovery revenues ($7.6 million) and a decrease in retail transmission charges ($7.6 million).

Transmission revenues increased by $6.3 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Nine Months Ended:
CL&P's Operating Revenues decreased by $1.5 million for the nine months ended September 30, 2017, as compared to the same period in 2016.

Tracked distribution revenues decreased primarily as a result of a decrease in energy supply costs ($25.0 million) driven by decreased average retail prices and lower sales volumes. In addition, there was a $17.8 million decrease in stranded cost recovery revenues. Partially offsetting these decreases was an increase in federally-mandated congestion charges ($23.0 million).

Transmission revenues increased by $27.2 million due primarily to higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P's customers. These energy supply costs are recovered from customers in rates through PURA-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Total Purchased Power and Transmission expense increased for the three months ended September 30, 2017, and decreased for the nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to the following:

(Millions of Dollars)	Three Months Ended Increase/(Decrease)	Nine Months Ended Increase/(Decrease)
Purchased Power Costs	$ 5.7	$ (68.1)
Transmission Costs	(0.2)	18.7
Total Purchased Power and Transmission	$ 5.5	$ (49.4)

Included in purchased power costs are the costs associated with CL&P's GSC, CTA and FMCC tracking mechanisms and deferred energy supply costs. The increase in purchased power costs for the three months ended September 30, 2017, as compared to the same period in 2016, was due primarily to GSC-related purchased power expenses. The GSC recovers energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. The decrease in purchased power costs for the nine months ended September 30, 2017, as compared to the same period in 2016, was due primarily to a decrease in the price of standard offer supply also associated with the GSC, and lower sales volumes. The increase in transmission costs for the nine months ended September 30, 2017, as compared to the same period in 2016, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and Local Network Service charges, which reflect the cost of transmission service. This was partially offset by a decrease in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased for the three months ended September 30, 2017, as compared to the same period in 2016, driven by a $0.4 million increase in non-tracked costs, which was primarily attributable to higher shared corporate costs, partially offset by lower employee-related expenses, lower storm restoration costs and lower vegetation management costs. The increase in non-tracked costs was partially offset by a $0.3 million decrease in tracked costs, which was primarily attributable to lower tracked system resiliency, lower bad debt expense and lower employee-related costs, partially offset by higher transmission expenses.

Operations and Maintenance expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, driven by a $6.5 million increase in tracked costs, which was primarily attributable to higher transmission expenses, partially offset by lower tracked bad debt expense. Non-tracked costs decreased $3.0 million, which was primarily attributable to lower employee-related expenses, lower bad debt expense and lower vegetation management costs, partially offset by higher shared corporate costs, higher storm restoration costs, and higher system resiliency project costs.

Depreciation expense increased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs and the amortization of certain costs, which are recovered from customers in rates and have no impact on earnings. The deferral adjusts expense to match the corresponding revenues. The increase for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, was due primarily to the fluctuation of the deferral, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs.

Energy Efficiency Programs expense decreased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to the deferral adjustment, which reflects the actual cost of energy efficiency programs compared to the estimated amounts billed to customers and the timing of the recovery of energy efficiency costs. The deferral adjusts costs incurred to match energy efficiency revenue billed to customers. The costs for various state policy initiatives are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense decreased for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, due primarily to a decrease in gross earnings taxes, partially offset by an increase in property taxes due to higher plant balances. Gross earnings taxes are tracked costs and have no impact on earnings.

Income Tax Expense decreased for the three months ended September 30, 2017, as compared to the same period in 2016, due primarily to the true-up of the return to provision impacts ($4.7 million) and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.5 million), partially offset by higher pre-tax earnings ($1.7 million).

Income Tax Expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($8.8 million) and higher state taxes ($2.6 million), partially offset by the true-up of the return to provision impacts ($4.7 million) and flow-through items and permanent differences ($2.6 million).

EARNINGS SUMMARY

CL&P's earnings increased $9.5 million for the three months ended September 30, 2017, as compared to the same period in 2016, due primarily to a lower effective tax rate, an increase in transmission earnings driven by a higher transmission rate base, and higher distribution revenues due in part to a higher rate base for the system resiliency program, partially offset by higher depreciation expense.

CL&P's earnings increased $21.0 million for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to an increase in transmission earnings driven by a higher transmission rate base, higher distribution revenues due in part to a higher rate base for the system resiliency program, and lower non-tracked operations and maintenance expense. These favorable earnings impacts were partially offset by higher depreciation expense.

LIQUIDITY

Cash totaled $9.4 million as of September 30, 2017, compared with $6.6 million as of December 31, 2016.

CL&P had cash flows provided by operating activities of $623.3 million for the nine months ended September 30, 2017, as compared to $614.4 million in the same period of 2016. The increase in operating cash flows was due primarily to the favorable impact of the timing of regulatory recoveries and the timing of collections and payments of our working capital items, including accounts receivable and accounts payable. Partially offsetting these favorable impacts were the income tax payments of $19.8 million made in 2017, compared to the income tax refunds of $128.5 million received in 2016.

Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt, with intercompany loans to certain subsidiaries, including CL&P. The weighted-average interest rate on the commercial paper borrowings as of September 30, 2017 and December 31, 2016 was 1.34 percent and 0.88 percent, respectively. There were no intercompany loans from Eversource parent to CL&P as of September 30, 2017. As of December 31, 2016, there were intercompany loans from Eversource parent to CL&P of $80.1 million. Eversource parent, and certain of its subsidiaries, including CL&P, are parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on September 4, 2021. The revolving credit facility serves to backstop Eversource parent's $1.45 billion commercial paper program. There were no borrowings outstanding on the revolving credit facility as of September 30, 2017 and December 31, 2016.

In August 2017, CL&P issued $225 million of 4.30 percent 2014 Series A First and Refunding Mortgage Bonds due to mature in 2044. These bonds are part of the same series of CL&P’s existing 4.30 percent bonds that were initially issued in 2014. The aggregate outstanding principal amount for these bonds is now $475 million. The proceeds, net of issuance costs, were used to refinance short-term debt and fund capital expenditures and working capital.

In September 2017, CL&P repaid at maturity $100 million of 5.75 percent 2007 Series C First Mortgage Bonds.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense. CL&P's investments in property, plant and equipment totaled $621.9 million for the nine months ended September 30, 2017.

RESULTS OF OPERATIONS – NSTAR ELECTRIC COMPANY AND SUBSIDIARY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for NSTAR Electric for the nine months ended September 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Nine Months Ended September 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 1,913.5	$ 1,986.0	$ (72.5)	(3.7)%
Operating Expenses:				
Purchased Power and Transmission	689.8	764.9	(75.1)	(9.8)
Operations and Maintenance	266.2	279.9	(13.7)	(4.9)
Depreciation	167.6	159.2	8.4	5.3
Amortization of Regulatory Assets, Net	17.8	18.3	(0.5)	(2.7)
Energy Efficiency Programs	198.8	212.9	(14.1)	(6.6)
Taxes Other Than Income Taxes	99.0	101.8	(2.8)	(2.8)
Total Operating Expenses	1,439.2	1,537.0	(97.8)	(6.4)
Operating Income	474.3	449.0	25.3	5.6
Interest Expense	70.0	62.2	7.8	12.5
Other Income, Net	8.7	7.6	1.1	14.5
Income Before Income Tax Expense	413.0	394.4	18.6	4.7
Income Tax Expense	161.3	154.5	6.8	4.4
Net Income	$ 251.7	$ 239.9	$ 11.8	4.9 %

Operating Revenues
NSTAR Electric's retail sales volumes were as follows:

	For the Nine Months Ended September 30,			
	2017	2016	Decrease	Percent
Retail Sales Volumes in GWh	15,204	15,746	(542)	(3.4)%

NSTAR Electric's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, decreased by $72.5 million for the nine months ended September 30, 2017, as compared to the same period in 2016.

Base distribution revenues: Base distribution revenues, excluding LBR, decreased $11.2 million for the nine months ended September 30, 2017, as compared to the same period in 2016, as a result of lower sales volumes in 2017, as compared to 2016 driven by the mild summer weather during the third quarter of 2017. LBR increased $10.6 million for the nine months ended September 30, 2017, as compared to the same period in 2016.

Tracked revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through DPU-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, net metering for distributed generation and transition cost recovery revenues. In addition, certain tracked revenues include incentives earned and carrying charges that are billed in rates to customers. Tracked distribution revenues decreased primarily as a result of a decrease in energy supply costs ($44.1 million) driven by decreased average retail prices and lower sales volumes, a decrease in retail transmission charges ($53.9 million), a decrease in the pension rate adjustment mechanism ($14.7 million), and a decrease in transition cost recovery revenues ($11.9 million). Partially offsetting these decreases were an increase in net metering revenues ($20.2 million) and an increase in revenues related to renewable energy requirements ($23.4 million).

Transmission revenues increased by $20.6 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power and Transmission expense includes costs associated with purchasing electricity on behalf of NSTAR Electric's customers. These energy supply costs are recovered from customers in rates through DPU-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Total Purchased Power and Transmission expense decreased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to the following:

(Millions of Dollars)	Decrease
Purchased Power Costs	$ (42.3)
Transmission Costs	(32.8)
Total Purchased Power and Transmission	$ (75.1)

Included in purchased power costs are the costs associated with NSTAR Electric's basic service charge and deferred energy supply costs. The basic service charge recovers energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. The decrease in purchased power costs was due primarily to lower prices associated with the procurement of energy supply and lower sales volumes. The decrease in transmission costs was primarily the result of a decrease in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased for the nine months ended September 30, 2017, as compared to the same period in 2016, driven by a $13.0 million decrease in non-tracked costs, which was primarily attributable to lower employee-related expenses, lower bad debt expense and lower storm restoration costs, partially offset by higher shared corporate costs, a $4.9 million charge recorded in the second quarter of 2017 related to the Boston Harbor civil action settlement, and higher vegetation management costs. Tracked costs decreased $0.7 million, which was primarily attributable to lower tracked employee-related expenses, partially offset by higher transmission expenses and higher tracked bad debt expense.

Depreciation expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to higher utility plant in service balances.

Energy Efficiency Programs expense decreased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to the deferral adjustment, which reflects the actual cost of energy efficiency programs compared to the estimated amounts billed to customers and the timing of the recovery of energy efficiency costs. The deferral adjusts costs incurred to match energy efficiency revenue billed to customers. The costs for various state policy initiatives are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense decreased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to a decrease in property tax rates and lower employment-related taxes.

Interest Expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to new debt issuances.

Income Tax Expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($6.9 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($0.1 million).

EARNINGS SUMMARY

NSTAR Electric's earnings increased $11.8 million for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to lower operations and maintenance expense and lower property tax expense, partially offset by lower sales volumes driven by the mild summer weather during the third quarter of 2017, and higher interest and depreciation expense.

LIQUIDITY

NSTAR Electric had cash flows provided by operating activities of $413.0 million for the nine months ended September 30, 2017, as compared to $564.3 million in the same period of 2016. The decrease in operating cash flows was due primarily to a decrease in regulatory recoveries, which were significantly impacted by the timing of collections of purchased power and transmission costs, an increase of $56.3 million in Pension and PBOP Plan cash contributions, and the income tax payments of $23.9 million made in 2017, compared to the income tax refunds of $28.1 million received in 2016. Partially offsetting these decreases was a favorable impact related to the timing of collections of accounts receivable.

NSTAR Electric has a $450 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. As of September 30, 2017, NSTAR Electric had no short-term borrowings outstanding and as of December 31, 2016, NSTAR Electric had $126.5 million in short-term borrowings outstanding under its commercial paper program, leaving $450.0 million and $323.5 million of available borrowing capacity as of September 30, 2017 and December 31, 2016, respectively. The weighted-average interest rate on these borrowings as of December 31, 2016 was 0.71 percent. NSTAR Electric is a party to a five-year $450 million revolving credit facility. The revolving credit facility terminates on September 4, 2021. The revolving credit facility serves to backstop NSTAR Electric's $450 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of September 30, 2017 and December 31, 2016.

RESULTS OF OPERATIONS – PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for PSNH for the nine months ended September 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

	For the Nine Months Ended September 30,			
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 733.6	$ 727.8	$ 5.8	0.8 %
Operating Expenses:				
Purchased Power, Fuel and Transmission	179.3	155.7	23.6	15.2
Operations and Maintenance	191.2	187.2	4.0	2.1
Depreciation	95.3	86.5	8.8	10.2
Amortization of Regulatory (Liabilities)/Assets, Net	(10.7)	14.5	(25.2)	(a)
Energy Efficiency Programs	11.0	10.9	0.1	0.9
Taxes Other Than Income Taxes	67.0	64.5	2.5	3.9
Total Operating Expenses	533.1	519.3	13.8	2.7
Operating Income	200.5	208.5	(8.0)	(3.8)
Interest Expense	38.7	37.4	1.3	3.5
Other Income, Net	2.9	1.0	1.9	(a)
Income Before Income Tax Expense	164.7	172.1	(7.4)	(4.3)
Income Tax Expense	65.1	66.3	(1.2)	(1.8)
Net Income	$ 99.6	$ 105.8	$ (6.2)	(5.9)%

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
PSNH's retail sales volumes were as follows:

	For the Nine Months Ended September 30,			
	2017	2016	Decrease	Percent
Retail Sales Volumes in GWh	5,835	5,985	(150)	(2.5)%

PSNH's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased by $5.8 million for the nine months ended September 30, 2017, as compared to the same period in 2016.

Base distribution revenues: Base distribution revenues decreased $2.0 million for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to a 2.5 percent decrease in sales volumes driven by the mild summer weather during the third quarter of 2017.

Tracked revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through NHPUC-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and energy-related costs, costs associated with the generation of electricity for customers, retail transmission charges, energy efficiency program costs and stranded cost recovery revenues. In addition, certain tracked revenues include incentives earned and carrying charges that are billed in rates to customers. Tracked distribution revenues decreased primarily as a result of a decrease in revenues related to the timing of the sale of RECs ($15.3 million) and a decrease in the energy service rate ($5.1 million). Partially offsetting these decreases was an increase in retail transmission charges ($7.2 million) and an increase in wholesale generation revenues ($4.0 million).

Transmission revenues increased by $17.6 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with PSNH's generation of electricity, as well as purchasing electricity on behalf of its customers. These generation and energy supply costs are recovered from customers in rates through NHPUC-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Total Purchased Power, Fuel and Transmission expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to the following:

(Millions of Dollars)	Increase
Purchased Power and Generation Fuel Costs	$ 5.1
Transmission Costs	18.5
Total Purchased Power, Fuel and Transmission	$ 23.6

In order to meet the demand of customers who have not migrated to third party suppliers, PSNH procures power through power supply contracts and spot purchases in the competitive New England wholesale power market and/or produces power through its own generation. The increase in purchased power and generation fuel costs was due primarily to higher purchased power energy expenses that are recovered as a component of the Energy Service rate, and Regional Greenhouse Gas Initiative related expenses recovered in the SCRC. The increase in transmission costs was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and Local Network Service charges, which reflect the cost of transmission service, as well as the retail transmission cost deferral, which reflects actual costs of transmission service compared to estimated amounts billed to customers.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, driven by a $2.1 million increase in tracked costs, which was primarily attributable to higher transmission expenses, partially offset by lower employee-related expenses. Non-tracked costs increased by $1.9 million, which was primarily attributable to higher shared corporate costs and higher vegetation management costs, partially offset by lower employee-related expenses.

Depreciation expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory (Liabilities)/Assets, Net expense includes the deferral of energy supply and energy-related costs and the amortization of certain costs, which are recovered from customers in rates and have no impact on earnings. The deferral adjusts expense to match the corresponding revenues. The decrease for the nine months ended September 30, 2017, as compared to the same period in 2016, was due primarily to the fluctuation of the deferral, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs.

Taxes Other Than Income Taxes expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to an increase in property taxes due to higher plant balances.

Income Tax Expense decreased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to lower pre-tax earnings ($2.6 million) and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.0 million), partially offset by the absence of a tax credit in 2017 ($2.4 million).

EARNINGS SUMMARY

PSNH's earnings decreased $6.2 million for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to lower generation earnings, higher property tax and depreciation expense and lower sales volumes driven by the mild summer weather during the third quarter of 2017. These unfavorable earnings impacts were partially offset by an increase in transmission earnings driven by a higher transmission rate base.

LIQUIDITY

PSNH had cash flows provided by operating activities of $264.0 million for the nine months ended September 30, 2017, as compared to $306.0 million in the same period of 2016. The decrease in operating cash flows was due primarily to the income tax payments of $11.8 million made in 2017, compared to the income tax refunds of $41.3 million received in 2016. Partially offsetting this decrease was $16.2 million of lower Pension Plan contributions made in 2017, as compared to 2016, and the favorable impacts related to the timing of regulatory recoveries.

RESULTS OF OPERATIONS – WESTERN MASSACHUSETTS ELECTRIC COMPANY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for WMECO for the nine months ended September 30, 2017 and 2016 included in this combined Quarterly Report on Form 10-Q:

(Millions of Dollars)	For the Nine Months Ended September 30, 2017	2016	Increase/ (Decrease)	Percent
Operating Revenues	$ 377.2	$ 368.5	$ 8.7	2.4 %
Operating Expenses:				
Purchased Power and Transmission	109.6	104.4	5.2	5.0
Operations and Maintenance	65.8	68.0	(2.2)	(3.2)
Depreciation	36.8	34.4	2.4	7.0
Amortization of Regulatory Assets/(Liabilities), Net	(0.6)	3.3	(3.9)	(a)
Energy Efficiency Programs	29.7	33.6	(3.9)	(11.6)
Taxes Other Than Income Taxes	31.4	30.4	1.0	3.3
Total Operating Expenses	272.7	274.1	(1.4)	(0.5)
Operating Income	104.5	94.4	10.1	10.7
Interest Expense	18.8	18.3	0.5	2.7
Other Income, Net	1.4	0.1	1.3	(a)
Income Before Income Tax Expense	87.1	76.2	10.9	14.3
Income Tax Expense	34.7	30.1	4.6	15.3
Net Income	$ 52.4	$ 46.1	$ 6.3	13.7 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues
WMECO's retail sales volumes were as follows:

	For the Nine Months Ended September 30, 2017	2016	Decrease	Percent
Retail Sales Volumes in GWh	2,579	2,695	(116)	(4.3)%

WMECO's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased by $8.7 million for the nine months ended September 30, 2017, as compared to the same period in 2016.

Fluctuations in WMECO's sales volumes do not impact the level of base distribution revenue realized or earnings due to the DPU-approved revenue decoupling mechanism. WMECO's revenue decoupling mechanism permits recovery of a base amount of distribution revenues ($132.4 million annually) and breaks the relationship between sales volumes and revenues recognized. The revenue decoupling mechanism results in the recovery of approved base distribution revenue requirements.

Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through DPU-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, low income assistance programs, and restructuring and stranded cost recovery revenues. In addition, certain tracked revenues include incentives earned and carrying charges that are billed in rates to customers. Tracked distribution revenues decreased due primarily to a decrease in energy supply costs ($10.8 million) driven by decreased average retail prices and lower sales volumes, partially offset by increases in revenues related to renewable energy requirements ($6.6 million).

Transmission revenues increased by $12.0 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power and Transmission expense includes costs associated with purchasing electricity on behalf of WMECO's customers. These energy supply costs are recovered from customers in rates through DPU-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Total Purchased Power and Transmission expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to the following:

(Millions of Dollars)	Increase/(Decrease)
Purchased Power Costs	$ (2.6)
Transmission Costs	7.8
Total Purchased Power and Transmission	$ 5.2

Included in purchased power costs are the costs associated with WMECO's basic service charge and deferred energy supply costs. The basic service charge recovers energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. The decrease in purchased power costs for the nine months ended September 30, 2017, as compared to the same period in 2016, was due primarily to lower prices associated with the procurement of energy supply and lower sales volumes. The increase in transmission costs for the nine months ended September 30, 2017, as compared to the same period in 2016, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and Local Network Service charges, which reflect the cost of transmission service, as well as the retail transmission cost deferral, which reflects actual costs of transmission service compared to estimated amounts billed to customers.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased for the nine months ended September 30, 2017, as compared to the same period in 2016, driven by a decrease in non-tracked costs of $1.9 million, which was primarily attributable to lower employee-related expenses, partially offset by higher shared corporate costs. Tracked costs also decreased by $0.3 million, which was primarily attributable to lower tracked employee-related expenses, and a lower deferral adjustment for RECs generated and sold by the WMECO solar program, partially offset by higher transmission expenses.

Depreciation expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets/(Liabilities), Net expense decreased for the nine months ended September 30, 2017, as compared to the same period in 2016, due to the timing of refunds or recovery of tracked costs to/from customers in rates. These costs have no impact on earnings.

Energy Efficiency Programs expense decreased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to the deferral adjustment, which reflects the actual cost of energy efficiency programs compared to the estimated amounts billed to customers and the timing of the recovery of energy efficiency costs. The deferral adjusts costs incurred to match energy efficiency revenue billed to customers. The costs for various state policy initiatives are recovered from customers in rates and have no impact on earnings.

Income Tax Expense increased for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to higher pre-tax earnings ($3.8 million) and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($0.8 million).

EARNINGS SUMMARY

WMECO's earnings increased $6.3 million for the nine months ended September 30, 2017, as compared to the same period in 2016, due primarily to an increase in transmission earnings driven by a higher transmission rate base, and lower operations and maintenance expense.

LIQUIDITY

WMECO had cash flows provided by operating activities of $92.0 million for the nine months ended September 30, 2017, as compared to $124.8 million in the same period of 2016. The decrease in operating cash flows was due primarily to the income tax payments of $2.0 million made in 2017, compared to the income tax refunds of $21.6 million received in 2016, and the unfavorable impacts related to the timing of collections and payments of our working capital items, including accounts receivable. Partially offsetting these unfavorable impacts was the benefit related to the timing of regulatory recoveries.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Information

Commodity Price Risk Management: Our Regulated companies enter into energy contracts to serve our customers and the economic impacts of those contracts are passed on to our customers. Accordingly, the Regulated companies have no exposure to loss of future earnings or fair values due to these market risk-sensitive instruments. Eversource's Energy Supply Risk Committee, comprised of senior officers, reviews and approves all large scale energy related transactions entered into by its Regulated companies.

Other Risk Management Activities

Interest Rate Risk Management: We manage our interest rate risk exposure in accordance with our written policies and procedures by maintaining a mix of fixed and variable rate long-term debt.

Credit Risk Management: Credit risk relates to the risk of loss that we would incur as a result of non-performance by counterparties pursuant to the terms of our contractual obligations. We serve a wide variety of customers and transact with suppliers that include IPPs, industrial companies, natural gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and we realize interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms that, in turn, require us to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by our risk management process.

Our Regulated companies are subject to credit risk from certain long-term or high-volume supply contracts with energy marketing companies. Our Regulated companies manage the credit risk with these counterparties in accordance with established credit risk practices and monitor contracting risks, including credit risk. As of September 30, 2017, our Regulated companies did not hold collateral (letters of credit) from counterparties related to our standard service contracts. As of September 30, 2017, Eversource had $24.5 million of cash posted with ISO-NE related to energy transactions.

We have provided additional disclosures regarding interest rate risk management and credit risk management in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in Eversource's 2016 Form 10-K, which is incorporated herein by reference. There have been no additional risks identified and no material changes with regard to the items previously disclosed in the Eversource 2016 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Management, on behalf of Eversource, CL&P, NSTAR Electric, PSNH and WMECO, evaluated the design and operation of the disclosure controls and procedures as of September 30, 2017 to determine whether they are effective in ensuring that the disclosure of required information is made timely and in accordance with the Securities Exchange Act of 1934 and the rules and regulations of the SEC. This evaluation was made under management's supervision and with management's participation, including the principal executive officer and principal financial officer as of the end of the period covered by this Quarterly Report on Form 10-Q. There are inherent limitations of disclosure controls and procedures, including the possibility of human error and the circumventing or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The principal executive officer and principal financial officer have concluded, based on their review, that the disclosure controls and procedures of Eversource, CL&P, NSTAR Electric, PSNH and WMECO are effective to ensure that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and regulations and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

During the third quarter of 2017, Eversource implemented a new supply chain management system resulting in a material change in internal controls over financial reporting. This new supply chain system consisted of both modern software tools and revised processes that consolidated and standardized all supply chain processes and practices across all of Eversource, including CL&P, NSTAR Electric, PSNH, and WMECO. Pre-implementation testing and post-implementation reviews were conducted by management to ensure that internal controls surrounding the system implementation process, the applications, and the closing process were properly designed to prevent material financial statement errors. Such procedures included the review of required documents, user acceptance testing, change management procedures, access controls, data migration strategies and reconciliations, application interface testing and other standard application controls.

Except as described above, there have been no changes in internal controls over financial reporting for Eversource, CL&P, NSTAR Electric, PSNH and WMECO during the quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are parties to various legal proceedings. We have disclosed these legal proceedings in Part I, Item 3, "Legal Proceedings," and elsewhere in our 2016 Form 10-K. These disclosures are incorporated herein by reference.

On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, covering the years from 2013 to 2016 ("DOE Phase IV"). The DOE Phase IV trial is expected to begin in 2018. For a further discussion of the Yankee Companies v. U.S. Department of Energy, see Part I, Item 3, "Legal Proceedings" of our 2016 Form 10-K.

Other than as set forth above, there have been no additional material legal proceedings identified and no further material changes with regard to the legal proceedings previously disclosed in our 2016 Form 10-K.

ITEM 1A. RISK FACTORS

We are subject to a variety of significant risks in addition to the matters set forth under "Forward-Looking Statements," in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Quarterly Report on Form 10-Q. We have identified a number of these risk factors in Part I, Item 1A, "Risk Factors," in our 2016 Form 10-K, which risk factors are incorporated herein by reference. These risk factors should be considered carefully in evaluating our risk profile. There have been no additional risk factors identified and no material changes with regard to the risk factors previously disclosed in our 2016 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table discloses purchases of our common shares made by us or on our behalf for the periods shown below. The common shares purchased consist of open market purchases made by the Company or an independent agent. These share transactions related to shares awarded under the Company's Incentive Plan and Dividend Reinvestment Plan and matching contributions under the Eversource 401k Plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans and Programs (at month end)
July 1 - July 31, 2017	99,090	$ 60.76	—	—
August 1 - August 31, 2017	4,802	62.08	—	—
September 1 - September 30, 2017	74,148	60.77	—	—
Total	178,040	$ 60.80	—	—

ITEM 6. EXHIBITS

Each document described below is filed herewith, unless designated with an asterisk (*), which exhibits are incorporated by reference by the registrant under whose name the exhibit appears.

Exhibit No.	Description
Listing of Exhibits (Eversource)	
10.1	Thirteen Supplemental Indenture of Mortgage and Deed of Trust between Yankee Gas Services Company and The Bank of New York Mellon Trust Company, N.A., successor as Trustee to The Bank of New York, as successor to Fleet National Bank (formerly known as The Connecticut National Bank), dated as of September 1, 2017
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chief Executive Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chief Executive Officer and Chief Financial Officer of Eversource Energy pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (CL&P)	
* 4.2	Supplemental Indenture (2017 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of August 1, 2017 (incorporated by reference to Exhibit 4.1, CL&P Current Report on Form 8-K filed August 23, 2017, File No. 000-00404)
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of The Connecticut Light and Power Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (NSTAR Electric Company)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of NSTAR Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (PSNH)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32	Certification by the Chairman and the Chief Financial Officer of Public Service Company of New Hampshire pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Listing of Exhibits (WMECO)

12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of Western Massachusetts Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Western Massachusetts Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of Western Massachusetts Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Listing of Exhibits (Eversource, CL&P, NSTAR Electric, PSNH, WMECO)

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERSOURCE ENERGY

November 3, 2017

By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CONNECTICUT LIGHT AND POWER COMPANY

November 3, 2017

By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NSTAR ELECTRIC COMPANY

November 3, 2017

By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

November 3, 2017 By: /s/ Jay S. Buth

Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTERN MASSACHUSETTS ELECTRIC COMPANY

November 3, 2017 By: /s/ Jay S. Buth

Jay S. Buth
Vice President, Controller and Chief Accounting Officer

Eversource Energy and Subsidiaries

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012 (a)
Earnings, as defined:						
Net income	$ 756,216	$ 949,821	$ 886,004	$ 827,065	$ 793,689	$ 533,077
Income tax expense	447,921	554,997	539,967	468,297	426,941	274,926
Equity in earnings of equity investees	(22,975)	(243)	(883)	(1,044)	(1,318)	(1,154)
Dividends received from equity investees	13,996	120	—	—	582	733
Fixed charges, as below	340,994	429,406	397,392	386,451	362,403	353,616
Less: Interest capitalized (including AFUDC)	(8,277)	(10,791)	(7,221)	(5,766)	(4,062)	(5,261)
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	(9,398)	(12,532)	(12,532)	(12,532)	(12,803)	(11,715)
Total earnings, as defined	$ 1,518,477	$ 1,910,778	$ 1,802,727	$ 1,662,471	$ 1,565,432	$ 1,144,222
Fixed charges, as defined:						
Interest Expense	$ 319,477	$ 400,961	$ 372,420	$ 362,106	$ 338,699	$ 329,945
Rental interest factor	3,842	5,122	5,219	6,047	6,839	6,695
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	9,398	12,532	12,532	12,532	12,803	11,715
Interest capitalized (including AFUDC)	8,277	10,791	7,221	5,766	4,062	5,261
Total fixed charges, as defined	$ 340,994	$ 429,406	$ 397,392	$ 386,451	$ 362,403	$ 353,616
Ratio of Earnings to Fixed Charges	4.45	4.45	4.54	4.30	4.32	3.24

(a) NSTAR amounts were included in Eversource beginning April 10, 2012.

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ James J. Judge

James J. Judge
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Eversource Energy (the registrant) for the period ending September 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman, President and Chief Executive Officer of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman, President and Chief Executive Officer

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 3, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The Connecticut Light and Power Company

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012
Earnings, as defined:						
Net income	$ 277,645	$ 334,254	$ 299,360	$ 287,754	$ 279,412	$ 209,725
Income tax expense	159,450	208,308	177,396	133,451	141,663	94,437
Equity in earnings of equity investees	(31)	(61)	(31)	(32)	(67)	(40)
Dividends received from equity investees	—	60	—	—	289	—
Fixed charges, as below	113,943	152,635	153,751	152,513	139,929	139,982
Less: Interest capitalized (including AFUDC)	(3,461)	(3,319)	(2,630)	(1,867)	(2,249)	(2,456)
Total earnings, as defined	$ 547,546	$ 691,877	$ 627,846	$ 571,819	$ 558,977	$ 441,648
Fixed charges, as defined:						
Interest Expense	$ 106,577	$ 144,110	$ 145,795	$ 147,421	$ 133,650	$ 133,127
Rental interest factor	3,905	5,206	5,326	3,225	4,030	4,399
Interest capitalized (including AFUDC)	3,461	3,319	2,630	1,867	2,249	2,456
Total fixed charges, as defined	$ 113,943	$ 152,635	$ 153,751	$ 152,513	$ 139,929	$ 139,982
Ratio of Earnings to Fixed Charges	4.81	4.53	4.08	3.75	3.99	3.16

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant) for the period ending September 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge
James J. Judge
Chairman

/s/ Philip J. Lembo
Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 3, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

NSTAR Electric Company and Subsidiary
Ratio of Earnings to Fixed Charges
(Unaudited)

Exhibit 12

(Thousands of Dollars)	Nine Months Ended September 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012
Earnings, as defined:						
Net income	$ 251,685	$ 292,705	$ 344,542	$ 303,088	$ 268,546	$ 190,242
Income tax expense	161,320	187,767	228,044	201,981	172,866	123,966
Equity in earnings of equity investees	(221)	(309)	(343)	(408)	(550)	(412)
Dividends received from equity investees	—	20	—	—	344	286
Fixed charges, as below	74,929	91,766	80,536	82,503	73,115	72,364
Less: Interest capitalized (including AFUDC)	(2,622)	(4,634)	(1,980)	(2,027)	(511)	(259)
Total earnings, as defined	$ 485,091	$ 567,315	$ 650,799	$ 585,137	$ 513,810	$ 386,187
Fixed charges, as defined:						
Interest Expense	$ 69,962	$ 84,005	$ 75,347	$ 77,878	$ 70,383	$ 70,054
Rental interest factor	2,345	3,127	3,209	2,598	2,221	2,051
Interest capitalized (including AFUDC)	2,622	4,634	1,980	2,027	511	259
Total fixed charges, as defined	$ 74,929	$ 91,766	$ 80,536	$ 82,503	$ 73,115	$ 72,364
Ratio of Earnings to Fixed Charges	6.47	6.18	8.08	7.09	7.03	5.34

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant) for the period ending September 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 3, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Public Service Company of New Hampshire and Subsidiary

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

		For the Years Ended December 31,				
(Thousands of Dollars)	Nine Months Ended September 30, 2017	2016	2015	2014	2013	2012
Earnings, as defined:						
Net income	$ 99,626	$ 131,985	$ 114,442	$ 113,944	$ 111,397	$ 96,882
Income tax expense	65,128	82,364	73,060	72,135	71,101	60,993
Equity in earnings of equity investees	(7)	(15)	(8)	(8)	(12)	(8)
Dividends received from equity investees	—	25	—	—	42	—
Fixed charges, as below	39,940	51,843	47,949	46,530	47,318	52,769
Less: Interest capitalized (including AFUDC)	(502)	(787)	(994)	(640)	(500)	(1,579)
Total earnings, as defined	$ 204,185	$ 265,415	$ 234,449	$ 231,961	$ 229,346	$ 209,057
Fixed charges, as defined:						
Interest Expense	$ 38,676	$ 50,040	$ 45,990	$ 45,349	$ 46,176	$ 50,228
Rental interest factor	762	1,016	965	541	642	962
Interest capitalized (including AFUDC)	502	787	994	640	500	1,579
Total fixed charges, as defined	$ 39,940	$ 51,843	$ 47,949	$ 46,530	$ 47,318	$ 52,769
Ratio of Earnings to Fixed Charges	5.11	5.12	4.89	4.99	4.85	3.96

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant) for the period ending September 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge
James J. Judge
Chairman

/s/ Philip J. Lembo
Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 3, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Western Massachusetts Electric Company — Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2017	For the Years Ended December 31, 2016	2015	2014	2013	2012
Earnings, as defined:						
Net income	$ 52,446	$ 58,072	$ 56,506	$ 57,819	$ 60,438	$ 54,503
Income tax expense	34,680	38,022	36,970	37,268	37,368	32,140
Equity in earnings of equity investees	(8)	(16)	(8)	(8)	(18)	(11)
Dividends received from equity investees	—	15	—	—	80	—
Fixed charges, as below	19,846	25,776	26,553	26,202	26,316	28,162
Less: Interest capitalized (including AFUDC)	(564)	(644)	(1,042)	(864)	(498)	(534)
Total earnings, as defined	$ 106,400	$ 121,225	$ 118,979	$ 120,417	$ 123,686	$ 114,260
Fixed charges, as defined:						
Interest Expense	$ 18,752	$ 24,425	$ 24,792	$ 24,931	$ 24,851	$ 26,634
Rental interest factor	530	707	719	407	967	994
Interest capitalized (including AFUDC)	564	644	1,042	864	498	534
Total fixed charges, as defined	$ 19,846	$ 25,776	$ 26,553	$ 26,202	$ 26,316	$ 28,162
Ratio of Earnings to Fixed Charges	5.36	4.70	4.48	4.60	4.70	4.06

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Massachusetts Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Massachusetts Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2017

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Western Massachusetts Electric Company (the registrant) for the period ending September 30, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 3, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 10.1

THIRTEENTH SUPPLEMENTAL INDENTURE

from

YANKEE GAS SERVICES COMPANY
doing business as EVERSOURCE ENERGY

to

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

TRUSTEE

Dated as of September 1, 2017

Supplemental to Indenture of Mortgage
and Deed of Trust from
Yankee Gas Services Company to
The Bank of New York Mellon Trust Company, N.A. (formerly known as
The Bank of New York Trust Company, N.A., successor to
The Bank of New York, successor to
Fleet National Bank, formerly known as
The Connecticut National Bank), Trustee,
dated as of July 1, 1989, as amended and restated as of January 1, 2014

THIRTEENTH SUPPLEMENTAL INDENTURE

THIRTEENTH SUPPLEMENTAL INDENTURE, dated as of September 1, 2017, between YANKEE GAS SERVICES COMPANY, a specially chartered Connecticut corporation, doing business as Eversource Energy (herein called the *"Company"*), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking corporation, successor as trustee to The Bank of New York, as successor to Fleet National Bank (formerly known as The Connecticut National Bank), as Trustee (the *"Trustee"*) under the Indenture of Mortgage and Deed of Trust, dated as of July 1, 1989, as amended and restated as of January 1, 2014, including any and all indentures and instruments supplemental thereto, including, without limitation, this Thirteenth Supplemental Indenture, being herein called the *"Indenture"*);

WHEREAS, pursuant to Sections 201, 301, 401, 1301(b) and 1301(f) of the Indenture, the Company desires to provide for the issuance of a new series of Securities which Securities will be secured by and entitled to the benefits of the Indenture, and to add to its covenants and agreements contained in the Indenture certain other covenants and agreements; and

WHEREAS, all acts and things necessary to make this Thirteenth Supplemental Indenture a valid, binding and legal instrument have been performed, and the issuance of the new series of Securities, subject to the terms of the Indenture, has been duly authorized by the Board of Directors of the Company and approved by the Connecticut Public Utilities Regulatory Authority ("*PURA*"), and the Company has requested and hereby requests the Trustee to enter into and join the Company in the execution and delivery of this Thirteenth Supplemental Indenture;

NOW, THEREFORE, THIS THIRTEENTH SUPPLEMENTAL INDENTURE WITNESSETH, that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Securities, including the new series of Securities hereunder issued, and the performance of the covenants therein and herein contained and to declare the terms and conditions on which all such Outstanding Securities are secured, and in consideration of the premises and of the purchase of the Securities by the Holders thereof, the Company by these presents does grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee, all property, rights, privileges and franchises of the Company of every kind and description, real, personal or mixed, tangible and intangible, whether now owned or hereafter acquired by the Company, wherever located, and grants a security interest therein for the purposes herein expressed, except any Excepted Property which is expressly excepted from the lien hereof in the Indenture, and including, without limitation, all property, rights, privileges and franchises particularly described in the Indenture, and twelve Supplemental Indentures thereto dated respectively as of April 1, 1992, December 1, 1992, June 1, 1995, April 1, 1997, January 1, 1999, January 1, 2004, November 1, 2004, July 1, 2005, October 1, 2008, April 1, 2010, January 1, 2014 and September 1, 2015, and, in addition, all the property, rights, privileges and franchises particularly described in Schedule A annexed to this Thirteenth Supplemental Indenture, which are hereby made a part of, and deemed to be described herein, as fully as if set forth herein at length.

TO HAVE AND TO HOLD all said property, rights, privileges and franchises of every kind and description, real, personal or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Mortgaged Property), being herein collectively called "Mortgaged Property") unto the Trustee and its successors and assigns forever.

SUBJECT, HOWEVER, to Permitted Liens (as defined in Section 101 of the Indenture).

BUT IN TRUST, NEVERTHELESS, for the proportionate and equal benefit and security of the Holders from time to time of all the Outstanding Securities without any preference or priority of any such Security over any other such Security.

UPON CONDITION that, until the happening of an Event of Default (as defined in Section 901 of the Indenture) and subject to the provisions of Article Sixteen of the Indenture, the Company shall be permitted to possess and use the Mortgaged Property, except cash, securities and other personal property deposited and pledged, or required to be deposited and pledged, with the Trustee, and to receive and use the rents, issues, profits, revenues and other income of the Mortgaged Property.

AND IT IS HEREBY COVENANTED AND DECLARED that all the Series N Bonds are to be authenticated and delivered and the Mortgaged Property is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, and the Company does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Holders of the Securities as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Terms from the Indenture. All defined terms used in this Thirteenth Supplemental Indenture and not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture.

Section 1.02. References are to Thirteenth Supplemental Indenture. Unless the context otherwise requires, all references herein to *"Articles," "Sections"* and other subdivisions are to the designated Articles, Sections and other subdivisions of this Thirteenth Supplemental Indenture, and the words *"herein," "hereof," "hereby," "hereunder"* and words of similar import refer to this Thirteenth Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision hereof or to the Indenture.

Section 1.03. Consent to Amendment and Restatement of Indenture. Each holder of a Series N Bond, solely by virtue of its acquisition thereof, including as an owner of a book-entry interest therein, shall have and be deemed to have consented, without the need for any further action or consent by such holder, to the amendment and restatement of the Indenture in the form set forth in Exhibit B to the 11th Supplemental Indenture, dated as of January 1, 2014.

ARTICLE II

SERIES N BONDS

Section 2.01. Designation; Amount. There is hereby created and shall be outstanding under and secured by the Indenture a series of Securities entitled "First Mortgage Bonds, 3.02% Series N, Due 2027" (herein called the *"Series N Bonds" or "Bonds"*), limited in aggregate principal amount at any one time outstanding to Seventy-Five Million Dollars ($75,000,000).

Section 2.02. Form of Series N Bonds. The form of the Series N Bonds shall be substantially as set forth in Exhibit A hereto with such insertions, omissions, substitutions and variations as may be determined by the officers executing the same as evidenced by their execution thereof.

The Series N Bonds shall be issued as fully registered Securities in denominations of $500,000 or any amount in excess thereof which is an integral multiple of $250,000 (except as may be necessary to reflect any principal amount not evenly divisible by $250,000 remaining after any partial redemption), or in such other denominations as the Trustee may approve. The Series N Bonds shall be numbered N-1 and consecutively upwards, or in any other manner deemed appropriate by the Company.

Section 2.03. Provisions of Series N Bonds; Interest Accrual. The Series N Bonds shall mature on September 15, 2027, and shall bear interest, payable semiannually on the 15th day of March and September of each year, commencing March 15, 2018, at the rate of 3.02% per annum. The interest on the Series N Bonds shall be payable without presentation of such Series N Bonds; and such interest to be paid only to or upon the written order of the registered Holders thereof of record at the applicable record date (as hereinafter defined). The Series N Bonds shall be callable for redemption in whole or in part according to the terms and provisions herein in Article II.

Each Series N Bond authenticated in accordance with the terms of this Thirteenth Supplemental Indenture shall be dated as of September 11, 2017 and shall bear interest on the principal amount thereof from such date until the maturity date unless redeemed pursuant to Section 2.05. Interest on the Series N Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and with respect to any such period less than a full month, on the basis of the actual number of days elapsed in such period.

The person in whose name any Series N Bond is registered at the close of business on any record date with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancellation of such Series N Bond upon any registration of transfer or exchange thereof subsequent to the record date and prior to such interest payment date, except that if and to the extent the Company shall default in the payment of the interest due on such interest payment date, then such defaulted interest shall be paid to the person in whose name such Series N Bond is registered on the Business Day immediately preceding the date of such payment. The term "record date" as used in this Section with respect to any regular interest payment (i.e. March 15 or September 15) shall mean the March 1 or September 1, as the case may be, next preceding such interest payment date, or if such March 1 or September 1 shall be a legal holiday or a day on which banking institutions in the Borough of Manhattan, New York, New York are authorized by law to close, the next preceding day which shall not be a legal holiday or a day on which such institutions are so authorized to close.

Notwithstanding the otherwise applicable provisions of the Indenture, the principal and the redemption price of, and interest on, the Series N Bonds shall be payable by Federal funds bank wire transfer of immediately available funds so long as required by Section 5.1 of the Bond Purchase Agreements, each dated July 14, 2017, between the Company and the initial purchasers of the Series N Bonds (the "*Bond Purchase Agreements*") or, in the event such section shall no longer be applicable, at the office or agency of the Company in New York, New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public or private debts.

Section 2.04. No Sinking Fund; No Mandatory Scheduled Redemptions Prior to Final Maturity. The Series N Bonds shall not be subject to any sinking fund or mandatory scheduled redemption prior to final maturity.

Section 2.05. Optional Redemption. The Series N Bonds are subject to redemption at the option of the Company, prior to maturity, as a whole at any time or in part from time to time, in accordance with the provisions of the Indenture, upon not less than thirty (30) days' and not more than sixty (60) days' prior notice (which notice may be made subject to the deposit of redemption moneys with the Trustee before the date fixed for redemption). Such notice shall specify (a) the date of such redemption, (b) the principal amount of the Holder's Bond to be redeemed on such date, (c) that a premium may be payable, (d) the estimated premium, calculated as of the day such notice is given and (e) the accrued interest applicable to such redemption. Such notice of redemption shall also certify all facts, if any, which are conditions precedent to any such redemption and shall conform to the requirements in the Indenture. Notice of redemption having been so given, the aggregate principal amount of the Series N Bonds specified in such notice, together with accrued interest thereon, and the premium, if any, payable with respect thereto shall become due and payable on the redemption date specified in such notice (unless the notice is made subject to the deposit of redemption moneys with the Trustee before the date fixed for redemption). No later than two Business Days prior to the redemption date specified in such notice of optional redemption, the Company shall provide the Trustee and each Holder of a Series N Bond written notice of whether or not any premium is payable in connection with such redemption, the premium, if any, calculated as of the second Business Day prior the redemption date, and a reasonably detailed computation of the Make-Whole Amount (as defined in Section 2.06). If the Company elects to redeem the Series N Bonds prior to the Par Call Date (as defined in Section 2.06), it will do so at a redemption price equal to the principal amount of the Series N Bonds being prepaid plus accrued interest thereon to the date of such redemption together with a premium equal to the then applicable Make-Whole Amount. If the Company elects to redeem the Series N Bonds on or after the Par Call Date, it will do so at a redemption price equal to one hundred percent (100%) of the principal amount of the Series N Bonds being redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date. The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

If the Company elects to redeem less than all of the Series N Bonds, the Trustee shall select on a pro rata basis the particular Series N Bonds, or portions of them, to be redeemed.

Notice of redemption shall be given to the Holder of the Series N Bonds. On and after the date of redemption of the Series N Bonds (unless the Company defaults in the payment of the redemption price and interest accrued thereon to such date), interest on the Series N Bonds, or the portions of them so called for redemption, shall cease to accrue.

The Series N Bonds are not otherwise subject to redemption.

Section 2.06. Definitions Applicable to Redemption Provisions.

The "Make-Whole Amount," as calculated by the Company, shall mean, with respect to any Series N Bond, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments through the Par Call Date with respect to the Called Principal of such Bond over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero.

The "Called Principal" means, with respect to any Series N Bond, the principal of such Series N Bond that is to be prepaid or has become or is declared to be immediately due and payable pursuant to Section 2.05, as the context requires.

The "Discounted Value" means, with respect to the Called Principal of any Bond, the amount obtained by discounting all Remaining Scheduled Payments through the Par Call Date with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

The "Par Call Date" means the date that is three months prior to the maturity date of the Series N Bonds.

The "Reinvestment Yield" means, with respect to the Called Principal of any Bond, 0.50% over the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities ("Reported") having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities

Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "Reinvestment Yield" means, with respect to the Called Principal of any Series N Bond, 0.50% over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond.

The "Remaining Average Life" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment through the Par Call Date with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment through the Par Call Date.

The "Remaining Scheduled Payments" means, with respect to the Called Principal of any Bond, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the Bonds, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date.

The "Settlement Date" means, with respect to the Called Principal of any Bond, the date on which such Called Principal is to be prepaid or has become or is declared to be immediately due and payable pursuant to Section 2.05, as the context requires.

The principal amount, if any, of the Series N Bonds to be redeemed pursuant to this Section 2.05 shall be selected on a pro rata basis from all Series N Bonds Outstanding on the date of redemption.

The Series N Bonds shall not be redeemable at the option of the Company prior to their Stated Maturity other than as provided in Section 2.05.

All calculations hereunder shall be the responsibility of the Company.

Section 2.07. Place of Payment. The principal and the redemption price of, and the premium, if any, and the interest on, the Series N Bonds shall be payable at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., in New York, New York.

Section 2.08. Transfer and Exchange of Series N Bonds. The Series N Bonds may be surrendered for registration of transfer as provided in Section 305 of the Indenture at the office or agency of the Company in the Borough of Manhattan, New York, New York, and may be surrendered at said office for exchange for a like aggregate principal amount of Series N Bonds of other authorized denominations. Notwithstanding the provisions of Section 305 of the Indenture, no charge, except for taxes or other governmental charges, shall be made by the Company for any registration of transfer of Series N Bonds or for the exchange of Series N Bonds for Securities of other authorized denominations.

Section 2.09. Bond Purchase Agreements. Reference is made to Sections 5 and 7 of the Bond Purchase Agreements for certain provisions governing the rights and obligations of the Company, the Trustee and the Holders of the Series N Bonds. Such provisions are deemed to be incorporated in this Article II by reference as if set forth herein at length.

Section 2.10. Restrictions on Transfer. All Series N Bonds originally issued hereunder shall bear the following legend:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF YANKEE GAS SERVICES COMPANY DOING BUSINESS AS EVERSOURCE ENERGY (THE "COMPANY") AND PRIOR HOLDERS THAT THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER, WITHIN THE MEANING OF RULE 144A UNDER THE 1933 ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE 1933 ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 (IF AVAILABLE) UNDER THE 1933 ACT, (5) IN RELIANCE ON ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT, SUBJECT TO THE RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT OR (6) PURSUANT

TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, SUBJECT (IN THE CASE OF CLAUSES (2), (3), (4) AND (5)) TO THE RECEIPT BY THE COMPANY OF A CERTIFICATION OF THE TRANSFEROR TO THE EFFECT THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE 1933 ACT, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY JURISDICTION OF THE UNITED STATES. THE HOLDER OF THIS SECURITY WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO HEREIN.

All Series N Bonds issued upon transfer or exchange thereof shall bear such legend unless the Company shall have delivered to the Trustee an Opinion of Counsel which states that the Series N Bonds may be issued without such legend. All Series N Bonds issued upon transfer or exchange of a Series N Bond or Series N Bonds which do not bear such legend shall be issued without such legend. The Company may from time to time modify the foregoing restrictions on resale and other transfers, without the consent of but upon notice to the Holders, in order to reflect any amendment to Rule 144A under the Securities Act of 1933 or change in the interpretation thereof or practices thereunder.

Section 2.11. Authentication and Delivery. Upon the execution of this Thirteenth Supplemental Indenture, the Series N Bonds shall be executed by the Company and delivered to the Trustee for authentication, and thereupon the same shall be authenticated and delivered by the Trustee pursuant to and upon a Company Request.

Section 2.12. Default. Pursuant to the Indenture (and notwithstanding any provision of Section 901 thereof to the contrary), for purposes of determining whether an Event of Default exists with respect to the Series N Bonds, any default in payment (whether due as a scheduled installment of principal or interest, or at original maturity or earlier redemption or acceleration, or otherwise) with respect to Securities of any other series which constitutes an Event of Default with respect to the Securities of such series shall also constitute an Event of Default with respect to the Series N Bonds.

ARTICLE III

AMENDMENT OF INDENTURE

Section 3.01. Consent and Amendment to Section 1003 of the Indenture. (a) Each holder of a Series N Bond, solely by virtue of its acquisition thereof, including as an owner of a book-entry interest therein, shall have and be deemed to have consented, without the need for any further action or consent by such holder, to the amendment of the Indenture by deleting "and" at the end of Section 1003(i), deleting the period at the end of Section 1003(j), adding ";" at the end of Section 1003(j), and adding the following clauses at the end of Section 1003 of the Indenture:

"(k) in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(l) in no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services."

(b) The amendments contained in this Section 3.01 shall apply to and be effective with respect to the Series N Bonds from and after the issuance thereof. The amendments contained in this Section 3.01 shall not become effective with respect to any other series of Securities until such series consents thereto or otherwise in accordance with Section 1302 of the Indenture.

Section 3.02. Consent and Amendment of the Indenture by Adding Section 117. (a) Each holder of a Series N Bond, solely by virtue of its acquisition thereof, including as an owner of a book-entry interest therein, shall have and be deemed to have consented, without the need for any further action or consent by such holder, to the amendment of the Indenture by adding the following Section 117:

"**SECTION 117 WAIVER OF JURY TRIAL.**

EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS MORTGAGE, THE SECURITIES OR THE TRANSACTION CONTEMPLATED HEREBY."

(b) The amendments contained in this Section 3.02 shall apply to and be effective with respect to the Series N Bonds from and after the issuance thereof. The amendments contained in this Section 3.02 shall not become effective with respect to any other series of Securities until such series consents thereto or otherwise in accordance with Section 1302 of the Indenture.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.01. Effectiveness and Ratification of Indenture. The provisions of this Thirteenth Supplemental Indenture shall be effective from and after the execution hereof; and the Indenture, as hereby supplemented, shall remain in full force and effect.

Section 4.02. Titles. The titles of the several Articles and Sections of this Thirteenth Supplemental Indenture shall not be deemed to be any part thereof, are inserted for convenience only and shall not affect any interpretation hereof.

Section 4.03. Acceptance of Trust; Not Responsible for Recitals, Etc. The Trustee hereby accepts the trusts herein declared, provided, created or supplemented and agrees to perform the same upon the terms and conditions herein and in the Indenture, as heretofore supplemented, set forth and upon the following terms and conditions:

> The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Thirteenth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article Ten of the Indenture shall apply to and form part of this Thirteenth Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Thirteenth Supplemental Indenture.

Section 4.04. Successors and Assigns. All covenants, provisions, stipulations and agreements in this Thirteenth Supplemental Indenture contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and (subject to the provisions of the Bond Purchase Agreements) of the Holders and registered owners from time to time of the Securities issued and outstanding under and secured by the Indenture (except that the provisions of Article II hereof are and shall be for the sole and exclusive benefit of the Holders of the Series N Bonds).

Section 4.05. Counterparts. This Thirteenth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 4.06. Governing Law. The laws of the State of Connecticut shall govern this Thirteenth Supplemental Indenture and the Series N Bonds, except to the extent that the validity or perfection of the lien of the Indenture, or remedies thereunder, are governed by the laws of a jurisdiction other than the State of Connecticut; provided however that the rights and obligations of the Trustee shall be governed by the laws of the state in which the Corporate Trust Office is located.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have caused this Thirteenth Supplemental Indenture to be duly executed, sealed and attested as of the day and year first above written.

YANKEE GAS SERVICES COMPANY
doing business as EVERSOURCE ENERGY

By: /S/ PHILIP J. LEMBO
Philip J. Lembo
Executive Vice President and
Chief Financial Officer

Executed, sealed and delivered by
YANKEE GAS SERVICES COMPANY
doing business as EVERSOURCE ENERGY
in the presence of:

/S/ MATTHEW J. BENSON

/S/ FLORENCE J. IACONO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: /S/ R. TARNAS
Name: R. Tarnas
Title: Vice President

Executed, sealed and delivered by
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee, in the presence of:

/S/ ROBERT W. HARDY

/S/ EMILY GIGERICH

COMMONWEALTH OF MASSACHUSETTS)
) ss.: Westwood
COUNTY OF NORFOLK)

On this 23rd day of August, 2017, before the undersigned officer, personally appeared Philip J. Lembo, who acknowledged himself to be the Executive Vice President and Chief Financial Officer of Yankee Gas Services Company, a Connecticut corporation, doing business as Eversource Energy, and that they, as such officers, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by themselves as such officers, and as their free act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/S/ DANA M. FENNELLY

Notary Public
My commission expires: December 14, 2023.

(SEAL)

STATE OF ILLINOIS)
) ss.:
COUNTY OF COOK)

On this 6th day of September, 2017, before me Carrie M. Beecher, the undersigned, personally appeared R. Tarnas, who acknowledged himself to be a Vice President of The Bank of New York Mellon Trust Company, N.A., a national baking association, and that he, as such officer and being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the association by himself as such officer, and as his free act and deed.

IN WITNESS WHEREOF, I hereunto set my hand.

/S/ CARRIE M. BEECHER

Notary Public State of Illinois
My commission expires: 3-29-2021

SCHEDULE A

(Series N)

ALL THE PROPERTY, RIGHTS, PRIVILEGES AND FRANCHISES AS SET FORTH IN THE FOLLOWING DESCRIPTIONS.

EXHIBIT A

[FORM OF FIRST MORTGAGE BOND, 3.02% SERIES N, DUE 2027]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF YANKEE GAS SERVICES COMPANY DOING BUSINESS AS EVERSOURCE ENERGY (THE “COMPANY”) AND PRIOR HOLDERS THAT THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER, WITHIN THE MEANING OF RULE 144A UNDER THE 1933 ACT, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE 1933 ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 (IF AVAILABLE) UNDER THE 1933 ACT, (5) IN RELIANCE ON ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT, SUBJECT TO THE RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, SUBJECT (IN THE CASE OF CLAUSES (2), (3), (4) AND (5)) TO THE RECEIPT BY THE COMPANY OF A CERTIFICATION OF THE TRANSFEROR TO THE EFFECT THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE 1933 ACT, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY JURISDICTION OF THE UNITED STATES. THE HOLDER OF THIS SECURITY WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO HEREIN.

Yankee Gas Services Company
doing business as Eversource Energy
First Mortgage Bonds,
3.02% Series N, Due 2027

CUSIP Number:

No. N - [___]

Principal Amount: $[ ]

Stated Maturity of Principal: September 15, 2027

Applicable Rate: 3.02%

Interest Payment Dates: March 15 and September 15, commencing March 15, 2018 and at the Stated Maturity of the principal

Yankee Gas Services Company, doing business as Eversource Energy, a specially chartered Connecticut corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to [___________], or registered assigns, at the Stated Maturity set forth above, the Principal Amount set forth above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) thereon from the date of issuance hereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, on each Interest Payment Date set forth above in each year at the Applicable Rate set forth above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in said Indenture, be paid to the Person in whose name this Bond (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the Regular Record Date for such interest, which shall be the 1st day of the calendar month next preceding such Interest Payment Date (or if such 1st day shall be a legal holiday or a day on which banking institutions in the Borough of Manhattan, New York, New York are authorized by law to close, the next preceding day which shall not be a legal holiday or a day on which such institutions are so authorized to close). Any such interest not so punctually paid or duly provided for shall be paid to the Person in whose name this Bond is registered on the Business Day immediately preceding the date of such payment. If all or any portion of the principal of, or the premium (if any) or interest on, this Bond shall not be paid when due, the amount not so paid shall bear interest at the lesser of (x) the highest rate allowed by applicable law or (y) the greater of (i) the Prime Rate (as defined in the Bond Purchase Agreements) or (ii) the Applicable Rate plus 1% per annum.

The principal and the Redemption Price of, and the interest on, this Bond shall be payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., in New York, New York. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Series N Bond is one of a duly authorized issue of Bonds of the Company designated as its "First Mortgage Bonds" (herein called the "Bonds"), issued and to be issued in one or more series under, and all equally and ratably secured by, an Indenture of Mortgage and Deed of Trust, dated as of July 1, 1989, as amended and restated as of January 1, 2014 (herein, together with twelve Supplemental Indentures thereto dated respectively as of April 1, 1992, December 1, 1992, June 1, 1995, April 1, 1997, January 1, 1999, January 1, 2004, November 1, 2004, July 1, 2005, October 1, 2008, April 1, 2010, January 1, 2014, September 1, 2015 and the Thirteenth Supplemental Indenture, dated as of September 1, 2017 (the "Thirteenth Supplemental Indenture"), called the "Indenture"), between the Company and The Bank of New York Mellon Trust Company, N.A., (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee to The Bank of New York, successor to Fleet National Bank (formerly known as The Connecticut National Bank), as Trustee (herein called the "Trustee," which term includes any successor Trustee under the Indenture). Reference is hereby made to the Indenture for a description of the properties thereby mortgaged, pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Bonds, the Trustee and the Company, and the terms upon which the Bonds are, and are to be, authenticated and delivered. All capitalized terms used in this Bond which are not defined herein shall have the respective meanings ascribed thereto in the Indenture. Reference is also made to the Bond Purchase Agreements, as defined in the Thirteenth Supplemental Indenture, for a further description of the respective rights of the Holders of the Series N Bonds, the Company and the Trustee, and the terms applicable to the Series N Bonds.

As provided in the Indenture, the Bonds are issuable in series which may vary as in the Indenture provided or permitted. This Series N Bond is one of the series specified in its title.

The Series N Bonds are not subject to any sinking fund or mandatory scheduled redemption prior to final maturity.

The Series N Bonds are subject to redemption at the option of the Company, prior to maturity, as a whole at any time or in part from time to time, in accordance with the provisions of the Indenture, upon not less than thirty (30) days' and not more than sixty (60) days' prior notice (which notice may be made subject to the deposit of redemption moneys with the Trustee before the date fixed for redemption). Such notice shall specify (a) the date of such redemption, (b) the principal amount of the Holder's Bond to be redeemed on such date, (c) that a premium may be payable, (d) the estimated premium, calculated as of the day such notice is given and (e) the accrued interest applicable to such redemption. Such notice of redemption shall also certify all facts, if any, which are conditions precedent to any such redemption and shall conform to the requirements in the Indenture. Notice of redemption having been so given, the aggregate principal amount of the Series N Bonds specified in such notice, together with accrued interest thereon, and the premium, if any, payable with respect thereto shall become due and payable on the redemption date specified in such notice (unless the notice is made subject to the deposit of redemption moneys with the Trustee before the date fixed for redemption). No later than two Business Days prior to the redemption date specified in such notice of optional redemption, the Company shall provide the Trustee and each Holder of a Series N Bond written notice of whether or not any premium is payable in connection with such redemption, the premium, if any, calculated as of the second Business Day prior the redemption date, and a reasonably detailed computation of the Make-Whole Amount (as defined below). If the Company elects to redeem the Series N Bonds prior to the Par

Call Date (as defined below), it will do so at a redemption price equal to the principal amount of the Series N Bonds being prepaid plus accrued interest thereon to the date of such redemption together with a premium equal to the then applicable Make-Whole Amount. If the Company elects to redeem the Series N Bonds on or after the Par Call Date, it will do so at a redemption price equal to one hundred percent (100%) of the principal amount of the Series N Bonds being redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date. The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

If the Company elects to redeem less than all of the Series N Bonds, the Trustee shall select on a pro rata basis the particular Series N Bonds, or portions of them, to be redeemed.

Notice of redemption shall be given to the Holder of the Series N Bonds. On and after the Redemption Date (unless the Company defaults in the payment of the redemption price and interest accrued thereon to such date), interest on the Series N Bonds, or the portions of them so called for redemption, shall cease to accrue.

The Series N Bonds are not otherwise subject to redemption.

The "Make-Whole Amount," as calculated by the Company, shall mean, with respect to any Series N Bond, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments through the Par Call Date with respect to the Called Principal of such Bond over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero.

The "Called Principal" means, with respect to any Series N Bond, the principal of such Series N Bond that is to be prepaid or has become or is declared to be immediately due and payable pursuant to Section 2.05 of the Thirteenth Supplemental Indenture, as the context requires.

The "Discounted Value" means, with respect to the Called Principal of any Bond, the amount obtained by discounting all Remaining Scheduled Payments through the Par Call Date with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

The "Par Call Date" means the date that is three months prior to the maturity date of the Series N Bonds.

The "Reinvestment Yield" means, with respect to the Called Principal of any Bond, 0.50% over the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities ("Reported") having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities

Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "Reinvestment Yield" means, with respect to the Called Principal of any Series N Bond, 0.50% over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond.

The "Remaining Average Life" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment through the Par Call Date with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment through the Par Call Date.

The "Remaining Scheduled Payments" means, with respect to the Called Principal of any Bond, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the Bonds, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date.

The "Settlement Date" means, with respect to the Called Principal of any Bond, the date on which such Called Principal is to be prepaid or has become or is declared to be immediately due and payable pursuant to Section 2.05 of the Thirteenth Supplemental Indenture, as the context requires.

If an Event of Default, as defined in the Indenture, shall occur, the principal of the Series N Bonds may become or be declared due and payable in the manner and with the effect provided in the Indenture and the Bond Purchase Agreements.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Bonds under the Indenture at any time by the Company with the consent of the Holders of a majority in aggregate principal amount of the Bonds of all series at the time Outstanding affected by such modification. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of Bonds at the time Outstanding on behalf of the Holders of all the Bonds, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver agreed to as set forth above by the Holder of this Bond shall be conclusive and binding upon such Holder and upon all future Holders of this Bond and of any Bond issued upon the transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Bond.

No reference herein to the Indenture and no provision of this Bond or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Bond at the times, places and rates, and in the coin or currency, herein prescribed.

The Bond is transferable by the registered Holder hereof in person or by attorney upon surrender hereof at the office or agency of the Company in the Borough of Manhattan, New York, New York, together with a written instrument of transfer in approved form, signed by the Holder, and a new Bond or Bonds of this series for a like principal amount in authorized denominations will be issued in exchange, all as provided in the Indenture. Prior to due presentment for registration of transfer of this bond the Company and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof, whether or not this bond be overdue, for the purpose of receiving payment and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

The Bond is exchangeable at the option of the registered Holder hereof upon surrender hereof, at the office or agency of the Company in the Borough of Manhattan, New York, New York, for an equal principal amount of Bonds of this series of other authorized denominations, in the manner and on the terms provided in the Indenture.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

As set forth in the Supplemental Indenture establishing the terms and series of the bonds of this series, each holder of a Series N Bond, solely by virtue of its acquisition thereof, including as an owner of a book-entry interest therein, has and has been deemed to have consented, without the need for any further action or consent by such holder, to the amendment and restatement of the Indenture in the form set forth in Exhibit B to the 11th Supplemental Indenture dated as of January 1, 2014.

Unless the certificate of authentication hereon has been executed by the Trustee or Authenticating Agent by manual signature, this Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this Bond to be duly executed under its corporate seal.

Dated:____________________

YANKEE GAS SERVICES COMPANY
doing business as EVERSOURCE ENERGY

By:______________________________
Philip J. Lembo
Executive Vice President and
Chief Financial Officer

Attest:

____

[Signature page for Yankee Gas Services Company, First Mortgage Bond, 3.02% Series N, Due 2027]

This is one of the Bonds of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

Dated:___________________ By:__________________________

Authorized Officer

[Authentication page for Yankee Gas Services Company, First Mortgage Bond, 3.02% Series N, Due 2027]

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2018

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
1-5324	**EVERSOURCE ENERGY** (a Massachusetts voluntary association) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (800) 286-5000	04-2147929
0-00404	**THE CONNECTICUT LIGHT AND POWER COMPANY** (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (800) 286-5000	06-0303850
1-02301	**NSTAR ELECTRIC COMPANY** (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (800) 286-5000	04-1278810
1-6392	**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134 Telephone: (800) 286-5000	02-0181050

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
Eversource Energy	Common Shares, $5.00 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of Each Class
The Connecticut Light and Power Company	Preferred Stock, par value $50.00 per share, issuable in series, of which the following series are outstanding:

$1.90	Series	of 1947
$2.00	Series	of 1947
$2.04	Series	of 1949
$2.20	Series	of 1949
3.90%	Series	of 1949
$2.06	Series E	of 1954
$2.09	Series F	of 1955
4.50%	Series	of 1956
4.96%	Series	of 1958
4.50%	Series	of 1963
5.28%	Series	of 1967
$3.24	Series G	of 1968
6.56%	Series	of 1968

Registrant	Title of Each Class
NSTAR Electric Company	Preferred Stock, par value $100.00 per share, issuable in series, of which the following series are outstanding:

4.25%	Series	of 1956
4.78%	Series	of 1958

NSTAR Electric Company and Public Service Company of New Hampshire each meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K, and each is therefore filing this Form 10-K with the reduced disclosure format specified in General Instruction I(2) of Form 10-K.

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Yes	No
☒	☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes	No
☐	☒

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes	No
☒	☐

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Yes	No
☒	☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Eversource Energy	☒	☐	☐	☐	☐
The Connecticut Light and Power Company	☐	☐	☒	☐	☐
NSTAR Electric Company	☐	☐	☒	☐	☐
Public Service Company of New Hampshire	☐	☐	☒	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

	Yes	No
Eversource Energy	☐	☒
The Connecticut Light and Power Company	☐	☒
NSTAR Electric Company	☐	☒
Public Service Company of New Hampshire	☐	☒

The aggregate market value of Eversource Energy's Common Shares, $5.00 par value, held by non-affiliates, computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of Eversource Energy's most recently completed second fiscal quarter (June 30, 2018) was $18,544,847,538 based on a closing market price of $58.61 per share for the 316,410,980 common shares outstanding held by non-affiliates on June 30, 2018.

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

Company - Class of Stock	Outstanding as of January 31, 2019
Eversource Energy Common Shares, $5.00 par value	316,981,088
The Connecticut Light and Power Company Common Stock, $10.00 par value	6,035,205 shares
NSTAR Electric Company Common Stock, $1.00 par value	200 shares
Public Service Company of New Hampshire Common Stock, $1.00 par value	301 shares

Eversource Energy holds all of the 6,035,205 shares, 200 shares and 301 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company and Public Service Company of New Hampshire, respectively.

Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company and Public Service Company of New Hampshire each separately file this combined Form 10-K. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

GLOSSARY OF TERMS

The following is a glossary of abbreviations and acronyms that are found in this report:

Current or former Eversource Energy companies, segments or investments:	
Eversource, ES or the Company	Eversource Energy and subsidiaries
Eversource parent or ES parent	Eversource Energy, a public utility holding company
ES parent and other companies	ES parent and other companies are comprised of Eversource parent, Eversource Service, Eversource Water Ventures, Inc. (parent company of Aquarion), and other subsidiaries, which primarily includes our unregulated businesses, HWP Company, The Rocky River Realty Company (a real estate subsidiary), the consolidated operations of CYAPC and YAEC, and Eversource parent's equity ownership interests that are not consolidated
CL&P	The Connecticut Light and Power Company
NSTAR Electric	NSTAR Electric Company
PSNH	Public Service Company of New Hampshire
PSNH Funding	PSNH Funding LLC 3, a bankruptcy remote, special purpose, wholly-owned subsidiary of PSNH
NSTAR Gas	NSTAR Gas Company
Yankee Gas	Yankee Gas Services Company
Aquarion	Eversource Aquarion Holdings, Inc. and its subsidiaries (formerly known as Macquarie Utilities Inc)
NPT	Northern Pass Transmission LLC
Northern Pass	The HVDC and associated alternating-current transmission line project from Canada into New Hampshire
Eversource Service	Eversource Energy Service Company
Bay State Wind	A project being developed jointly by Eversource and Denmark-based Ørsted (formerly known as DONG Energy) to construct an offshore wind farm off the coast of Massachusetts
CYAPC	Connecticut Yankee Atomic Power Company
MYAPC	Maine Yankee Atomic Power Company
YAEC	Yankee Atomic Electric Company
Yankee Companies	CYAPC, YAEC and MYAPC
Regulated companies	The Eversource regulated companies are comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric and PSNH, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, NPT, Aquarion, and the solar power facilities of NSTAR Electric
Regulators:	
DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission
SJC	Supreme Judicial Court of Massachusetts
Other Terms and Abbreviations:	
Access Northeast	A project jointly owned by Eversource, Enbridge, Inc. ("Enbridge"), and National Grid plc ("National Grid") through Algonquin Gas Transmission, LLC ("AGT")
ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance For Funds Used During Construction
AOCI	Accumulated Other Comprehensive Income
ARO	Asset Retirement Obligation
Bcf	Billion cubic feet
C&LM	Conservation and Load Management
CfD	Contract for Differences
CTA	Competitive Transition Assessment
CWIP	Construction Work in Progress
EDC	Electric distribution company
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974

ESOP	Employee Stock Ownership Plan
Eversource 2017 Form 10-K	The Eversource Energy and Subsidiaries 2017 combined Annual Report on Form 10-K as filed with the SEC
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt-Hours
HQ	Hydro-Québec, a corporation wholly-owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High-voltage direct current
Hydro Renewable Energy	Hydro Renewable Energy, Inc., a wholly-owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kVa	Kilovolt-ampere
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LBR	Lost Base Revenue
LNG	Liquefied natural gas
LRS	Supplier of last resort service
MG	Million gallons
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
MMcf	Million cubic feet
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
NETOs	New England Transmission Owners (including Eversource, National Grid and Avangrid)
OCI	Other Comprehensive Income/(Loss)
PAM	Pension and PBOP Rate Adjustment Mechanism
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
RRBs	Rate Reduction Bonds
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
RNS	Regional Network Service
ROE	Return on Equity
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plans and non-qualified defined benefit retirement plans
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

2018 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

References in this Annual Report on Form 10-K to "Eversource," the "Company," "we," "our," and "us" refer to Eversource Energy and its consolidated subsidiaries. CL&P, NSTAR Electric, and PSNH are each doing business as Eversource Energy.

From time to time, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to:

-
- cyberattacks or breaches, including those resulting in the compromise of the confidentiality of our proprietary information and the personal information of our customers,
- acts of war or terrorism, physical attacks or grid disturbances that may damage and disrupt our transmission and distribution systems,
- ability or inability to commence and complete our major strategic development projects and opportunities,
- actions or inaction of local, state and federal regulatory, public policy and taxing bodies,
- substandard performance of third-party suppliers and service providers,
- fluctuations in weather patterns, including extreme weather due to climate change,
- changes in business conditions, which could include disruptive technology related to our current or future business model,
- increased conservation measures of customers and development of alternative energy sources,
- contamination of, or disruption in, our water supplies,
- changes in economic conditions, including impact on interest rates, tax policies, and customer demand and payment ability,
- changes in levels or timing of capital expenditures,
- disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly,
- changes in laws, regulations or regulatory policy, including compliance with environmental laws and regulations,
- changes in accounting standards and financial reporting regulations,
- actions of rating agencies, and
- other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated as necessary, and we encourage you to consult such disclosures.

All such factors are difficult to predict and contain uncertainties that may materially affect our actual results, many of which are beyond our control. You should not place undue reliance on the forward-looking statements, as each speaks only as of the date on which such statement is made, and, except as required by federal securities laws, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For more information, see Item 1A*, Risk Factors,* included in this combined Annual Report on Form 10-K. This Annual Report on Form 10-K also describes material contingencies and critical accounting policies in the accompanying *Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Combined Notes to Financial Statements*. We encourage you to review these items.

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

PART I

Item 1. Business

Please refer to the Glossary of Terms for definitions of defined terms and abbreviations used in this combined Annual Report on Form 10-K.

Eversource Energy, headquartered in Boston, Massachusetts and Hartford, Connecticut, is a public utility holding company subject to regulation by the FERC under the Public Utility Holding Company Act of 2005. We are engaged primarily in the energy delivery business through the following wholly-owned utility subsidiaries:

- The Connecticut Light and Power Company (CL&P), a regulated electric utility that serves residential, commercial and industrial customers in parts of Connecticut;
- NSTAR Electric Company (NSTAR Electric), a regulated electric utility that serves residential, commercial and industrial customers in parts of eastern and western Massachusetts and owns solar power facilities;
- Public Service Company of New Hampshire (PSNH), a regulated electric utility that serves residential, commercial and industrial customers in parts of New Hampshire;
- NSTAR Gas Company (NSTAR Gas), a regulated natural gas utility that serves residential, commercial and industrial customers in parts of Massachusetts;
- Yankee Gas Services Company (Yankee Gas), a regulated natural gas utility that serves residential, commercial and industrial customers in parts of Connecticut; and
- Eversource Aquarion Holdings, Inc. (Aquarion), a utility holding company that owns three separate regulated water utility subsidiaries and collectively serves residential, commercial, industrial, and municipal and fire protection customers in parts of Connecticut, Massachusetts and New Hampshire. On December 4, 2017, Eversource acquired Eversource Aquarion Holdings, Inc. and its subsidiaries (formerly known as Macquarie Utilities Inc).

CL&P, NSTAR Electric and PSNH also serve New England customers through Eversource Energy's electric transmission business. Along with NSTAR Gas and Yankee Gas, each is doing business as Eversource Energy in its respective service territory.

Eversource Energy, CL&P, NSTAR Electric and PSNH each report their financial results separately. We also include information in this report on a segment basis for Eversource Energy. Eversource Energy has four reportable segments: electric distribution, electric transmission, natural gas distribution and water distribution. These segments represent substantially all of Eversource Energy's total consolidated revenues. CL&P, NSTAR Electric and PSNH do not report separate business segments.

ELECTRIC DISTRIBUTION SEGMENT

Eversource Energy's electric distribution segment consists of the distribution businesses of CL&P, NSTAR Electric and PSNH, which are engaged in the distribution of electricity to retail customers in Connecticut, Massachusetts and New Hampshire, respectively, and the solar power facilities of NSTAR Electric, and the generation facilities of PSNH before such facilities were sold in January and August 2018.

ELECTRIC DISTRIBUTION – CONNECTICUT – THE CONNECTICUT LIGHT AND POWER COMPANY

CL&P's distribution business consists primarily of the purchase, delivery and sale of electricity to its residential, commercial and industrial customers. As of December 31, 2018, CL&P furnished retail franchise electric service to approximately 1.25 million customers in 149 cities and towns in Connecticut, covering an area of 4,400 square miles. CL&P does not own any electric generation facilities.

Rates

CL&P is subject to regulation by the PURA, which, among other things, has jurisdiction over rates, certain dispositions of property and plant, mergers and consolidations, issuances of long-term securities, standards of service and construction and operation of facilities. CL&P's present general rate structure consists of various rate and service classifications covering residential, commercial and industrial services. CL&P's retail rates include a delivery service component, which includes distribution, transmission, conservation, renewable energy programs and other charges that are assessed on all customers.

Under Connecticut law, all of CL&P's customers are entitled to choose their energy suppliers, while CL&P remains their electric distribution company. For those customers who do not choose a competitive energy supplier, under SS rates for customers with less than 500 kilowatts of demand (residential customers and small and medium commercial and industrial customers), and LRS rates for customers with 500 kilowatts or more of demand (larger commercial and industrial customers), CL&P purchases power under standard offer contracts and passes the cost of the purchased power to customers through a combined charge on customers' bills.

The rates established by the PURA for CL&P are comprised of the following:

- An electric GSC, which recovers energy-related costs incurred as a result of providing electric generation service supply to all customers that have not migrated to competitive energy suppliers. The GSC is adjusted periodically and reconciled annually in accordance with the policies and procedures of the PURA, with any differences refunded to, or recovered from, customers.

- A revenue decoupling adjustment that reconciles annual base distribution rate recovery amounts recovered from customers to the pre-established level of baseline distribution delivery service revenue requirement approved by the PURA of approximately $1.1 billion, effective May 1, 2018 and May 1, 2019, and $1.2 billion, effective May 1, 2020. These pre-established levels of baseline distribution delivery service revenue requirement are also subject to adjustment at each of these dates in accordance with provisions of the April 2018 rate case settlement agreement described below.

- A distribution charge, which includes a fixed customer charge and a demand and/or energy charge to collect the costs of building and expanding the infrastructure to deliver electricity to customers, as well as ongoing operating costs to maintain the infrastructure.

- An Electric System Improvements (ESI) charge, which collects the costs of building and expanding the infrastructure to deliver electricity to customers above the level recovered through the distribution charge. The ESI also recovers costs associated with CL&P’s system resiliency program. The ESI is adjusted periodically and reconciled annually in accordance with the policies and procedures of the PURA, with any differences refunded to, or recovered from, customers.

- An FMCC, which recovers any costs imposed by the FERC as part of the New England Standard Market Design, including locational marginal pricing, locational installed capacity payments, and any costs approved by the PURA to reduce these charges. The FMCC has both a bypassable component and a non-bypassable component, and is adjusted periodically and reconciled annually in accordance with the policies and procedures of the PURA, with any differences refunded to, or recovered from, customers.

- A transmission charge that recovers the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market. The transmission charge is adjusted periodically and reconciled annually to actual costs incurred, and reviewed by the PURA, with any difference refunded to, or recovered from, customers.

- A CTA charge, assessed to recover stranded costs associated with electric industry restructuring such as various IPP contracts. The CTA is reconciled annually to actual costs incurred and reviewed by the PURA, with any difference refunded to, or recovered from, customers.

- An SBC, established to fund expenses associated with various hardship and low-income programs. The SBC is reconciled annually to actual costs incurred and reviewed by the PURA, with any difference refunded to, or recovered from, customers.

- A Renewable Energy Investment Charge, which is used to promote investment in renewable energy sources. Amounts collected by this charge are deposited into the Connecticut Clean Energy Fund and administered by the Connecticut Green Bank.

- A conservation charge, comprised of both a statutory rate and Conservation Adjustment Mechanism (CAM) established to implement cost-effective energy conservation programs and market transformation initiatives. The conservation charge is reconciled annually to actual costs incurred, and reviewed by the PURA, with any difference refunded to, or recovered from, customers through an approved adjustment to the following year’s energy conservation spending plan budget.

As required by regulation, CL&P, jointly with UI, entered into the following contracts whereby UI will share 20 percent and CL&P will share 80 percent of the costs and benefits (CL&P's portion of these costs are either recovered from, or refunded to, customers through the FMCC):

- Four capacity CfDs (totaling approximately 787 MW of capacity) with three electric generation units and one demand response project, which extend through 2026 and have terms of up to 15 years beginning in 2009. The capacity CfDs obligate both CL&P and UI to make or receive payments on a monthly basis to or from the project and generation owners based on the difference between a contractually set capacity price and the capacity market prices that the project and generation owners receive in the ISO-NE capacity markets.

- Three peaker CfDs (totaling approximately 500 MW of peaking capacity) with three peaking generation units. The three peaker CfDs pay the generation owners the difference between capacity, forward reserve and energy market revenues and a cost-of-service payment stream for 30 years beginning in 2008 (including costs of plant operation and the prices that the generation owners receive for capacity and other products in the ISO-NE markets).

Distribution Rate Case: CL&P's distribution rates were established in an April 2018 PURA-approved rate case settlement agreement with rates effective May 1, 2018. For further information, see "Regulatory Developments and Rate Matters - Connecticut" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Sources and Availability of Electric Power Supply

As noted above, CL&P does not own any generation assets and purchases energy supply to serve its SS and LRS loads from a variety of competitive sources through requests for proposals. During 2018, CL&P supplied approximately 45 percent of its customer load at SS or LRS rates while the other 55 percent of its customer load had migrated to competitive energy suppliers. In terms of the total number of CL&P customers, this equates to 28 percent being on competitive supply, while 72 percent remain with SS or LRS. Because this customer migration is only for energy supply service, it has no impact on CL&P's electric distribution business or its operating income.

CL&P periodically enters into full requirements contracts for SS loads for periods of up to one year. CL&P typically enters into full requirements contracts for LRS loads every three months. Currently, CL&P has full requirements contracts in place for 100 percent of its SS loads for the first half of 2019. For the second half of 2019, CL&P has 70 percent of its SS load under full requirements contracts and intends to purchase an additional 30 percent of full requirements. None of the SS load for 2020 has been procured. CL&P has full requirements contracts in place for its LRS loads through June 2019 and intends to purchase 100 percent of full requirements for the remainder of 2019.

ELECTRIC DISTRIBUTION – MASSACHUSETTS – NSTAR ELECTRIC COMPANY

NSTAR Electric's distribution business consists primarily of the purchase, delivery and sale of electricity to its residential, commercial and industrial customers. As of December 31, 2018, NSTAR Electric furnished retail franchise electric service to approximately 1.47 million customers in Boston and 139 cities and towns in eastern and western Massachusetts, including Cape Cod, Martha's Vineyard and the greater Springfield metropolitan area, covering an aggregate area of approximately 3,200 square miles. NSTAR Electric does not own any generating facilities used to supply customers and purchases its energy requirements from competitive energy suppliers.

In December 2016, the DPU approved NSTAR Electric's application to develop 62 MW of new solar power facilities in addition to the 8 MW of existing solar power facilities. Currently, NSTAR Electric owns 58 MW of solar power facilities on sites in Massachusetts that were completed from 2010 through 2018. We expect the remaining 4 MW of new facilities to be completed in 2019. Similar to NSTAR Electric's current practice on the existing 58 MW of solar power facilities, we expect that NSTAR Electric will sell energy from the new facilities into the ISO-NE market. We estimate our investment in these new facilities will be approximately $170 million.

Rates

NSTAR Electric is subject to regulation by the DPU, which, among other things, has jurisdiction over rates, certain dispositions of property and plant, mergers and consolidations, issuances of long-term securities, acquisition of securities, standards of service and construction and operation of facilities. The present general rate structure for NSTAR Electric consists of various rate and service classifications covering residential, commercial and industrial services.

Under Massachusetts law, all customers of NSTAR Electric are entitled to choose their energy suppliers, while NSTAR Electric remains their electric distribution company. NSTAR Electric purchases power from competitive suppliers on behalf of, and passes the related cost through to, its customers who do not choose a competitive energy supplier (basic service). Electric distribution companies in Massachusetts are required to obtain and resell power to retail customers through basic service for those who choose not to buy energy from a competitive energy supplier. Most of the residential customers of NSTAR Electric have continued to buy their power from NSTAR Electric at basic service rates. Most commercial and industrial customers have switched to a competitive energy supplier.

The Cape Light Compact, an inter-governmental organization consisting of the 21 towns and two counties on Cape Cod and Martha's Vineyard, serves 200,000 customers through the delivery of energy efficiency programs, consumer advocacy, competitive electricity supply and green power options. NSTAR Electric continues to provide electric service to these customers including the delivery of power, maintenance of infrastructure, capital investment, meter reading, billing, and customer service.

The rates established by the DPU for NSTAR Electric are comprised of the following:

- A basic service charge that represents the collection of energy costs incurred as a result of providing electric generation service supply to all customers that have not migrated to competitive energy suppliers, including costs related to charge-offs of uncollectible energy costs from customers. Basic service rates are reset every six months (every three months for large commercial and industrial customers). Additionally, the DPU has authorized NSTAR Electric to recover the cost of its NSTAR Green wind contracts through the basic service charge. Basic service costs are reconciled annually, with any differences refunded to, or recovered from, customers.

- A distribution charge, which includes a fixed customer charge and a demand and/or energy charge to collect the costs of building and expanding the distribution infrastructure to deliver electricity to its destination, as well as ongoing operating costs.

- A revenue decoupling adjustment that reconciles annual base distribution rate recovery amounts recovered from customers to the pre-established level of baseline distribution delivery service revenue requirement approved by the DPU of approximately $956 million on an annualized basis for 2018. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. Annual base distribution amounts are adjusted for inflation and filed for approval by the DPU on an annual basis, until the next rate case. The baseline distribution delivery service revenue requirement approved by the DPU for 2019 is $988 million.

- A transmission charge that recovers the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market. The transmission charge is reconciled annually to actual costs incurred and reviewed by the DPU, with any difference refunded to, or recovered from, customers.
- A transition charge that represents costs to be collected primarily from previously held investments in generating plants, costs related to existing above-market power contracts, and contract costs related to long-term power contract buy-outs. The transition charge is reconciled annually to actual costs incurred and reviewed by the DPU, with any difference refunded to, or recovered from, customers.
- A renewable energy charge that represents a legislatively-mandated charge to support the Massachusetts Renewable Energy Trust Fund.
- An energy efficiency charge that represents a legislatively-mandated charge to collect costs for energy efficiency programs. The energy efficiency charge is reconciled annually to actual costs incurred and reviewed by the DPU, with any difference refunded to, or recovered from, customers.
- Reconciling adjustment charges that recover certain DPU-approved costs, including pension and PBOP benefits, low income customer discounts, credits issued to net-metering facilities installed by customers, payments to solar facilities qualified under the state solar renewable energy target program, attorney general consultant expenses, long-term renewable contracts, company owned solar facilities, vegetation management costs, credits related to the Tax Cuts and Jobs Act of 2017, and storm restoration. These charges are reconciled annually to actual costs incurred and reviewed by the DPU, with any difference refunded to, or recovered from, customers.

As required by regulation, NSTAR Electric, along with two other Massachusetts electric utilities, signed long-term commitments to purchase a combined estimated generating capacity of approximately 101 MW of wind and solar power from one wind farm in New York (28 MW), and nine solar projects in Connecticut, Maine, New Hampshire and Rhode Island (73 MW), over 20 years. One solar project began operating in January 2019, and the other eight solar projects are scheduled to begin operating in late 2019. In addition, the one wind farm in New York is scheduled to begin operating by year end 2020.

Distribution Rate Case: NSTAR Electric's distribution rates were established in a 2017 DPU-approved rate case with rates effective February 1, 2018. For further information, see "Regulatory Developments and Rate Matters - Massachusetts" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Service Quality Metrics: NSTAR Electric is subject to service quality ("SQ") metrics that measure safety, reliability and customer service, and could be required to pay to customers a SQ charge of up to 2.5 percent of annual transmission and distribution revenues for failing to meet such metrics. NSTAR Electric will not be required to pay a SQ charge for its 2018 performance as the company achieved results at or above target for all of its SQ metrics in 2018.

Sources and Availability of Electric Power Supply

As noted above, NSTAR Electric does not own any generation assets (other than solar power facilities) and purchases its energy requirements from a variety of competitive sources through requests for proposals issued periodically, consistent with DPU regulations. NSTAR Electric enters into supply contracts for basic service for 48 percent of its residential and small commercial and industrial ("C&I") customers twice per year for twelve-month terms. NSTAR Electric enters into supply contracts for basic service for 18 percent of large C&I customers every three months.

During 2018, NSTAR Electric supplied approximately 55 percent of its residential customer load, 33 percent of its small C&I customer load, and 8 percent of its large C&I customer load at basic service rates. The remainder of its customer load was distributed between municipal aggregation and competitive supply. Because customer migration is limited to energy supply service, it has no impact on the delivery business or operating income of NSTAR Electric.

ELECTRIC DISTRIBUTION – NEW HAMPSHIRE – PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

PSNH's distribution business consists primarily of the purchase, delivery and sale of electricity to its residential, commercial and industrial customers. As of December 31, 2018, PSNH furnished retail franchise electric service to approximately 519,000 retail customers in 211 cities and towns in New Hampshire, covering an area of approximately 5,630 square miles.

On January 10, 2018, PSNH completed the sale of its thermal generation assets pursuant to a 2017 purchase and sale agreement. The thermal generation facilities included approximately 1,100 MW of coal, natural gas, biomass and oil-fired electricity generation facilities. On August 26, 2018, PSNH completed the sale of its hydroelectric generation assets pursuant to a separate 2017 purchase and sale agreement. For further information, see "Generation Divestiture" below. As of December 31, 2018, PSNH does not own any electric generation facilities.

Rates

PSNH is subject to regulation by the NHPUC, which, among other things, has jurisdiction over rates, certain dispositions of property and plant, mergers and consolidations, issuances of securities, standards of service and construction and operation of facilities.

Under New Hampshire law, all of PSNH's customers are entitled to choose competitive energy suppliers. During 2018, approximately 24 percent of all of PSNH's customers (approximately 56 percent of load) were taking service from competitive energy suppliers.

The rates established by the NHPUC for PSNH are comprised of the following:

- A default energy service charge recovers energy-related costs incurred as a result of providing electric generation service supply to all customers that have not migrated to competitive energy suppliers. Through March 31, 2018, the default energy service charge recovered the costs of PSNH's generation, as well as purchased power, and included an allowed ROE of 9.81 percent. Effective April 1, 2018, as a result of the completion of the divestiture of its non-hydro generation assets, PSNH purchased power for retail customers who had not chosen a competitive supplier through a periodic market solicitation with the rate set to recover the cost of that power, statutorily mandated renewable portfolio standard costs and the continued cost associated with the ownership of the Hydro generation units until the completion of the divestiture of the hydro units in August 2018. Effective September 1, 2018, any remaining costs from ownership of generation are recovered as part of the SCRC described below.

- A distribution charge, which includes kilowatt-hour and/or demand-based charges to recover costs related to the maintenance and operation of PSNH's infrastructure to deliver power to its destination, as well as power restoration and service costs. It also includes a customer charge to collect the cost of providing service to a customer; such as the installation, maintenance, reading and replacement of meters and maintaining accounts and records.

- A transmission charge that recovers the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market.

- An SCRC, which allows PSNH to recover its stranded costs, including above-market expenses incurred under mandated power purchase obligations, other long-term investments and obligations, and the remaining costs associated with the 2018 sales of its generation facilities.

- An SBC, which funds energy efficiency programs for all customers, as well as assistance programs for residential customers within certain income guidelines.

The default energy service charge and SCRC rates change semi-annually and the transmission and SBC rates change annually. These rates are reconciled annually in accordance with the policies and procedures of the NHPUC, with any differences refunded to, or recovered from, customers.

PSNH distribution rates were established in a settlement approved by the NHPUC in 2010. Prior to the expiration of that settlement on June 30, 2015, the NHPUC approved the continuation of those rates, and increased funding via rates, of PSNH's reliability enhancement program.

Generation Divestiture

In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, pursuant to which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approved this agreement as well as the final divestiture plan and auction process in 2016. On October 11, 2017, PSNH entered into two Purchase and Sale Agreements with private investors, one to sell its thermal generation assets at a purchase price of $175 million, subject to adjustment, (the "Thermal Agreement") and a second to sell its hydroelectric generation assets at a purchase price of $83 million, subject to adjustment (the "Hydro Agreement"). The NHPUC approved these agreements in late November 2017, at which time the Company classified these assets as held for sale.

On January 10, 2018, PSNH completed the sale of its thermal generation assets pursuant to the Thermal Agreement. In accordance with the Thermal Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million. In the second quarter of 2018, the purchase price was further adjusted by $17.3 million relating to the valuation of certain allowances. As a result of these adjustments, net proceeds from the sale of the thermal assets totaled $116.8 million.

On July 16, 2018, FERC issued its order approving the transfer of PSNH's six hydroelectric licenses to private investors. On August 26, 2018, PSNH completed the sale of its hydroelectric generation assets pursuant to the Hydro Agreement. In accordance with the Hydro Agreement, the original purchase price of $83 million was adjusted to reflect contractual adjustments totaling $5.8 million, resulting in net proceeds of $77.2 million. The difference between the carrying value of the hydroelectric generation assets and the sale proceeds resulted in a gain of $17.3 million. An estimated gain from the sale of these assets was included as an offset to the total remaining costs associated with the sale of generation assets that were securitized on May 8, 2018.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs pursuant to a finance order issued by the NHPUC on January 30, 2018 to recover remaining costs resulting from the divestiture of PSNH's generation assets. These RRBs are secured by a non-bypassable charge recoverable from PSNH customers. PSNH recorded regulatory assets and other deferred costs in connection with the generation asset divestiture and the securitization of remaining costs, which are probable of recovery through collection of the non-bypassable charge. For further information on the securitized RRB issuance, see "Liquidity - Rate Reduction Bonds" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Sources and Availability of Electric Power Supply

From January 1, 2018 through March 31, 2018, approximately 24 percent of PSNH's default energy service load was met through its own generation and approximately 18 percent was met through long-term power supply provided pursuant to orders of the NHPUC. The remaining 58 percent of PSNH's load was met by short-term (less than one year) purchases and spot purchases in the competitive New England wholesale power market. Included in the 58 percent are PSNH's obligations to purchase power from approximately two dozen IPPs, the output of which it either uses to serve its customer load or sells into the ISO-NE market. Beginning on April 1, 2018, 100 percent of PSNH's default energy service load was met through purchases of energy requirements from competitive sources through requests for proposals issued periodically, consistent with NHPUC regulations.

PSNH no longer owns any generation assets and enters into supply contracts for energy service twice per year for six-month terms for 76 percent of its residential and small commercial and industrial ("C&I") customers and for 15 percent of its large C&I customers.

During 2018, PSNH supplied approximately 42 percent of its customer load at default energy service rates while the other 58 percent of its customer load had migrated to competitive energy suppliers. Because this customer migration is only for energy supply service, it has no impact on PSNH's electric distribution business or its operating income.

ELECTRIC TRANSMISSION SEGMENT

Each of CL&P, NSTAR Electric and PSNH owns and maintains transmission facilities that are part of an interstate power transmission grid over which electricity is transmitted throughout New England. Each of CL&P, NSTAR Electric and PSNH, and most other New England utilities, are parties to a series of agreements that provide for coordinated planning and operation of the region's transmission facilities and the rules by which they acquire transmission services. Under these arrangements, ISO-NE, a non-profit corporation whose board of directors and staff are independent of all market participants, serves as the regional transmission organization of the New England transmission system.

Wholesale Transmission Rates

Wholesale transmission revenues are recovered through FERC-approved formula rates. Annual transmission revenue requirements include recovery of transmission costs and include a return on equity applied to transmission rate base. Transmission revenues are collected from New England customers, including distribution customers of CL&P, NSTAR Electric and PSNH. The transmission rates provide for an annual true-up of estimated to actual costs. The financial impacts of differences between actual and estimated costs are deferred for future recovery from, or refunded to, transmission customers.

FERC ROE Complaints

Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, filed on October 1, 2011, December 27, 2012, and July 31, 2014, respectively, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit issued a decision on April 14, 2017 vacating and remanding the FERC's decision. On October 16, 2018, FERC issued an order on all four complaints describing how it intends to address the issues that were remanded by the Court. FERC proposed a new framework to determine (1) whether an existing ROE is unjust and unreasonable and, if so, (2) how to calculate a replacement ROE. For further information, see "FERC Regulatory Matters - FERC ROE Complaints" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Transmission Projects

During 2018, we were involved in the planning, development and construction of a series of electric transmission projects, including the Greater Hartford Central Connecticut projects ("GHCC") and the Greater Boston Reliability Solutions, that will be built within the next three years and that will enhance system reliability and improve capacity. We were also involved in the planning and development of the Seacoast Reliability Project, for which the New Hampshire Site Evaluation Committee ("NHSEC") indicated its unanimous approval of the project on December 10, 2018, and subsequently issued its written decision on January 31, 2019. This project is scheduled to be completed by the end of 2019.

In March 2018, the NHSEC issued a written decision denying Northern Pass' siting application after which the Massachusetts EDCs terminated the selection of, and subsequent contract negotiations with, Northern Pass under the Massachusetts Clean Energy RFP. On April 27, 2018, NPT filed a motion for rehearing with the NHSEC and on July 12, 2018, the NHSEC issued its written decision denying Northern Pass' motion for rehearing. On August 10, 2018, NPT filed an appeal to the New Hampshire Supreme Court, alleging that the NHSEC failed to follow applicable law in its review of the project. On October 12, 2018, the New Hampshire Supreme Court accepted this appeal. Subsequently, the NHSEC transmitted the record of its proceedings to the New Hampshire Supreme Court on December 11, 2018. Briefing of the appeal began on February 4, 2019. The New Hampshire Supreme Court has not set a date for oral argument. NPT intends to continue to pursue NHSEC approval to construct this project. Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. For further information, see "Business Development and Capital Expenditures - Electric Transmission Business" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Transmission Rate Base

Transmission rate base under our FERC-approved tariff primarily consists of our investment in transmission net utility plant less accumulated deferred income taxes.

Under our FERC-approved tariff, and with the exception of transmission projects that received specific FERC approval to include CWIP in rate base, transmission projects generally enter rate base after they are placed in commercial operation. At the end of 2018, our estimated transmission rate base was approximately \$6.7 billion, including approximately \$3.0 billion at CL&P, \$2.7 billion at NSTAR Electric, and \$920 million at PSNH.

NATURAL GAS DISTRIBUTION SEGMENT

NSTAR Gas distributes natural gas to approximately 296,000 customers in 51 communities in central and eastern Massachusetts covering 1,067 square miles, and Yankee Gas distributes natural gas to approximately 237,000 customers in 72 cities and towns in Connecticut covering 2,187 square miles. Total throughput (sales and transportation) in 2018 was approximately 70.1 Bcf for NSTAR Gas and 58.6 Bcf for Yankee Gas. Our natural gas businesses provide firm natural gas sales and transportation service to eligible retail customers who require a continuous natural gas supply throughout the year, such as residential customers who rely on natural gas for heating, hot water and cooking needs, as well as commercial and industrial customers that rely on natural gas for space heating, hot water, cooking and commercial and industrial applications.

A portion of the storage of natural gas supply for NSTAR Gas during the winter heating season is provided by Hopkinton LNG Corp., an indirect, wholly-owned subsidiary of Eversource Energy. NSTAR Gas has access to Hopkinton LNG Corp. facilities in Hopkinton, Massachusetts consisting of a LNG liquefaction and vaporization plant and three above-ground cryogenic storage tanks having an aggregate capacity of 3.0 Bcf of liquefied natural gas. NSTAR Gas also has access to Hopkinton LNG Corp. facilities in Acushnet, Massachusetts that include additional storage capacity of 0.5 Bcf. Total vaporization capacity of these facilities is 0.21 Bcf per day. Yankee Gas owns a 1.2 Bcf LNG facility in Waterbury, Connecticut, which also has the ability to liquefy and vaporize up to 0.1 Bcf per day. This facility is used primarily to assist Yankee Gas in meeting its supplier-of-last-resort obligations and also enables it to provide economic supply and make economic refill of natural gas, typically during periods of low demand.

NSTAR Gas and Yankee Gas generate revenues primarily through the sale and/or transportation of natural gas. While all NSTAR Gas customers have the ability to choose to transport natural gas, in the past year, transportation represented only about two percent of the total residential load, while transportation represented about 56 percent of the total commercial and industrial load. Retail natural gas service in Connecticut is partially unbundled: residential customers in Yankee Gas' service territory buy natural gas supply and delivery only from Yankee Gas while commercial and industrial customers may choose their natural gas suppliers. NSTAR Gas offers firm transportation service to all customers who purchase natural gas from sources other than NSTAR Gas while Yankee Gas offers firm transportation service to its commercial and industrial customers who purchase natural gas from sources other than Yankee Gas. NSTAR Gas offers interruptible transportation and interruptible natural gas sales service to high volume commercial and industrial customers. Yankee Gas offers interruptible transportation and interruptible natural gas sales service to commercial and industrial customers that have the ability to switch from natural gas to an alternate fuel on short notice. NSTAR Gas and Yankee Gas can interrupt service to these customers during peak demand periods or at any other time to maintain distribution system integrity.

Rates

NSTAR Gas and Yankee Gas are subject to regulation by the DPU and the PURA, respectively, which, among other things, have jurisdiction over rates, certain dispositions of property and plant, mergers and consolidations, issuances of long-term securities, standards of service and construction and operation of facilities.

Retail natural gas delivery and supply rates are established by the DPU and the PURA and are comprised of:

- A distribution charge consisting of a fixed customer charge and a demand and/or energy charge that collects the costs of building, maintaining, and expanding the natural gas infrastructure to deliver natural gas supply to its customers. This also includes collection of ongoing operating costs.

- A seasonal cost of gas adjustment clause ("CGAC") at NSTAR Gas that collects natural gas supply costs, pipeline and storage capacity costs, costs related to charge-offs of uncollected energy costs and working capital related costs. The CGAC is reset semi-annually with any difference being recovered from, or refunded to, customers during the following corresponding season. In addition, NSTAR Gas files interim changes to its CGAC factor when the actual costs of natural gas supply vary from projections by more than five percent.

- A local distribution adjustment clause ("LDAC") at NSTAR Gas that collects all energy efficiency and related program costs, environmental costs, pension and PBOP related costs, attorney general consultant costs, and costs associated with low income customers. The LDAC is reset annually with any difference being recovered from, or refunded to, customers during the following period and provides for the recovery of certain costs applicable to both sales and transportation customers.

- A Purchased Gas Adjustment ("PGA") clause, which is evaluated monthly and allows Yankee Gas to recover the costs of the procurement of natural gas for its firm and seasonal customers. Differences between actual natural gas costs and collection amounts on August 31st of each year are deferred and then recovered from, or refunded to, customers during the following year. Carrying charges on outstanding balances are calculated using Yankee Gas' weighted average cost of capital in accordance with the directives of the PURA.

- Conservation Adjustment Mechanism ("CAM") at Yankee Gas, which allows 100 percent recovery of conservation costs through this mechanism including program incentives to promote energy efficiency, as well as recovery of any lost revenues associated with implementation of energy conservation measures. A reconciliation of CAM revenues to expenses is performed annually with any difference being recovered from, or refunded to, customers with carrying charges during the following year.

NSTAR Gas purchases financial contracts based on the New York Mercantile Exchange ("NYMEX") natural gas futures in order to reduce cash flow variability associated with the price for approximately one-third of its normal winter season natural gas supplies. These purchases are made under a program approved by the DPU in 2006. This practice attempts to minimize the impact of fluctuations in natural gas prices to NSTAR Gas' firm natural gas customers. These financial contracts do not procure natural gas supply. All costs incurred or benefits realized when these contracts are settled are included in the CGAC.

NSTAR Gas is subject to SQ metrics that measure safety, reliability and customer service and could be required to pay to customers a SQ charge of up to 2.5 percent of annual distribution revenues for failing to meet such metrics. NSTAR Gas will not be required to pay a SQ charge for its 2018 performance as it achieved results at or above target for all of its SQ metrics in 2018.

NSTAR Gas distribution rates were set in its 2015 DPU approved rate case. Yankee Gas distribution rates were set in a December 2018 PURA approved rate case settlement agreement, with rates effective November 15, 2018.

The 2018 Yankee Gas settlement agreement required Yankee Gas to implement a Distribution Integrity Management Program ("DIMP") cost recovery mechanism to further invest capital to replace aging infrastructure. The DIMP mechanism allows for recovery of costs associated with capital additions of approximately $26 million to $37 million annually, which is incremental to the $150 million included in base distribution rate base per year. The settlement agreement also provides Yankee Gas the opportunity to seek recovery of additional capital spending above these levels with PURA approval. PURA ordered an accelerated replacement program for Yankee Gas to fully replace its cast iron and bare steel facilities in 11 years and fully replace copper services and certain steel mains and services in 14 years. Yankee Gas was also authorized to continue its ongoing natural gas system expansion program, implement a revenue decoupling rate mechanism, and recover merger costs. The settlement agreement included a regulatory ROE of 9.3 percent. In addition, the distribution rates charged to customers were adjusted to reflect the prospective impacts of the lower federal corporate income tax rate, the overcollection of the lower income tax rate from January 1, 2018, and the EDIT from the Tax Cuts and Jobs Act. Although new rates were effective January 1, 2019, the provisions of the settlement agreement took effect November 15, 2018. For further information on the 2018 Yankee Gas settlement agreement, see "Regulatory Developments and Rate Matters - Connecticut" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Natural Gas Replacement and Expansion

Massachusetts: On July 7, 2014, Massachusetts enacted "An Act Relative to Natural Gas Leaks". This act established a uniform natural gas leak classification standard for all Massachusetts natural gas utilities and a program that accelerates the replacement of aging natural gas infrastructure. The program enabled companies, including NSTAR Gas, to better manage the scheduling and costs of replacement. The act also called for the DPU to authorize natural gas utilities to design and offer programs to customers that will increase the availability, affordability and feasibility of natural gas service for new customers.

In October of each year, pursuant to the act, NSTAR Gas files the Gas System Enhancement Program ("GSEP") with the DPU for the following construction year. NSTAR Gas' program accelerates the replacement of certain natural gas distribution facilities in the system to less than 25 years. The GSEP includes a tariff that provides NSTAR Gas an opportunity to collect the costs for the program on an annual basis through a reconciling factor. On April 30th each year, the DPU approves the GSEP rate recovery factor that goes into effect on May 1st.

Connecticut: In 2013, in accordance with Connecticut law and regulations, the PURA approved a comprehensive joint natural gas infrastructure expansion plan (the "Expansion Plan") filed by Yankee Gas and other Connecticut natural gas distribution companies. In January 2015, the PURA approved a joint settlement agreement proposed by Yankee Gas and other Connecticut natural gas distribution companies and regulatory agencies that clarified the procedures and oversight criteria applicable to the Expansion Plan. Yankee Gas has received approval from PURA for its 2014, 2015 and 2016 System Expansion Reconciliations as of November 2017. Yankee Gas filed its 2017 System Expansion Reconciliation in March 2018 and is awaiting PURA review. Yankee Gas intends to file its 2018 System Expansion Reconciliation on March 15, 2019.

Sources and Availability of Natural Gas Supply

NSTAR Gas maintains a flexible resource portfolio consisting of natural gas supply contracts, transportation contracts on interstate pipelines, market area storage and peaking services. NSTAR Gas purchases transportation, storage, and balancing services from Tennessee Gas Pipeline Company and Algonquin Gas Transmission Company, as well as other upstream pipelines that transport natural gas from major natural gas producing regions in the U.S., including the Gulf Coast, Mid-continent region, and Appalachian Shale supplies to the final delivery points in the NSTAR Gas service area. NSTAR Gas purchases all of its natural gas supply under a firm, competitively bid annual portfolio management contract. In addition to the firm transportation and natural gas storage supplies discussed above, NSTAR Gas utilizes on-system LNG facilities to meet its winter peaking demands. These LNG facilities, described below, are located within NSTAR Gas' distribution system and are used to liquefy and store pipeline natural gas during the warmer months for vaporization and use during the heating season. During the summer injection season, excess pipeline capacity and supplies are used to deliver and store natural gas in market area underground storage facilities located in Maryland and Pennsylvania. Stored natural gas is withdrawn during the winter season to supplement flowing pipeline supplies in order to meet firm heating demand. NSTAR Gas has firm underground storage contracts and total storage capacity entitlements of approximately 6.6 Bcf, of which 3.5 Bcf LNG storage is provided by Hopkinton LNG Corp. in facilities located in Hopkinton and Acushnet, MA.

The PURA requires Yankee Gas to meet the needs of its firm customers under all weather conditions. Specifically, Yankee Gas must structure its supply portfolio to meet firm customer needs under a design day scenario (defined as the coldest day in 30 years) and under a design year scenario (defined as the average of the four coldest years in the last 30 years). Yankee Gas also maintains a flexible resource portfolio consisting of natural gas supply contracts, transportation contracts on interstate pipelines, off-system storage and its on-system 1.2 Bcf LNG storage facility to meet consumption needs during the coldest days of winter. Yankee Gas obtains its interstate capacity from the three interstate pipelines that directly serve Connecticut: the Algonquin, Tennessee and Iroquois Pipelines, which connect to other upstream pipelines that transport natural gas from major natural gas producing regions, including the Gulf Coast, Mid-continent, Canadian regions and Appalachian Shale supplies.

Based on information currently available regarding projected growth in demand and estimates of availability of future supplies of pipeline natural gas, each of NSTAR Gas and Yankee Gas believes that participation in planned and anticipated pipeline and storage expansion projects will be required in order for it to meet current and future sales growth opportunities.

WATER DISTRIBUTION SEGMENT

Eversource Water Ventures, Inc., a Connecticut corporation, through its wholly-owned subsidiary, Eversource Aquarion Holdings, Inc. (Aquarion), operates three separate regulated water utilities in Connecticut (Aquarion Water Company of Connecticut, or “AWC-CT”), Massachusetts (Aquarion Water Company of Massachusetts, or “AWC-MA”) and New Hampshire (Aquarion Water Company of New Hampshire, or “AWC-NH”). These regulated companies provide water services to approximately 228,000 residential, commercial, industrial, municipal and fire protection and other customers, in 59 towns and cities in Connecticut, Massachusetts and New Hampshire. As of December 31, 2018, approximately 87 percent of Aquarion’s customers were based in Connecticut.

Rates

Aquarion's water utilities are subject to regulation by the PURA, the DPU and the NHPUC in Connecticut, Massachusetts and New Hampshire, respectively. These regulatory agencies, have jurisdiction over, among other things, rates, certain dispositions of property and plant, mergers and consolidations, issuances of long-term securities, standards of service and construction and operation of facilities.

Aquarion’s general rate structure consists of various rate and service classifications covering residential, commercial, industrial, and municipal and fire protection services.

The rates established by the PURA, DPU and NHPUC are comprised of the following:

- A base rate, which is comprised of fixed charges based on meter/fire connection sizes, as well as volumetric charges based on the amount of water sold. Together these charges are designed to recover the full cost of service resulting from a general rate proceeding.

- In Connecticut, a revenue adjustment mechanism (“RAM”) that reconciles earned revenues, with certain allowed adjustments, on an annual basis, to the revenue requirement approved by the PURA in AWC-CT’s last rate case (2013), which is an annual amount of $177.9 million.

- In Connecticut and New Hampshire, a water infrastructure conservation adjustment (“WICA”) charge, which is applied between rate case proceedings and seeks recovery of allowed costs associated with WICA-eligible capital projects placed in-service. The WICA is updated semi-annually in Connecticut and annually in New Hampshire.

- In Massachusetts, treatment plant surcharges, which are a series of three surcharges in Massachusetts (one fixed and two volumetric in nature) that are designed to recover certain operating costs and the costs of the lease of the treatment plant located in Hingham. These surcharges are applicable only to customers in Hingham, Hull and Cohasset.

Sources and Availability of Water Supply

Our water utilities obtain their water supplies from owned surface water sources (reservoirs) and groundwater supplies (wells) with a total supply yield of approximately 131 million gallons per day, as well as water purchased from other water suppliers. Approximately 98 percent of our annual production is self-supplied and processed at 10 surface water treatment plants and numerous well stations, which are all located in Connecticut, Massachusetts, and New Hampshire.

The capacities of Aquarion's sources of supply, and water treatment, pumping and distribution facilities, are considered sufficient to meet the present requirements of Aquarion's customers under normal conditions. On occasion, drought declarations are issued for portions of Aquarion's service territories in response to extended periods of dry weather conditions.

OFFSHORE WIND PROJECTS

Bay State Wind is an offshore wind project being jointly developed by Eversource and Denmark-based Ørsted. Bay State Wind is located in a 300-square-mile area of the Atlantic Ocean approximately 25 miles south of the coast of Massachusetts and has the ultimate potential to generate at least 2,000 MW of clean, renewable energy. Eversource and Ørsted each hold a 50 percent ownership interest in Bay State Wind. Bay State Wind has previously submitted proposals, and expects to participate in future solicitations, for offshore wind in Connecticut, Massachusetts, New York and Rhode Island based on each state's clean energy requirements.

On February 8, 2019, Eversource and Ørsted entered into a 50-50 partnership for key offshore wind assets in the Northeast. Eversource paid approximately $225 million for a 50 percent interest in Ørsted's Revolution Wind and South Fork Wind power projects, as well as the 257-square-mile tract off the coasts of Massachusetts and Rhode Island. Revolution Wind is a 700 MW offshore wind power project located approximately 15 miles south of the Rhode Island coast, and South Fork Wind is approximately a 130 MW offshore wind power project located 35 miles east of Long Island. Subject to permitting, finalized power purchase agreements, where applicable, further development, and final investment decisions by Ørsted and Eversource, Revolution Wind is expected to be commissioned in 2023 and South Fork Wind is expected by the end of 2022.

For more information, see "Business Development and Capital Expenditures – Offshore Wind Projects" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

NATURAL GAS TRANSMISSION PROJECT

Access Northeast is a natural gas pipeline and storage project jointly owned by Eversource, Enbridge, Inc. ("Enbridge") and National Grid plc ("National Grid"), through Algonquin Gas Transmission, LLC ("AGT"). Eversource owns a 40 percent interest in the project, which is accounted for as an equity method investment. In 2018, management determined that the future cash flows of the Access Northeast project were uncertain and could no longer be reasonably estimated and that the book value of our equity method investment was not recoverable. As a result, Eversource recorded an other-than-temporary impairment of $32.9 million pre-tax within Other Income, Net on our statement of income in 2018, which represented the full carrying value of our equity method investment. For more information, see "Business Development and Capital Expenditures – Natural Gas Transmission Project" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

PROJECTED CAPITAL EXPENDITURES

We project to make capital expenditures of $12.75 billion from 2019 through 2023, of which we expect $8.06 billion to be in our electric and natural gas distribution segments, $3.35 billion to be in our electric transmission segment and $0.62 billion to be in our water distribution segment. We also project to invest $0.72 billion in information technology and facilities upgrades and enhancements. These projections do not include any expected investments related to NPT or offshore wind projects.

FINANCING

Our credit facilities and indentures require that Eversource parent and certain of its subsidiaries, including CL&P, NSTAR Electric, PSNH, NSTAR Gas, Yankee Gas, and Aquarion, comply with certain financial and non-financial covenants as are customarily included in such agreements, including maintaining a ratio of consolidated debt to total capitalization of no more than 65 percent. All of these companies currently are, and expect to remain, in compliance with these covenants.

As of December 31, 2018, $801.1 million of Eversource's long-term debt, including $350.0 million, $250.0 million, $150.0 million, $50.0 million and $1.1 million for Eversource parent, CL&P, PSNH, Yankee Gas and Aquarion, respectively, will mature within the next 12 months.

NUCLEAR FUEL STORAGE

CL&P, NSTAR Electric, PSNH, and several other New England electric utilities are stockholders in three inactive regional nuclear generation companies, CYAPC, MYAPC and YAEC (collectively, the Yankee Companies). The Yankee Companies have completed the physical decommissioning of their respective generation facilities and are now engaged in the long-term storage of their spent nuclear fuel. The Yankee Companies have completed collection of their decommissioning and closure costs through the proceeds from the spent nuclear fuel litigation against the DOE and have refunded amounts to their member companies. These proceeds were used by the Yankee Companies to offset the decommissioning and closure cost amounts due from their member companies or to decrease the wholesale FERC-approved rates charged under power purchase agreements with CL&P, NSTAR Electric and PSNH and several other New England utilities. The decommissioning rates charged by the Yankee Companies have been reduced to zero. CL&P, NSTAR Electric and PSNH can recover these costs from, or refund proceeds to, their customers through state regulatory commission-approved retail rates.

We consolidate the assets and obligations of CYAPC and YAEC on our consolidated balance sheet because our ownership and voting interests are more than 50 percent of each of these companies.

OTHER REGULATORY AND ENVIRONMENTAL MATTERS

General

We are regulated in virtually all aspects of our business by various federal and state agencies, including FERC, the SEC, and various state and/or local regulatory authorities with jurisdiction over the industry and the service areas in which each of our companies operates, including the PURA, which has jurisdiction over CL&P, Yankee Gas, and Aquarion, the NHPUC, which has jurisdiction over PSNH and Aquarion, and the DPU, which has jurisdiction over NSTAR Electric, NSTAR Gas, and Aquarion.

Environmental Regulation

We are subject to various federal, state and local requirements with respect to water quality, air quality, toxic substances, hazardous waste and other environmental matters. Additionally, major generation and transmission facilities may not be constructed or significantly modified without a review of the environmental impact of the proposed construction or modification by the applicable federal or state agencies.

Renewable Portfolio Standards

Each of the states in which we do business also has Renewable Portfolio Standards ("RPS") requirements, which generally require fixed percentages of our energy supply to come from renewable energy sources such as solar, wind, hydropower, landfill gas, fuel cells and other similar sources.

New Hampshire's RPS provision requires increasing percentages of the electricity sold to retail customers to have direct ties to renewable sources. In 2018, the total RPS obligation was 18.7 percent and it will ultimately reach 25.2 percent in 2025. The costs of the RECs are recovered by PSNH through rates charged to customers.

Similarly, Connecticut's RPS statute requires increasing percentages of the electricity sold to retail customers to have direct ties to renewable sources. In 2018, the total RPS obligation was 25 percent and will ultimately reach 38 percent in 2020. CL&P is permitted to recover any costs incurred in complying with RPS from its customers through its GSC rate.

Massachusetts' RPS program also requires electricity suppliers to meet renewable energy standards. For 2018, the requirement was 23.365 percent, and will ultimately reach 37.75 percent in 2020. NSTAR Electric is permitted to recover any costs incurred in complying with RPS from its customers through rates. NSTAR Electric also owns renewable solar power facilities. The RECs generated from NSTAR Electric's solar power facilities are sold to other energy suppliers, and the proceeds from these sales are credited back to customers.

Hazardous Materials Regulations

We have recorded a liability for what we believe, based upon currently available information, is our reasonably estimable environmental investigation, remediation, and/or Natural Resource Damages costs for waste disposal sites for which we have probable liability. Under federal and state law, government agencies and private parties can attempt to impose liability on us for recovery of investigation and remediation costs at hazardous waste sites. As of December 31, 2018, the liability recorded for our reasonably estimable and probable environmental remediation costs for known sites needing investigation and/or remediation, exclusive of recoveries from insurance or from third parties, was $64.7 million, representing 60 sites. These costs could be significantly higher if additional remediation becomes necessary or when additional information as to the extent of contamination becomes available.

The most significant liabilities currently relate to future clean-up costs at former MGP facilities. These facilities were owned and operated by our predecessor companies from the mid-1800's to mid-1900's. By-products from the manufacture of gas using coal resulted in fuel oils, hydrocarbons, coal tar, purifier wastes, metals and other waste products that may pose a potential risk to human health and the environment. We currently have partial or full ownership responsibilities at former MGP sites that have a reserve balance of $50.1 million of the total $64.7 million as of December 31, 2018. MGP costs are recoverable through rates charged to our customers.

Electric and Magnetic Fields

For more than twenty years, published reports have discussed the possibility of adverse health effects from electric and magnetic fields ("EMF") associated with electric transmission and distribution facilities and appliances and wiring in buildings and homes. Although weak health risk associations reported in some epidemiology studies remain unexplained, most researchers, as well as numerous scientific review panels, considering all significant EMF epidemiology and laboratory studies, have concluded that the available body of scientific information does not support the conclusion that EMF affects human health.

In accordance with recommendations of various regulatory bodies and public health organizations, we reduce EMF associated with new transmission lines by the use of designs that can be implemented without additional cost or at a modest cost. We do not believe that other capital expenditures are appropriate to minimize unsubstantiated risks.

Global Climate Change and Greenhouse Gas Emission Issues

Global climate change and greenhouse gas emission issues have received an increased focus from state governments and the federal government. The EPA initiated a rulemaking addressing greenhouse gas emissions and, on December 7, 2009, issued a finding that concluded that greenhouse gas emissions are "air pollution" that endangers public health and welfare and should be regulated. The EPA has mandated greenhouse gas emission reporting beginning in 2011 for emissions for certain aspects of our business including volume of gas supplied to large customers and fugitive emissions of SF6 gas and methane.

We are continually evaluating the regulatory risks and regulatory uncertainty presented by climate change concerns. Such concerns could potentially lead to additional rules and regulations that impact how we operate our general utility business. These could include federal "cap and trade" laws, carbon taxes, and fuel and energy taxes. We expect that any costs of these rules and regulations would be recovered from customers.

EMPLOYEES

As of December 31, 2018, Eversource Energy employed a total of 7,998 employees, excluding temporary employees, of which 1,307 were employed by CL&P, 1,618 were employed by NSTAR Electric, and 736 were employed by PSNH. Approximately 50 percent of our employees are members of the International Brotherhood of Electrical Workers, the Utility Workers Union of America or The United Steelworkers, and are covered by nine collective bargaining agreements.

INTERNET INFORMATION

Our website address is www.eversource.com. We make available through our website a link to the SEC's EDGAR website (http://www.sec.gov/edgar/searchedgar/companysearch.html), at which site Eversource's, CL&P's, NSTAR Electric's and PSNH's combined Annual Reports on Form 10-K, combined Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports may be reviewed. Information contained on the Company's website or that can be accessed through the website is not incorporated into and does not constitute a part of this Annual Report on Form 10-K. Printed copies of these reports may be obtained free of charge by writing to our Investor Relations Department at Eversource Energy, 107 Selden Street, Berlin, CT 06037.

Item 1A. Risk Factors

In addition to the matters set forth under "Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995" included immediately prior to Item 1, *Business,* above, we are subject to a variety of significant risks. Our susceptibility to certain risks, including those discussed in detail below, could exacerbate other risks. These risk factors should be considered carefully in evaluating our risk profile.

Cyberattacks could severely impair operations, negatively impact our business, lead to the disclosure of confidential information and adversely affect our reputation.

A successful cyberattack on the information technology systems that control our transmission and distribution systems or other assets could impair or prevent us from managing these systems and facilities, operating our systems effectively, or properly managing our data, networks and programs. The breach of certain information technology systems could adversely affect our ability to correctly record, process and report financial information. A major cyber incident could result in significant expenses to investigate and to repair system damage or security breaches and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and damage to our reputation.

We have instituted safeguards to protect our information technology systems and assets. We devote substantial resources to network and application security, encryption and other measures to protect our computer systems and infrastructure from unauthorized access or misuse and interface with numerous external entities to improve our cybersecurity situational awareness. The FERC, through the North American Electric Reliability Corporation, requires certain safeguards to be implemented to deter cyberattacks. These safeguards may not always be effective due to the evolving nature of cyberattacks. We maintain limited cyber insurance to cover damages and defense costs related to breaches of networks or operational technology.

Any such cyberattacks could result in loss of service to customers and a significant decrease in revenues, which could have a material adverse impact on our financial position, results of operations and cash flows.

Acts of war or terrorism, both threatened and actual, or physical attacks could adversely affect our ability to operate our systems and could adversely affect our financial results and liquidity.

Acts of war or terrorism, both threatened and actual, or actual physical attacks that damage our transmission and distribution systems or other assets could negatively impact our ability to transmit or distribute energy, distribute water, or operate our systems efficiently or at all. Because our electric transmission systems are part of an interconnected regional grid, we face the risk of blackout due to grid disturbances or disruptions on a neighboring interconnected system. If our assets were physically damaged and were not recovered in a timely manner, it could result in a loss of service to customers and a significant decrease in revenues.

Any such acts of war or terrorism, physical attacks or grid disturbances could result in a significant decrease in revenues, significant expense to repair system damage, costs associated with governmental actions in response to such attacks, and liability claims, all of which could have a material adverse impact on our financial position, results of operations and cash flows.

Strategic development opportunities may not be successful and projects may not commence operation as scheduled or be completed, which could have a material adverse effect on our business prospects.

We are pursuing broader strategic development investment opportunities that will benefit the New England region related to the construction of electric transmission facilities, off-shore wind electric generation facilities, interconnections to generating resources and other investment opportunities. The development of these activities involve numerous risks. Various factors could result in increased costs or result in delays or cancellation of these projects. Risks include regulatory approval processes, new legislation, economic events or factors, environmental and community concerns, design and siting issues, difficulties in obtaining required rights of way, competition from incumbent utilities and other entities, and actions of strategic partners. Should any of these factors result in such delays or cancellations, our financial position, results of operations, and cash flows could be adversely affected or our future growth opportunities may not be realized as anticipated.

As a result of legislative and regulatory changes, the states in which we provide service have implemented new selection procedures for new major electric transmission, natural gas pipeline, off-shore wind and other clean energy facilities. These procedures require the review of competing projects and permit the selection of only those projects that are expected to provide the greatest benefit to customers. If the projects in which we have invested are not selected for construction, or even if our projects are selected, then legislative or regulatory actions could result in our projects not being probable of entering the construction phase, which could have a material adverse effect on our future financial position, results of operations and cash flows.

The actions of regulators and legislators can significantly affect our earnings, liquidity and business activities.

The rates that our electric, natural gas and water companies charge their customers are determined by their state regulatory commissions and by the FERC. These commissions also regulate the companies' accounting, operations, the issuance of certain securities and certain other matters. The FERC also regulates the transmission of electric energy, the sale of electric energy at wholesale, accounting, issuance of certain securities and certain other matters.

Under state and federal law, our electric, natural gas and water companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their reasonable operating and capital costs and a reasonable ROE, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests. Each of these companies prepares and submits periodic rate filings with their respective regulatory commissions for review and approval. As a result of a catastrophic event not involving Eversource, regulators and legislators could impose additional requirements resulting in additional costs to the Company.

The FERC has jurisdiction over our transmission costs recovery and our allowed ROEs. Certain outside parties have filed four complaints against all electric companies under the jurisdiction of ISO-NE alleging that our allowed ROEs are unjust and unreasonable. An adverse decision in any of these four complaints could adversely affect our financial position, results of operations and cash flows.

FERC's policy has encouraged competition for transmission projects, even within existing service territories of electric companies. Implementation of FERC's goals, including within our service territories, may expose us to competition for construction of transmission projects, additional regulatory considerations, and potential delay with respect to future transmission projects, which may adversely affect our results of operations.

There is no assurance that regulators will approve the recovery of all costs incurred by our electric, natural gas and water companies, including costs for construction, operation and maintenance, as well as a reasonable return on their respective regulated assets. The amount of costs incurred by the companies, coupled with increases in fuel and energy prices, could lead to consumer or regulatory resistance to the timely recovery of such costs, thereby adversely affecting our financial position, results of operations and cash flows.

We outsource certain business functions to third-party suppliers and service providers, and substandard performance by those third parties could harm our business, reputation and results of operations.

We outsource certain services to third parties in areas including information technology, transaction processing, human resources, payroll and payroll processing and other operational areas. Outsourcing of services to third parties could expose us to substandard quality of service delivery or substandard deliverables, which may result in missed deadlines or other timeliness issues, non-compliance (including with applicable legal requirements and industry standards) or reputational harm, which could negatively impact our results of operations. We also continue to pursue enhancements to standardize our systems and processes. If any difficulties in the operation of these systems were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers or employees.

The effects of climate change, including severe storms, could cause significant damage to any of our facilities requiring extensive expenditures, the recovery for which is subject to approval by regulators.

Climate change creates physical and financial risks. Physical risks from climate change may include an increase in sea levels and changes in weather conditions, such as changes in precipitation and extreme weather events including drought. Customers' energy needs vary with weather conditions, primarily temperature and humidity. For residential customers, heating and cooling represent their largest energy use. For water customers, conservation measures imposed by the communities we serve could impact water usage. To the extent weather conditions are affected by climate change, customers' energy and water usage could increase or decrease depending on the duration and magnitude of the changes.

Severe weather, such as ice and snow storms, hurricanes and other natural disasters, may cause outages and property damage, which may require us to incur additional costs that may not be recoverable from customers. The cost of repairing damage to our operating subsidiaries' facilities and the potential disruption of their operations due to storms, natural disasters or other catastrophic events could be substantial, particularly as regulators and customers demand better and quicker response times to outages. If, upon review, any of our state regulatory authorities finds that our actions were imprudent, some of those restoration costs may not be recoverable from customers. The inability to recover a significant amount of such costs could have an adverse effect on our financial position, results of operations and cash flows.

Our transmission and distribution systems may not operate as expected, and could require unplanned expenditures, which could adversely affect our financial position, results of operations and cash flows.

Our ability to properly operate our transmission and distribution systems is critical to the financial performance of our business. Our transmission and distribution businesses face several operational risks, including the breakdown, failure of, or damage to operating equipment, information technology systems, or processes, especially due to age; labor disputes; disruptions in the delivery of electricity, natural gas and water, including impacts on us or our customers; increased capital expenditure requirements, including those due to environmental regulation; catastrophic events such as fires, explosions, or other similar occurrences; extreme weather conditions beyond equipment and plant design capacity; other unanticipated operations and maintenance expenses and liabilities; and potential claims for property damage or personal injuries beyond the scope of our insurance coverage. Many of our transmission projects are expected to alleviate identified reliability issues and reduce customers' costs. However, if the in-service date for one or more of these projects is delayed due to economic events or factors, or regulatory or other delays, the risk of failures in the electricity transmission system may increase. Any failure of our transmission and distribution systems to operate as planned may result in increased capital costs, reduced earnings or unplanned increases in operation and maintenance costs. The inability to recover a significant amount of such costs could have an adverse effect on our financial position, results of operations and cash flows.

New technology, conservation measures and alternative energy sources could adversely affect our operations and financial results.

Advances in technology that reduce the costs of alternative methods of producing electric energy to a level that is competitive with that of current electric production methods, could result in loss of market share and customers, and may require us to make significant expenditures to remain competitive. These changes in technology could also alter the channels through which electric customers buy or utilize energy, which could reduce our revenues or increase our expenses. Economic downturns or periods of high energy supply costs typically can lead to the development of legislative and regulatory policy designed to promote reductions in energy consumption and increased energy efficiency and self-generation by customers. Customers' increased use of energy efficiency measures, distributed generation and energy storage technology could result in lower demand. Similarly, mandatory water conservation imposed by regulators due to drought conditions could result in lower demand for water. Reduced demand for electricity due to energy efficiency measures and the use of distributed generation, and reduced demand for water due to mandatory or voluntary conservation efforts, to the extent not substantially offset through ratemaking or decoupling mechanisms, could have a material adverse effect on our financial condition, results of operations and cash flows.

The unauthorized access to and the misappropriation of confidential and proprietary customer, employee, financial or system operating information could adversely affect our business operations and adversely impact our reputation.

In the regular course of business, we maintain sensitive customer, employee, financial and system operating information and are required by various federal and state laws to safeguard this information. Cyber intrusions, security breaches, theft or loss of this information by cybercrime or otherwise could lead to the release of critical operating information or confidential customer or employee information, which could adversely affect our business operations or adversely impact our reputation, and could result in significant costs, fines and litigation. We maintain limited privacy protection liability insurance to cover limited damages and defense costs arising from unauthorized disclosure of, or failure to protect, private information, as well as costs for notification to, or for credit card monitoring of, customers, employees and other persons in the event of a breach of private information. This insurance covers amounts paid to avert, prevent or stop a network attack or the disclosure of personal information, and costs of a qualified forensics firm to determine the cause, source and extent of a network attack or to investigate, examine and analyze our network to find the cause, source and extent of a data breach. While we have implemented measures designed to prevent network attacks and mitigate their effects should they occur, these measures may not be effective due to the continually evolving nature of efforts to access confidential information.

Contamination of our water supplies, the failure of dams on reservoirs providing water to our customers, or requirements to repair, upgrade or dismantle any of these dams, may disrupt our ability to distribute water to our customers and result in substantial additional costs, which could adversely affect our financial condition, and results of operations.

Our water supplies, including water provided to our customers, are subject to possible contamination from naturally occurring compounds or man-made substances.

Our water systems include impounding dams and reservoirs of various sizes. Although we believe our dams are structurally sound and well-maintained, significant damage to these facilities, or a significant decrease in the water in our reservoirs, could adversely affect our ability to provide water to our customers until the facilities and a sufficient amount of water in our reservoirs can be restored. A failure of a dam could result in personal injuries and downstream property damage for which we may be liable. The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our customers. Any losses or liabilities incurred due to a failure of one of our dams may not be covered by existing insurance, may exceed such insurance coverage limits, or may not be recoverable in rates. Any such losses may make it difficult for us to obtain insurance at acceptable rates in the future, and may have a material adverse effect on our financial condition, results of operations and cash flows.

Our goodwill is valued and recorded at an amount that, if impaired and written down, could adversely affect our future operating results and total capitalization.

We have a significant amount of goodwill on our consolidated balance sheet, which, as of December 31, 2018, totaled $4.4 billion. The carrying value of goodwill represents the fair value of an acquired business in excess of the fair value of identifiable assets and liabilities as of the acquisition date. We test our goodwill balances for impairment on an annual basis or whenever events occur or circumstances change that would indicate a potential for impairment. A determination that goodwill is deemed to be impaired would result in a non-cash charge that could materially adversely affect our financial position, results of operations and total capitalization. The annual goodwill impairment test in 2018 resulted in a conclusion that our goodwill was not impaired.

Eversource Energy and its utility subsidiaries are exposed to significant reputational risks, which make them vulnerable to increased regulatory oversight or other sanctions.

Because utility companies, including our electric, natural gas and water utility subsidiaries, have large customer bases, they are subject to adverse publicity focused on the reliability of their distribution services and the speed with which they are able to respond to electric outages, natural gas leaks and similar interruptions caused by storm damage or other unanticipated events. Adverse publicity of this nature could harm the reputations of Eversource Energy and its subsidiaries; may make state legislatures, utility commissions and other regulatory authorities less likely to view them in a favorable light; and may cause them to be subject to less favorable legislative and regulatory outcomes or increased regulatory oversight. Unfavorable regulatory outcomes can include more stringent laws and regulations governing our operations, such as reliability and customer service quality standards or vegetation management requirements, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material adverse effect on the business, financial position, results of operations and cash flows of Eversource Energy and each of its utility subsidiaries.

Limits on our access to and increases in the cost of capital may adversely impact our ability to execute our business plan.

We use short-term debt and the long-term capital markets as a significant source of liquidity and funding for capital requirements not obtained from our operating cash flow. If access to these sources of liquidity becomes constrained, our ability to implement our business strategy could be adversely affected. In addition, higher interest rates would increase our cost of borrowing, which could adversely impact our results of operations. A downgrade of our credit ratings or events beyond our control, such as a disruption in global capital and credit markets, could increase our cost of borrowing and cost of capital or restrict our ability to access the capital markets and negatively affect our ability to maintain and to expand our businesses.

Our counterparties may not meet their obligations to us or may elect to exercise their termination rights, which could adversely affect our earnings.

We are exposed to the risk that counterparties to various arrangements who owe us money, have contracted to supply us with energy or other commodities or services, or who work with us as strategic partners, including on significant capital projects, will not be able to perform their obligations, will terminate such arrangements or, with respect to our credit facilities, fail to honor their commitments. Should any of these counterparties fail to perform their obligations or terminate such arrangements, we might be forced to replace the underlying commitment at higher market prices and/or have to delay the completion of, or cancel a capital project. Should any lenders under our credit facilities fail to perform, the level of borrowing capacity under those arrangements could decrease. In any such events, our financial position, results of operations, or cash flows could be adversely affected.

Costs of compliance with environmental laws and regulations may increase and have an adverse effect on our business and results of operations.

Our subsidiaries' operations are subject to extensive federal, state and local environmental statutes, rules and regulations that govern, among other things, water quality, water discharges, the management of hazardous and solid waste, and air emissions. Compliance with these requirements requires us to incur significant costs relating to environmental monitoring, maintenance and upgrading of facilities, remediation and permitting. The costs of compliance with existing legal requirements or legal requirements not yet adopted may increase in the future. An increase in such costs, unless promptly recovered, could have an adverse impact on our business and our financial position, results of operations and cash flows.

For further information, see Item 1, *Business - Other Regulatory and Environmental Matters*, included in this Annual Report on Form 10-K.

Market performance or changes in assumptions may require us to make significant contributions to our pension and other postretirement benefit plans.

We provide a defined benefit pension plan and other postretirement benefits for a substantial number of employees, former employees and retirees. Our future pension obligations, costs and liabilities are highly dependent on a variety of factors, many of which are beyond our control. These factors include estimated investment returns, interest rates, discount rates, health care cost trends, benefit changes, salary increases and the demographics of plan participants. If our assumptions prove to be inaccurate, our future costs could increase significantly. In addition, various factors, including underperformance of plan investments and changes in law or regulation, could increase the amount of contributions required to fund our pension plan in the future. Additional large funding requirements, when combined with the financing requirements of our construction program, could impact the timing and amount of future financings and negatively affect our financial position, results of operations and cash flows. For further information, see Note 10A, "Employee Benefits - Pensions and Postretirement Benefits Other Than Pension," to the financial statements.

The loss of key personnel or the inability to hire and retain qualified employees could have an adverse effect on our business, financial position and results of operations.

Our operations depend on the continued efforts of our employees. Retaining key employees and maintaining the ability to attract new employees are important to both our operational and financial performance. We cannot guarantee that any member of our management or any key employee at the Eversource parent or subsidiary level will continue to serve in any capacity for any particular period of time. In addition, a significant portion of our workforce in our subsidiaries, including many workers with specialized skills maintaining and servicing the electric, natural gas and water infrastructure, will be eligible to retire over the next five to ten years. Such highly skilled individuals cannot be quickly replaced due to the technically complex work they perform. We have developed strategic workforce plans to identify key functions and proactively implement plans to assure a ready and qualified workforce, but we cannot predict the impact of these plans on our ability to hire and retain key employees.

As a holding company with no revenue-generating operations, Eversource parent's liquidity is dependent on dividends from its subsidiaries, its commercial paper program, and its ability to access the long-term debt and equity capital markets.

Eversource parent is a holding company and as such, has no revenue-generating operations of its own. Its ability to meet its debt service obligations and to pay dividends on its common shares is largely dependent on the ability of its subsidiaries to pay dividends to or repay borrowings from Eversource parent, and/or Eversource parent's ability to access its commercial paper program or the long-term debt and equity capital markets. Prior to funding Eversource parent, the subsidiary companies have financial obligations that must be satisfied, including among others, their operating expenses, debt service, preferred dividends of certain subsidiaries, and obligations to trade creditors. Additionally, the subsidiary companies could retain their free cash flow to fund their capital expenditures in lieu of receiving equity contributions from Eversource parent. Should the subsidiary companies not be able to pay dividends or repay funds due to Eversource parent, or if Eversource parent cannot access its commercial paper programs or the long-term debt and equity capital markets, Eversource parent's ability to pay interest, dividends and its own debt obligations would be restricted.

Item 1B. Unresolved Staff Comments

We do not have any unresolved SEC staff comments.

Item 2. Properties

Transmission and Distribution System

As of December 31, 2018, Eversource and our electric operating subsidiaries owned the following:

Eversource	Electric Distribution	Electric Transmission
Number of substations owned	495	74
Transformer capacity (in kVa)	43,632,000	16,149,000
Overhead lines (in circuit miles)	40,542	3,949
Capacity range of overhead transmission lines (in kV)	N/A	69 to 345
Underground lines (in circuit miles)	17,453	405
Capacity range of underground transmission lines (in kV)	N/A	69 to 345

	CL&P		NSTAR Electric		PSNH	
	Distribution	Transmission	Distribution	Transmission	Distribution	Transmission
Number of substations owned	181	20	174	34	140	20
Transformer capacity (in kVa)	21,752,000	3,633,000	17,568,000	7,465,000	4,312,000	5,051,000
Overhead lines (in circuit miles)	16,930	1,675	11,413	1,233	12,199	1,041
Capacity range of overhead transmission lines (in kV)	N/A	69 to 345	N/A	69 to 345	N/A	115 to 345
Underground lines (in circuit miles)	6,673	137	8,814	267	1,966	1
Capacity range of underground transmission lines (in kV)	N/A	69 to 345	N/A	115 to 345	N/A	115

	Eversource	CL&P	NSTAR Electric	PSNH
Underground and overhead line transformers in service	627,046	290,640	170,964	165,442
Aggregate capacity (in kVa)	36,601,452	15,855,590	14,157,211	6,588,651

Electric Generating Plants

On January 10, 2018, Eversource and PSNH completed the sale of PSNH's thermal generation assets, including steam, internal combustion and biomass units. The sale of hydroelectric generation assets was completed on August 26, 2018. See Note 13, "Generation Asset Sale," in the accompanying Item 8, *Financial Statements and Supplementary Data* for further information.

As of December 31, 2018, NSTAR Electric owned the following solar power facilities:

Type of Plant	Number of Sites	Year Installed	Claimed Capability** (kilowatts)
Solar Fixed Tilt, Photovoltaic	20	2010 - 2018	58,100

** Claimed capability represents the direct current nameplate capacity of the plants.

CL&P does not own any electric generating plants.

Natural Gas Distribution System

As of December 31, 2018, Yankee Gas owned 28 active gate stations, 199 district regulator stations, and approximately 3,398 miles of natural gas main pipeline. Yankee Gas also owns a liquefaction and vaporization plant and above ground storage tank with a storage capacity equivalent of 1.2 Bcf of natural gas in Waterbury, Connecticut.

As of December 31, 2018, NSTAR Gas owned 21 active gate stations, 164 district regulator stations, and approximately 3,299 miles of natural gas main pipeline. Hopkinton, another subsidiary of Eversource, owns a satellite vaporization plant and above ground storage tanks in Acushnet, MA (0.5 Bcf of natural gas). In addition, Hopkinton owns a liquefaction and vaporization plant with above ground storage tanks in Hopkinton, MA (3.0 Bcf of natural gas). Combined, the two plants' tanks have an aggregate storage capacity equivalent to 3.5 Bcf of natural gas that is provided to NSTAR Gas under contract.

Water Distribution System

Aquarion's properties consist of water transmission and distribution mains and associated valves, hydrants and service lines, water treatment plants, pumping facilities, wells, tanks, meters, dams, reservoirs, buildings, and other facilities and equipment used for the operation of our systems, including the collection, treatment, storage, and distribution of water.

As of December 31, 2018, Aquarion owned and operated sources of water supply with a combined yield of approximately 131 million gallons per day; 3,625 miles of transmission and distribution mains; 10 surface water treatment plants; 31 dams; and 107 wellfields.

Franchises

CL&P Subject to the power of alteration, amendment or repeal by the General Assembly of Connecticut and subject to certain approvals, permits and consents of public authority and others prescribed by statute, CL&P has, subject to certain exceptions not deemed material, valid franchises free from burdensome restrictions to provide electric transmission and distribution services in the respective areas in which it is now supplying such service.

In addition to the right to provide electric transmission and distribution services as set forth above, the franchises of CL&P include, among others, limited rights and powers, as set forth under Connecticut law and the special acts of the General Assembly constituting its charter, to manufacture, generate, purchase and/or sell electricity at retail, including to provide Standard Service, Supplier of Last Resort service and backup service, to sell electricity at wholesale and to erect and maintain certain facilities on public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law. The franchises of CL&P include the power of eminent domain. Connecticut law prohibits an electric distribution company from owning or operating generation assets. However, under "An Act Concerning Electricity and Energy Efficiency," enacted in 2007, an electric distribution company, such as CL&P, is permitted to purchase an existing electric generating plant located in Connecticut that is offered for sale, subject to prior approval from the PURA and a determination by the PURA that such purchase is in the public interest.

NSTAR Electric Through its charter, which is unlimited in time, NSTAR Electric has the right to engage in the business of delivering and selling electricity within its respective service territory, and has the power incidental thereto and is entitled to all the rights and privileges of and subject to the duties imposed upon electric companies under Massachusetts laws. The locations in public ways for electric transmission and distribution lines are obtained from municipal and other state authorities who, in granting these locations, act as agents for the state. In some cases, the actions of these authorities are subject to appeal to the DPU. The rights to these locations are not limited in time and are subject to the action of these authorities and the legislature. Under Massachusetts law, no other entity may provide electric delivery service to retail customers within NSTAR Electric service territory without the written consent of NSTAR Electric. This consent must be filed with the DPU and the municipality so affected. The franchises of NSTAR Electric include the power of eminent domain, obtained through application to the DPU.

The Massachusetts restructuring legislation defines service territories as those territories actually served on July 1, 1997 and following municipal boundaries to the extent possible. The restructuring legislation further provides that until terminated by law or otherwise, distribution companies shall have the exclusive obligation to serve all retail customers within their service territories and no other person shall provide distribution service within such service territories without the written consent of such distribution companies.

PSNH The NHPUC, pursuant to statutory requirements, has issued orders granting PSNH exclusive franchises to distribute electricity in the respective areas in which it is now supplying such service.

In addition to the right to distribute electricity as set forth above, the franchises of PSNH include, among others, rights and powers to manufacture, generate, purchase, and transmit electricity, to sell electricity at wholesale to other utility companies and municipalities and to erect and maintain certain facilities on certain public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law. PSNH's status as a public utility gives it the ability to petition the NHPUC for the right to exercise eminent domain for distribution services and for transmission eligible for regional cost allocation.

PSNH is also subject to certain regulatory oversight by the Maine Public Utilities Commission and the Vermont Public Utility Commission.

NSTAR Gas Through its charter, which is unlimited in time, NSTAR Gas has the right to engage in the business of delivering and selling natural gas within its respective service territory, and has the power incidental thereto and is entitled to all the rights and privileges of and subject to the duties imposed upon natural gas companies under Massachusetts laws. The locations in public ways for natural gas distribution pipelines are obtained from municipal and other state authorities who, in granting these locations, act as agents for the state. In some cases, the actions of these authorities are subject to appeal to the DPU. The rights to these locations are not limited in time and are subject to the action of these authorities and the legislature. Under Massachusetts law, no other entity may provide natural gas delivery service to retail customers within the NSTAR Gas service territory without the written consent of NSTAR Gas. This consent must be filed with the DPU and the municipality so affected.

Yankee Gas Yankee Gas holds valid franchises to sell natural gas in the areas in which Yankee Gas supplies natural gas service, which it acquired either directly or from its predecessors in interest. Generally, Yankee Gas holds franchises to serve customers in areas designated by those franchises as well as in most other areas throughout Connecticut so long as those areas are not occupied and served by another natural gas utility under a valid franchise of its own or are not subject to an exclusive franchise of another natural gas utility or by consent. Yankee Gas' franchises are perpetual but remain subject to the power of alteration, amendment or repeal by the General Assembly of the State of Connecticut, the power of revocation by the PURA and certain approvals, permits and consents of public authorities and others prescribed by statute. Generally, Yankee Gas' franchises include, among other rights and powers, the right and power to manufacture, generate, purchase, transmit and distribute natural gas and to erect and maintain certain facilities on public highways and grounds, and the right of eminent domain, all subject to such consents and approvals of public authorities and others as may be required by law.

Aquarion Water Company of Connecticut AWC-CT derives its rights and franchises to operate from special acts of the Connecticut General Assembly and subject to certain approvals, permits and consents of public authority and others prescribed by statute and by its charter, AWC-CT has, with minor exceptions, solid franchises free from burdensome restrictions and unlimited as to time, and is authorized to sell potable water in the towns (or parts thereof) in which water is now being supplied by AWC-CT.

In addition to the right to sell water as set forth above, the franchises of AWC-CT include rights and powers to erect and maintain certain facilities on public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law. Under the Connecticut General Statutes, AWC-CT may, upon payment of compensation, take and use such lands, springs, streams or ponds, or such rights or interests therein as the Connecticut Superior Court, upon application, may determine is necessary to enable AWC-CT to supply potable water for public or domestic use in its franchise areas.

Aquarion Water Company of Massachusetts Through its charters, which are unlimited in time, AWC-MA has the right to engage in the business of distributing and selling water within its service territories, and has the power incidental thereto and is entitled to all the rights and privileges of and subject to the duties imposed upon water companies under Massachusetts laws. AWC-MA has the right to construct and maintain its mains and distribution pipes in and under any public ways and to take and hold water within its respective service territories. Subject to DPU regulation, AWC-MA has the right to establish and fix rates for use of the water distributed and to establish reasonable regulations regarding the same. Certain of the towns within our service area have the right, at any time, to purchase the corporate property and all rights and privileges of AWC-MA according to pricing formulas and procedures specifically described in AWC-MA's respective charters and in compliance with Massachusetts law.

Aquarion Water Company of New Hampshire The NHPUC, pursuant to statutory law, has issued orders granting and affirming AWC-NH’s exclusive franchise to own, operate, and manage plant and equipment and any part of the same, for the conveyance of water for the public located within its franchise territory. That franchise territory encompasses the towns of Hampton, North Hampton and Rye. Subject to NHPUC’s regulations, AWC-NH has the right to establish and fix rates for use of the water distributed and to establish reasonable regulations regarding the same.

In addition to the right to provide water supply, the franchise also allows AWC-NH to sell water at wholesale to other water utilities and municipalities and to construct plant and equipment and maintain such plant and equipment on certain public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law.

AWC-NH's status as a regulated public utility gives it the ability to petition the NHPUC for the right to exercise eminent domain for the establishment of plant and equipment. It can also petition the NHPUC for exemption from the operation of any local ordinance when certain utility structures are reasonably necessary for the convenience or welfare of the public and the local conditions, and, if the purpose of the structure relates to water supply withdrawal, the exemption is recommended by the New Hampshire Department of Environmental Services.

Item 3. Legal Proceedings

1. Yankee Companies v. U.S. Department of Energy

DOE Phase I Damages - In 1998, the Yankee Companies filed separate complaints against the DOE in the Court of Federal Claims seeking monetary damages resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal by January 31, 1998 pursuant to the terms of the 1983 spent fuel and high-level waste disposal contracts between the Yankee Companies and the DOE ("DOE Phase I Damages"). Phase I covered damages for the years 1998 through 2002. Following multiple appeals and cross-appeals in December 2012, the judgment awarding $39.6 million, $38.3 million and $81.7 million to CYAPC, YAEC and MYAPC, respectively, became final.

In January 2013, the proceeds from the DOE Phase I Damages Claim were received by the Yankee Companies and transferred to each Yankee Company's respective decommissioning trust.

In June 2013, FERC approved CYAPC, YAEC and MYAPC to reduce rates in their wholesale power contracts through the application of the DOE proceeds for the benefit of customers. Changes to the terms of the wholesale power contracts became effective on July 1, 2013. In accordance with the FERC order, CL&P, NSTAR Electric and PSNH began receiving the benefit of the DOE proceeds, and the benefits have been passed on to customers.

On September 17, 2014, in accordance with the MYAPC refund plan, MYAPC returned a portion of the DOE Phase I Damages proceeds to the member companies, including CL&P, NSTAR Electric and PSNH, in the amount of $3.2 million, $1.9 million and $1.4 million, respectively.

DOE Phase II Damages - In December 2007, the Yankee Companies each filed subsequent lawsuits against the DOE seeking recovery of actual damages incurred related to the alleged failure of the DOE to provide for a permanent facility to store spent nuclear fuel generated in years 2001 through 2008 for CYAPC and YAEC and from 2002 through 2008 for MYAPC ("DOE Phase II Damages"). In November 2013, the court issued a final judgment awarding $126.3 million, $73.3 million, and $35.8 million to CYAPC, YAEC and MYAPC, respectively. On January 14, 2014, the Yankee Companies received a letter from the U.S. Department of Justice stating that the DOE will not appeal the court's final judgment.

In March and April 2014, CYAPC, YAEC and MYAPC received payment of $126.3 million, $73.3 million and $35.8 million, respectively, of the DOE Phase II Damages proceeds and made the required informational filing with FERC in accordance with the process and methodology outlined in the 2013 FERC order. The Yankee Companies returned the DOE Phase II Damages proceeds to the member companies, including CL&P, NSTAR Electric and PSNH, for the benefit of their respective customers, on June 1, 2014. Refunds to CL&P's, NSTAR Electric's and PSNH's customers for these DOE proceeds began in the third quarter of 2014 and all refunds under these proceedings have been disbursed.

DOE Phase III Damages - In August 2013, the Yankee Companies each filed subsequent lawsuits against the DOE seeking recovery of actual damages incurred in the years 2009 through 2012 ("DOE Phase III"). The DOE Phase III trial concluded on July 1, 2015, followed by a post-trial briefing that concluded on October 4, 2015. On March 25, 2016, the court issued its decision and awarded CYAPC, YAEC and MYAPC damages of $32.6 million, $19.6 million and $24.6 million, respectively. In total, the Yankee Companies were awarded $76.8 million of the $77.9 million in damages sought in the DOE Phase III. The decision became final on July 18, 2016, and the Yankee Companies received the awards from the DOE on October 14, 2016. The Yankee Companies received FERC approval of their proposed distribution of certain amounts of the awarded damages proceeds to member companies, including CL&P, NSTAR Electric and PSNH, which CYAPC and MYAPC made in December 2016. MYAPC also refunded $56.5 million from its spent nuclear fuel trust, a portion of which was also refunded to the Eversource utility subsidiaries. In total, Eversource received $26.1 million, of which CL&P, NSTAR Electric and PSNH received $13.6 million, $8.6 million and $3.9 million, respectively. These amounts have been refunded to the customers of the respective Eversource utility subsidiaries.

DOE Phase IV Damages - On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking monetary damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal covering the years from 2013 to 2016 ("DOE Phase IV"). On February 21, 2019, the Yankee Companies received a partial summary judgment and partial final judgment in their favor for the undisputed amount of monetary damages, which is the vast majority of the damages being sought. The DOE Phase IV trial for the remaining amount of damages is expected to begin in 2019.

2. Other Legal Proceedings

For further discussion of legal proceedings, see Item 1, *Business:* "– Electric Distribution Segment," "– Electric Transmission Segment," and "– Natural Gas Distribution Segment" for information about various state and federal regulatory and rate proceedings, civil lawsuits related thereto, and information about proceedings relating to power, transmission and pricing issues; "– Nuclear Fuel Storage" for information related to nuclear waste; and "– Other Regulatory and Environmental Matters" for information about proceedings involving toxic substances and hazardous waste, electric and magnetic fields, and other matters. In addition, see Item 1A, *Risk Factors*, for general information about several significant risks.

Item 4. Mine Safety Disclosures

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the executive officers of Eversource Energy as of February 26, 2019. All of the Company's officers serve terms of one year and until their successors are elected and qualified:

Name	Age	Title
James J. Judge	63	President and Chief Executive Officer
Philip J. Lembo	63	Executive Vice President and Chief Financial Officer
Gregory B. Butler	61	Executive Vice President and General Counsel
Christine M. Carmody	56	Executive Vice President-Human Resources and Information Technology
Joseph R. Nolan, Jr.	55	Executive Vice President-Customer and Corporate Relations
Leon J. Olivier	71	Executive Vice President-Enterprise Energy Strategy and Business Development
Werner J. Schweiger	59	Executive Vice President and Chief Operating Officer
Jay S. Buth	49	Vice President, Controller and Chief Accounting Officer

James J. Judge. Mr. Judge has served as Chairman of the Board, President and Chief Executive Officer of Eversource Energy since May 3, 2017; as a Trustee of Eversource Energy and as Chairman of CL&P, NSTAR Electric and PSNH since May 4, 2016; and as Chairman, President and Chief Executive Officer of Eversource Service and Chairman of NSTAR Gas and Yankee Gas since May 9, 2016. Mr. Judge has served as a Director of CL&P, PSNH, Yankee Gas and Eversource Service since April 10, 2012; of NSTAR Electric and NSTAR Gas since September 27, 1999; and of Eversource Aquarion Holdings, Inc. Previously, Mr. Judge served as President and Chief Executive Officer of Eversource Energy from May 4, 2016 until May 3, 2017; and as Executive Vice President and Chief Financial Officer of Eversource Energy, CL&P, NSTAR Electric and PSNH from April 10, 2012 until May 4, 2016; of NSTAR Gas, Yankee Gas and Eversource Service from April 10, 2012 until May 9, 2016. Mr. Judge has served as Chairman of the Board of Eversource Energy Foundation, Inc. since May 9, 2016; and as a Director since April 10, 2012. He previously served as Treasurer of Eversource Energy Foundation, Inc. from April 10, 2012 until May 9, 2016. He has served as a Trustee of the NSTAR Foundation since December 12, 1995.

Philip J. Lembo. Mr. Lembo has served as Executive Vice President and Chief Financial Officer of Eversource Energy since May 3, 2017; and of CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since March 31, 2017. Mr. Lembo has served as a Director of CL&P, NSTAR Electric and PSNH since May 4, 2016; of NSTAR Gas, Yankee Gas and Eversource Service since May 9, 2016; and of Eversource Aquarion Holdings, Inc. Mr. Lembo previously served as Executive Vice President, Chief Financial Officer and Treasurer of Eversource Energy from August 8, 2016 until May 3, 2017; of CL&P, NSTAR Electric, PSNH, NSTAR Gas, Yankee Gas and Eversource Service from August 8, 2016 until March 31, 2017; as Senior Vice President, Chief Financial Officer and Treasurer of Eversource Energy, CL&P, NSTAR Electric and PSNH from May 4, 2016 until August 8, 2016; and of NSTAR Gas, Yankee Gas and Eversource Service from May 9, 2016 until August 8, 2016; as Vice President and Treasurer of Eversource Energy, CL&P and PSNH from April 10, 2012 until May 4, 2016; and of Yankee Gas and Eversource Service from April 10, 2012 until May 9, 2016. Mr. Lembo served as Vice President and Treasurer of NSTAR Electric and NSTAR Gas from

March 29, 2006 until May 4, 2016. Mr. Lembo has served as a Director of Eversource Energy Foundation, Inc. since May 9, 2016. He previously served as Treasurer of Eversource Energy Foundation, Inc. from May 9, 2016 until March 31, 2017. He has served as a Trustee of the NSTAR Foundation since May 9, 2016.

Gregory B. Butler. Mr. Butler has served as Executive Vice President and General Counsel of Eversource Energy, CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since August 8, 2016. Mr. Butler has served as a Director of NSTAR Electric and NSTAR Gas since April 10, 2012; of Eversource Service since November 27, 2012; of CL&P, PSNH and Yankee Gas since April 22, 2009; and of Eversource Aquarion Holdings, Inc. Mr. Butler previously served as Senior Vice President and General Counsel of Eversource Energy from May 1, 2014 until August 8, 2016; of NSTAR Electric and NSTAR Gas from April 10, 2012 until August 8, 2016; of CL&P, PSNH, Yankee Gas and Eversource Service from March 9, 2006 until August 8, 2016; and as Senior Vice President, General Counsel and Secretary of Eversource Energy from April 10, 2012 until May 1, 2014. He has served as a Director of Eversource Energy Foundation, Inc. since December 1, 2002. He has been a Trustee of the NSTAR Foundation since April 10, 2012.

Christine M. Carmody. Ms. Carmody has served as Executive Vice President-Human Resources and Information Technology of Eversource Energy and Eversource Service since August 8, 2016. Ms. Carmody has served as a Director of Eversource Service since November 27, 2012. Previously Ms. Carmody served as Senior Vice President-Human Resources of Eversource Energy from May 4, 2016 until August 8, 2016; of Eversource Service from April 10, 2012 until August 8, 2016; as Senior Vice President-Human Resources of CL&P, PSNH and Yankee Gas from November 27, 2012 until September 29, 2014; of NSTAR Electric and NSTAR Gas from August 1, 2008 until September 29, 2014; and as a Director of CL&P, PSNH and Yankee Gas from April 10, 2012 until September 29, 2014; and of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014. Ms. Carmody has served as a Director of Eversource Energy Foundation, Inc. since April 10, 2012. She has served as a Trustee of the NSTAR Foundation since August 1, 2008.

Joseph R. Nolan, Jr. Mr. Nolan has served as Executive Vice President-Customer and Corporate Relations of Eversource Energy and Eversource Service since August 8, 2016. Mr. Nolan has served as a Director of Eversource Service since November 27, 2012. Previously Mr. Nolan served as Senior Vice President-Corporate Relations of Eversource Energy from May 4, 2016 until August 8, 2016; of Eversource Service from April 10, 2012 to August 8, 2016; of NSTAR Electric and NSTAR Gas from April 10, 2012 until September 29, 2014; and of CL&P, PSNH and Yankee Gas from November 27, 2012 until September 29, 2014. Mr. Nolan previously served as a Director of CL&P, PSNH and Yankee Gas from April 10, 2012 until September 29, 2014; and of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014. Mr. Nolan has served as a Director of Eversource Energy Foundation, Inc. since April 10, 2012, and as Executive Director of Eversource Energy Foundation, Inc. since October 15, 2013. He has served as a Trustee of the NSTAR Foundation since October 1, 2000.

Leon J. Olivier. Mr. Olivier has served as Executive Vice President-Enterprise Energy Strategy and Business Development of Eversource Energy since September 2, 2014; and of Eversource Service since August 11, 2014. Mr. Olivier has served as a Director of Eversource Service since January 17, 2005. Mr. Olivier previously served as Executive Vice President and Chief Operating Officer of Eversource Energy from May 13, 2008 until September 2, 2014; of Eversource Service from May 13, 2008 until August 11, 2008; as Chief Executive Officer of NSTAR Electric and NSTAR Gas from April 10, 2012 until August 11, 2014; of CL&P, PSNH and Yankee Gas from January 15, 2007 until August 11, 2014; as a Director of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014; of PSNH and Yankee Gas from January 17, 2005 until September 29, 2014; and of CL&P from September 10, 2001 until September 29, 2014. He has served as a Director of Eversource Energy Foundation, Inc. since April 1, 2006. Mr. Olivier has served as a Trustee of the NSTAR Foundation since April 10, 2012.

Werner J. Schweiger. Mr. Schweiger has served as Executive Vice President and Chief Operating Officer of Eversource Energy since September 2, 2014; of Eversource Service since August 11, 2014; and as Chief Executive Officer of CL&P, NSTAR Electric, NSTAR Gas, PSNH and Yankee Gas since August 11, 2014. Mr. Schweiger has served as a Director of Eversource Service, NSTAR Gas and Yankee Gas since September 29, 2014; and of CL&P, PSNH and NSTAR Electric since May 28, 2013. He previously served as President of CL&P from June 2, 2015 until June 27, 2016; as President of NSTAR Gas and Yankee Gas from September 29, 2014 until November 10, 2014; as President-Electric Distribution of Eversource Service from January 16, 2013 until August 11, 2014; as President of NSTAR Electric from April 10, 2012 until January 16, 2013; and as a Director of NSTAR Electric from November 27, 2012 until January 16, 2013. Mr. Schweiger has served as a Director of Eversource Energy Foundation, Inc. since September 29, 2014. He has served as a Trustee of the NSTAR Foundation since September 29, 2014.

Jay S. Buth. Mr. Buth has served as Vice President, Controller and Chief Accounting Officer of Eversource Energy, CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since April 10, 2012.

PART II

Item 5. Market for the Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Market Information

Our common shares are listed on the New York Stock Exchange. The ticker symbol is "ES." There is no established public trading market for the common stock of CL&P, NSTAR Electric and PSNH. All of the common stock of CL&P, NSTAR Electric and PSNH is held solely by Eversource.

(b) Holders

As of January 31, 2019, there were 35,874 registered common shareholders of our company on record. As of the same date, there were a total of 316,981,088 shares outstanding.

(c) Dividends

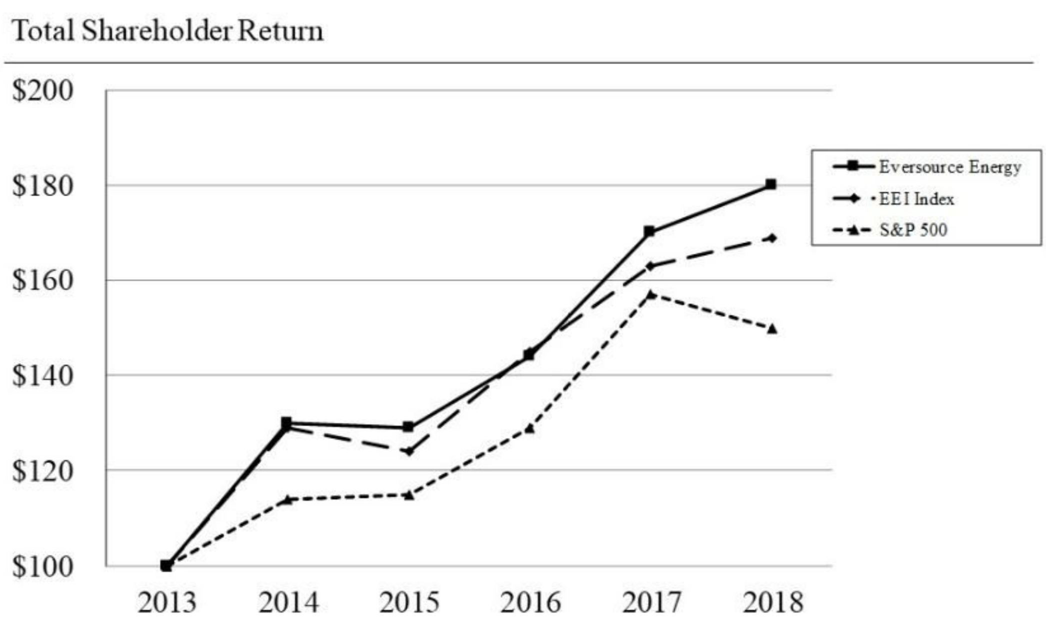
Information with respect to dividends and dividend restrictions for Eversource, CL&P, NSTAR Electric and PSNH is contained in Item 8, *Financial Statements and Supplementary Data*, in the *Combined Notes to Financial Statements*, within this Annual Report on Form 10-K.

(d) Securities Authorized for Issuance Under Equity Compensation Plans

For information regarding securities authorized for issuance under equity compensation plans, see Item 12, *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*, included in this Annual Report on Form 10-K.

(e) Performance Graph

The performance graph below illustrates a five-year comparison of cumulative total returns based on an initial investment of $100 in 2013 in Eversource Energy common stock, as compared with the S&P 500 Stock Index and the EEI Index for the period 2013 through 2018, assuming all dividends are reinvested.



	December 31,					
	2013	2014	2015	2016	2017	2018
Eversource Energy	$100	$130	$129	$144	$170	$180
EEI Index	$100	$129	$124	$145	$163	$169
S&P 500	$100	$114	$115	$129	$157	$150

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table discloses purchases of our common shares made by us or on our behalf for the periods shown below. The common shares purchased consist of open market purchases made by the Company or an independent agent. These share transactions related to shares awarded under the company's incentive plan and dividend reinvestment plan and matching contributions under the Eversource 401k Plan.

Period	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans and Programs (at month end)**
October 1 - October 31, 2018	95,834	$ 61.32	—	—
November 1 - November 30, 2018	2,248	64.62	—	—
December 1 - December 31, 2018	180,526	64.42	—	—
Total	278,608	$ 63.36	—	—

Item 6. Selected Consolidated Financial Data

Eversource Selected Consolidated Financial Data (Unaudited)

(Thousands of Dollars, except percentages and common share information)	2018	2017	2016	2015	2014
Balance Sheet Data:					
Property, Plant and Equipment, Net	$ 25,610,428	$ 23,617,463	$ 21,350,510	$ 19,892,441	$ 18,647,041
Total Assets	38,241,256	36,220,386	32,053,173	30,580,309	29,740,387
Common Shareholders' Equity	11,486,817	11,086,242	10,711,734	10,352,215	9,976,815
Noncontrolling Interest - Preferred Stock of Subsidiaries	155,570	155,570	155,568	155,568	155,568
Long-Term Debt [a]	13,086,062	12,325,520	9,603,237	9,034,457	8,851,600
Obligations Under Capital Leases [a]	10,735	9,898	8,924	8,222	9,434
Income Statement Data:					
Operating Revenues	$ 8,448,201	$ 7,751,952	$ 7,639,129	$ 7,954,827	$ 7,741,856
Net Income	$ 1,040,519	$ 995,515	$ 949,821	$ 886,004	$ 827,065
Net Income Attributable to Noncontrolling Interests	7,519	7,519	7,519	7,519	7,519
Net Income Attributable to Common Shareholders	$ 1,033,000	$ 987,996	$ 942,302	$ 878,485	$ 819,546
Common Share Data:					
Net Income Attributable to Common Shareholders:					
Basic Earnings Per Common Share	$ 3.25	$ 3.11	$ 2.97	$ 2.77	$ 2.59
Diluted Earnings Per Common Share	$ 3.25	$ 3.11	$ 2.96	$ 2.76	$ 2.58
Dividends Declared Per Common Share	$ 2.02	$ 1.90	$ 1.78	$ 1.67	$ 1.57
Market Price - Closing (end of year) [b]	$ 65.04	$ 63.18	$ 55.23	$ 51.07	$ 53.52
Book Value Per Common Share (end of year)	$ 36.25	$ 34.98	$ 33.80	$ 32.64	$ 31.47
Tangible Book Value Per Common Share (end of year) [c]	$ 22.27	$ 21.00	$ 22.70	$ 21.54	$ 20.37
Rate of Return Earned on Average Common Equity (%) [d]	9.2	9.1	9.0	8.7	8.4
Market-to-Book Ratio (end of year) [e]	1.8	1.8	1.6	1.6	1.7

CL&P Selected Financial Data (Unaudited)

(Thousands of Dollars)	2018	2017	2016	2015	2014
Balance Sheet Data:					
Property, Plant and Equipment, Net	$ 8,909,701	$ 8,271,030	$ 7,632,392	$ 7,156,809	$ 6,809,664
Total Assets	11,409,719	10,630,246	10,035,044	9,592,957	9,344,400
Common Stockholder's Equity	4,199,317	3,587,127	3,470,387	3,140,717	2,936,767
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200	116,200	116,200	116,200
Long-Term Debt [a]	3,254,016	3,059,135	2,766,010	2,763,682	2,841,951
Obligations Under Capital Leases [a]	4,465	5,711	6,767	7,624	8,439
Income Statement Data:					
Operating Revenues	3,096,174	2,887,359	2,805,955	2,802,675	2,692,582
Net Income	377,717	376,726	334,254	299,360	287,754
Common Stock Data:					
Cash Dividends on Common Stock	60,000	254,800	199,599	196,000	171,200

[a] Includes portions due within one year.
[b] Market price information reflects closing prices as reflected by the New York Stock Exchange.
[c] Common Shareholders' Equity adjusted for goodwill and intangibles divided by total common shares outstanding.
[d] Net Income Attributable to Common Shareholders divided by average Common Shareholders' Equity.
[e] The closing market price divided by the book value per share.

See the *Combined Notes to Financial Statements* in this Annual Report on Form 10-K for a description of the sale of PSNH's thermal and hydroelectric generation assets in 2018 and the December 31, 2017 classification of these generation assets as held for sale, the acquisition of Aquarion on December 4, 2017, and any accounting changes materially affecting the comparability of the information reflected in the tables above.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

EVERSOURCE ENERGY AND SUBSIDIARIES

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related combined notes included in this combined Annual Report on Form 10-K. References in this combined Annual Report on Form 10-K to "Eversource," the "Company," "we," "us," and "our" refer to Eversource Energy and its consolidated subsidiaries. All per-share amounts are reported on a diluted basis. The consolidated financial statements of Eversource, NSTAR Electric and PSNH and the financial statements of CL&P are herein collectively referred to as the "financial statements."

Refer to the Glossary of Terms included in this combined Annual Report on Form 10-K for abbreviations and acronyms used throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The only common equity securities that are publicly traded are common shares of Eversource. The earnings and EPS of each business discussed below do not represent a direct legal interest in the assets and liabilities of such business but rather represent a direct interest in our assets and liabilities as a whole. EPS by business is a financial measure not recognized under GAAP calculated by dividing the Net Income Attributable to Common Shareholders of each business by the weighted average diluted Eversource common shares outstanding for the period. We use this non-GAAP financial measure to evaluate and provide details of earnings results by business. We believe that the non-GAAP presentation is a meaningful representation of our financial performance and provides additional and useful information to readers of this report in analyzing historical and future performance by business. This non-GAAP financial measure should not be considered as an alternative to reported Net Income Attributable to Common Shareholders or EPS determined in accordance with GAAP as an indicator of operating performance.

The results of Aquarion and its subsidiaries, hereinafter referred to as "Aquarion," are included from the date of the acquisition, December 4, 2017, through December 31, 2018 throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Financial Condition and Business Analysis

Executive Summary

The following items in this executive summary are explained in more detail in this combined Annual Report on Form 10-K:

Earnings Overview and Future Outlook:

- We earned $1.03 billion, or $3.25 per share, in 2018, compared with $988.0 million, or $3.11 per share, in 2017.
- Our electric distribution segment earned $455.4 million, or $1.44 per share, in 2018, compared with $497.4 million, or $1.57 per share, in 2017. Our electric transmission segment earned $427.2 million, or $1.34 per share, in 2018, compared with $391.9 million, or $1.23 per share, in 2017. Our natural gas distribution segment earned $93.2 million, or $0.29 per share, in 2018, compared with $74.6 million, or $0.23 per share, in 2017. Our water distribution segment earned $30.9 million, or $0.10 per share, in 2018, compared with a net loss of $1.2 million in 2017.
- Eversource parent and other companies earned $26.3 million, or $0.08 per share, in 2018, compared with $25.3 million, or $0.08 per share, in 2017.
- We currently project 2019 earnings of between $3.40 per share and $3.50 per share.

Liquidity:

- Cash flows provided by operating activities totaled $1.78 billion in 2018, compared with $2.00 billion in 2017. Investments in property, plant and equipment totaled $2.52 billion in 2018 and $2.35 billion in 2017. Cash and cash equivalents totaled $108.1 million as of December 31, 2018, compared with $38.2 million as of December 31, 2017.
- In 2018, we issued $2.20 billion of new long-term debt, consisting of $1.55 billion at Eversource parent, $500 million at CL&P, $50 million at Yankee Gas, and $100 million at NSTAR Gas. Proceeds from these new issuances were used primarily to repay short-term borrowings and repay long-term debt at maturity. In 2018, PSNH issued $635.7 million of securitized RRBs. In 2018, we repaid, at maturity, $1.05 billion of previously issued long-term debt, consisting of $450 million at Eversource parent, $300 million at CL&P, $199.3 million at PSNH and $100 million at Yankee Gas.
- In 2018, we paid cash dividends of $640.1 million, or $2.02 per common share, compared with $602.1 million, or $1.90 per common share, in 2017. On February 6, 2019, our Board of Trustees approved a common share dividend payment of $0.535 per share, payable on March 29, 2019 to shareholders of record as of March 5, 2019. The 2019 dividend represents an increase of 5.9 percent over the dividend paid in December 2018, and is the equivalent to dividends on common shares of approximately $678 million on an annual basis.

- We project to make capital expenditures of $12.75 billion from 2019 through 2023, of which we expect $8.06 billion to be in our electric and natural gas distribution segments, $3.35 billion to be in our electric transmission segment and $0.62 billion to be in our water distribution segment. We also project to invest $0.72 billion in information technology and facilities upgrades and enhancements. These projections do not include any expected investments related to NPT or offshore wind projects.

- In December 2018, CYAPC paid $145 million to the DOE to partially settle its pre-1983 spent nuclear fuel obligation, which is classified as long-term debt on Eversource's consolidated balance sheet. CYAPC funded this payment from proceeds of its spent nuclear fuel trust, which is classified as marketable securities on Eversource's consolidated balance sheet. Eversource consolidates CYAPC because CL&P's, NSTAR Electric's and PSNH's combined ownership and voting interests in CYAPC is 63 percent. As a result of consolidating CYAPC, CYAPC's payment to the DOE is included in operating cash flows on Eversource's 2018 consolidated statement of cash flows.

Strategic, Legislative, Regulatory, Policy and Other Items:

- On February 8, 2019, Eversource and Ørsted entered into a 50-50 partnership for key offshore wind assets in the Northeast. Eversource paid approximately $225 million for a 50 percent interest in Ørsted's Revolution Wind and South Fork Wind power projects, as well as the 257-square-mile tract off the coasts of Massachusetts and Rhode Island. Revolution Wind is a 700 MW offshore wind power project located approximately 15 miles south of the Rhode Island coast, and South Fork Wind is approximately a 130 MW offshore wind power project located 35 miles east of Long Island. Subject to permitting, finalized power purchase agreements, where applicable, further development, and final investment decisions by Ørsted and Eversource, Revolution Wind is expected to be commissioned in 2023 and South Fork Wind is expected by the end of 2022.

- On December 12, 2018, PURA approved the Yankee Gas distribution rate case settlement agreement, which included, among other things, rate increases of $1.4 million, $15.8 million and $13.0 million, for rate years beginning November 15, 2018, January 1, 2020, and January 1, 2021, respectively. As a result of this decision, we recognized an $11.7 million pre-tax benefit to earnings in 2018 ($4.0 million at the natural gas distribution segment and $7.7 million at Eversource Parent and Other Companies).

Earnings Overview

Consolidated: Below is a summary of our earnings by business, which also reconciles the non-GAAP financial measure of EPS by business to the most directly comparable GAAP measure of diluted EPS.

	For the Years Ended December 31,					
	2018		2017 (1)		2016	
(Millions of Dollars, Except Per Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net Income Attributable to Common Shareholders (GAAP)	$ 1,033.0	$ 3.25	$ 988.0	$ 3.11	$ 942.3	$ 2.96
Regulated Companies	$ 1,006.7	$ 3.17	$ 962.7	$ 3.03	$ 911.3	$ 2.86
Eversource Parent and Other Companies	26.3	0.08	25.3	0.08	31.0	0.10
Net Income Attributable to Common Shareholders (GAAP)	$ 1,033.0	$ 3.25	$ 988.0	$ 3.11	$ 942.3	$ 2.96

Regulated Companies: Our regulated companies comprise the electric distribution (including NSTAR Electric's solar power facilities and PSNH's generation facilities prior to sale in 2018), electric transmission, natural gas distribution and water distribution segments. A summary of our segment earnings and EPS is as follows:

	For the Years Ended December 31,					
	2018		2017 (1)		2016	
(Millions of Dollars, Except Per Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share
Electric Distribution	$ 455.4	$ 1.44	$ 497.4	$ 1.57	$ 462.8	$ 1.46
Electric Transmission	427.2	1.34	391.9	1.23	370.8	1.16
Natural Gas Distribution	93.2	0.29	74.6	0.23	77.7	0.24
Water Distribution	30.9	0.10	(1.2)	—	N/A	N/A
Net Income - Regulated Companies	$ 1,006.7	$ 3.17	$ 962.7	$ 3.03	$ 911.3	$ 2.86

(1) Our water distribution business was determined to be a reportable segment beginning in 2018. The 2017 segment information has been recast to conform to the current year presentation.

Our electric distribution segment earnings decreased $42.0 million in 2018, as compared to 2017, due primarily to lower generation earnings of $29.7 million at PSNH resulting from the sales of its thermal and hydroelectric generation assets in 2018, higher depreciation expense, higher operations and maintenance expense, higher interest expense, and higher property and other tax expense. The earnings decrease was partially offset by higher non-service income from our benefit plans, the impact of the CL&P base distribution rate increase effective May 1, 2018, and the recognition of carrying charges on PSNH storm costs approved for recovery. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act.

Our electric transmission segment earnings increased $35.3 million in 2018, as compared to 2017, due primarily to a higher transmission rate base as a result of our continued investment in our transmission infrastructure, partially offset by a reduction in the benefits from tax reform as compared to 2017 and approximately $6 million (after-tax) in tax-related regulatory assets that we concluded were not recoverable from customers.

Our natural gas distribution segment earnings increased $18.6 million in 2018, as compared to 2017, due primarily to an increase in sales volumes and demand revenues driven by colder January, April, October and November weather in Connecticut in 2018, as compared to the same periods in 2017, as well as growth in new customer base, and an earnings benefit resulting from the Yankee Gas rate case settlement approved by PURA in December 2018. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act. The increase in earnings was partially offset by higher operations and maintenance expense and higher depreciation expense. Effective November 15, 2018, fluctuations in Connecticut natural gas sales volumes no longer impact earnings as a result of a decoupled rate structure at Yankee Gas approved in the 2018 rate case settlement.

Our 2018 and 2017 water distribution segment results reflect the earnings of the Aquarion water distribution business, which was acquired on December 4, 2017.

Eversource Parent and Other Companies: Eversource parent and other companies earned $26.3 million in 2018, compared with $25.3 million in 2017. Earnings were positively impacted by a lower effective tax rate due in part to an $18 million aggregate after-tax benefit resulting from both federal and Connecticut tax law changes, unrealized gains on our investment in a renewable energy fund, and an income tax benefit associated with our investments. The increase in earnings was offset by a pre-tax $32.9 million ($26 million after-tax) other-than-temporary impairment to our equity method investment in the Access Northeast project, higher interest expense, and a lower earnings benefit in 2018, as compared to 2017, related to the allowed recovery of certain previously expensed merger-related costs in distribution rates. For further information on the impairment of our Access Northeast project, see "Business Development and Capital Expenditures - Natural Gas Transmission Project" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Electric, Natural Gas and Water Sales Volumes: Weather, fluctuations in energy supply costs, conservation measures (including utility-sponsored energy efficiency programs), and economic conditions affect customer energy usage and water consumption. Industrial sales volumes are less sensitive to temperature variations than residential and commercial sales volumes. In our service territories, weather impacts both electric and water sales volumes during the summer and both electric and natural gas sales volumes during the winter; however, natural gas sales volumes are more sensitive to temperature variations than electric sales volumes. Customer heating or cooling usage may not directly correlate with historical levels or with the level of degree-days that occur.

Fluctuations in retail electric sales volumes at PSNH and natural gas sales volumes at Yankee Gas prior to November 15, 2018 impacted earnings ("Traditional" in the table below). For CL&P, NSTAR Electric (effective February 1, 2018 as a result of a DPU-approved rate case decision), Yankee Gas (effective November 15, 2018 as a result of a PURA-approved rate case settlement) and NSTAR Gas, fluctuations in retail sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized. Fluctuations in water sales volumes largely do not impact earnings as our Connecticut water distribution business is also decoupled.

A 2016 DPU-approved energy efficiency plan at NSTAR Electric authorized recovery of LBR in its eastern Massachusetts service territory until LBR was covered under a decoupled rate structure, which occurred on February 1, 2018. NSTAR Electric recognized LBR of $7.0 million in 2018, compared to $73.7 million in 2017, and no longer has an LBR recovery mechanism effective February 1, 2018.

A summary of our retail electric GWh sales volumes, our firm natural gas MMcf sales volumes, and our water MG sales volumes, and percentage changes, for the years ended December 31, 2018 and 2017, is as follows:

	Electric			Firm Natural Gas			Water		
	Sales Volumes (GWh)		Percentage Increase	Sales Volumes (MMcf)		Percentage Increase/ (Decrease)	Sales Volumes (MG)		Percentage Increase/ (Decrease)
	2018	2017 (1)		2018	2017 (2)		2018	2017 (3)	
Traditional	9,790	9,465	3.4%	44,715	39,455	13.3 %	2,252	2,202	2.3 %
Decoupled and Special Contracts (4)	43,591	42,781	1.9%	61,242	61,571	(0.5)%	21,479	22,565	(4.8)%
Total Sales Volumes	53,381	52,246	2.2%	105,957	101,026	4.9 %	23,731	24,767	(4.2)%

(1) In 2017 and in the month of January 2018, NSTAR Electric operated under two different rate structures (traditional and decoupled) based on its service territory geography. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. The 2017 sales volumes for NSTAR Electric have been recast to present February through December 2017 as decoupled, to conform to the current year presentation.

(2) In 2017 and until November 14, 2018, Yankee Gas operated under a traditional rate structure. Effective November 15, 2018, Yankee Gas operated under a decoupled rate structure. The 2017 sales volumes for Yankee Gas have been recast to present November 15th through December 2017 as decoupled, to conform to the current year presentation.

(3) Eversource acquired its water distribution business on December 4, 2017. Full 2017 sales volumes have been presented for comparative purposes.

(4) Special contracts are unique to Yankee Gas natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Traditional retail electric sales volumes were higher in 2018, as compared to 2017, due primarily to warmer summer weather in 2018 and colder weather in January 2018 at NSTAR Electric (prior to its decoupled rate structure). Cooling degree days in 2018 were 25.8 percent higher in New Hampshire, as compared to 2017. Heating degree days in January of 2018 were 21.7 percent higher in the Boston metropolitan area, as compared to January 2017.

Our firm natural gas sales volumes are subject to many of the same influences as our retail electric sales volumes. In addition, they have benefited from customer growth in our natural gas distribution segment. Traditional firm natural gas sales volumes were higher in 2018, as compared to 2017, due primarily to colder January, April, October and November weather in 2018. Heating degree days in January through November 2018 were 9.1 percent higher in Connecticut, as compared to the same period in 2017.

Liquidity

Cash and cash equivalents totaled $108.1 million as of December 31, 2018, compared with $38.2 million as of December 31, 2017.

Short Term Debt - Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year $1.45 billion revolving credit facility. Effective December 10, 2018, the revolving credit facility's termination date was extended for one additional year to December 8, 2023. The revolving credit facility serves to backstop Eversource parent's $1.45 billion commercial paper program.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. Effective December 10, 2018, the revolving credit facility's termination date was extended for one additional year to December 8, 2023. The revolving credit facility serves to backstop NSTAR Electric's $650 million commercial paper program.

The amount of borrowings outstanding and available under the commercial paper programs were as follows:

	Borrowings Outstanding as of December 31,		Available Borrowing Capacity as of December 31,		Weighted-Average Interest Rate as of December 31,	
(Millions of Dollars)	2018	2017	2018	2017	2018	2017
Eversource Parent Commercial Paper Program	$ 631.5	$ 979.3	$ 818.5	$ 470.7	2.77%	1.86%
NSTAR Electric Commercial Paper Program	278.5	234.0	371.5	416.0	2.50%	1.55%

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of December 31, 2018 or 2017. Eversource's water distribution segment has a $100.0 million revolving credit facility, which expires on August 19, 2019, and there were no amounts outstanding as of December 31, 2018 and $76.0 million outstanding as of December 31, 2017.

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable and classified in current liabilities on the Eversource and NSTAR Electric balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, $201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

Intercompany Borrowings: Eversource parent uses its available capital resources to provide loans to its subsidiaries to assist in meeting their short-term borrowing needs. In addition, growth in Eversource's key business initiatives requires cash infusion to those subsidiaries. Eversource parent records intercompany interest income from its loans to subsidiaries, which is eliminated in consolidation. Intercompany loans from Eversource parent to its subsidiaries are eliminated in consolidation on Eversource's balance sheets. As of December 31, 2018, there were intercompany loans from Eversource parent to PSNH of $57.0 million. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH. Intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets.

Long-Term Debt: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/ (Repayments)	Maturity Date	Use of Proceeds for Issuances/ Repayment Information
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	April 2048	Repaid long-term debt that matured in 2018 and repaid short-term borrowings
5.65% 2008 Series A First Mortgage Bonds	May 2008	(300.0)	May 2018	Repaid at maturity on May 1, 2018
PSNH:				
6.00% 2008 Series O First Mortgage Bonds	May 2008	(110.0)	May 2018	Repaid at maturity on May 1, 2018
2001 Series A Pollution Control Revenue Bonds	December 2001	(89.3)	May 2021	Redeemed on November 28, 2018 at a redemption price of $89.3 million
Other:				
Eversource Parent 2.50% Series I Senior Notes [(1)]	January 2018	200.0	March 2021	Repaid short-term borrowings
Eversource Parent 3.30% Series M Senior Notes	January 2018	450.0	January 2028	Repaid long-term debt that matured in 2018
Eversource Parent 3.80% Series N Senior Notes	December 2018	400.0	December 2023	Repaid short-term borrowings
Eversource Parent 4.25% Series O Senior Notes	December 2018	500.0	April 2029	Repaid short-term borrowings
Eversource Parent 1.60% Series G Senior Notes	January 2015	(150.0)	January 2018	Repaid at maturity on January 15, 2018
Eversource Parent 1.45% Series E Senior Notes	May 2013	(300.0)	May 2018	Repaid at maturity on May 1, 2018
Yankee Gas 4.13% Series O First Mortgage Bonds	September 2018	50.0	October 2048	Repaid long-term debt that matured in 2018
Yankee Gas 6.90% Series J First Mortgage Bonds	October 2008	(100.0)	October 2018	Repaid at maturity on October 1, 2018
NSTAR Gas 4.09% Series P First Mortgage Bonds	September 2018	100.0	October 2048	Repaid short-term borrowings

(1) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount of these notes is now $450 million.

Rate Reduction Bonds: PSNH Funding LLC 3 (PSNH Funding) is a bankruptcy remote, special purpose, wholly-owned, consolidated subsidiary of PSNH. PSNH Funding was formed solely to issue RRBs to finance PSNH's unrecovered remaining costs associated with the divestiture of its generation assets.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs in multiple tranches with a weighted average interest rate of 3.66 percent, and final maturity dates ranging from 2026 to 2035. The RRBs are expected to be repaid by February 1, 2033. RRB payments consist of principal and interest and will be paid semi-annually, beginning on February 1, 2019. The RRBs were issued pursuant to a finance order issued by the NHPUC on January 30, 2018 to recover remaining costs resulting from the divestiture of PSNH's generation assets.

Cash Flows: Cash flows provided by operating activities totaled $1.78 billion in 2018, compared with $2.00 billion in 2017. The decrease in operating cash flows was due primarily to cash payments made in 2018 for storm restoration costs of approximately $252 million, an increase of $128 million in income tax payments made in 2018, as compared to 2017, and the unfavorable impacts related to the timing of payments of our working capital items, including accounts receivable and accounts payable. In addition, in December 2018, CYAPC paid $145 million to the DOE to partially settle its pre-1983 spent nuclear fuel obligation, as described below. Partially offsetting these unfavorable impacts were the timing of cash collected for regulatory tracking mechanisms and a decrease of $47.9 million in 2018 of pension and PBOP contributions.

CYAPC is obligated to pay the DOE for the costs to dispose of spent nuclear fuel and high-level radioactive waste generated from its nuclear fuel facility prior to April 7, 1983. Eversource consolidates CYAPC because CL&P's, NSTAR Electric's and PSNH's combined ownership and voting interests in CYAPC is 63 percent. CYAPC's obligation to the DOE is classified as long-term debt on Eversource's consolidated balance sheet. In December 2018, CYAPC paid $145 million to the DOE to partially settle its pre-1983 spent nuclear fuel obligation. CYAPC funded this payment from proceeds of its spent nuclear fuel trust, which is classified as marketable securities on Eversource's consolidated balance sheet. As a result of consolidating CYAPC, Eversource has reflected CYAPC's payment to the DOE within operating cash flows on its 2018 consolidated statement of cash flows.

In 2018, we paid cash dividends of $640.1 million, or $2.02 per common share, compared with $602.1 million, or $1.90 per common share, in 2017. Our quarterly common share dividend payment was $0.505 per share in 2018, as compared to $0.475 per common share in 2017. On February 6, 2019, our Board of Trustees approved a common share dividend payment of $0.535 per share, payable on March 29, 2019 to shareholders of record as of March 5, 2019. The 2019 dividend represents an increase of 5.9 percent over the dividend paid in December 2018, and is the equivalent to dividends on common shares of approximately $678 million on an annual basis.

In 2018, CL&P, NSTAR Electric and PSNH paid $60.0 million, $228.0 million and $150.0 million, respectively, in common stock dividends to Eversource parent.

Beginning in 2019, Eversource began using treasury stock to fund the payment of shares awarded under the company's incentive plan and dividend reinvestment plan and matching contributions under the Eversource 401k Plan.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized and deferred portions of pension and PBOP expense. In 2018, investments for Eversource, CL&P, NSTAR Electric and PSNH were $2.52 billion, $864.1 million, $725.8 million and $277.3 million, respectively.

Eversource, CL&P, NSTAR Electric and PSNH each uses its available capital resources to fund its respective construction expenditures, meet debt requirements, pay operating costs, including storm-related costs, pay dividends, and fund other corporate obligations, such as pension contributions. Eversource's regulated companies recover their electric, natural gas and water distribution construction expenditures as the related project costs are depreciated over the life of the assets. This impacts the timing of the revenue stream designed to fully recover the total investment plus a return on the equity and debt used to finance the investments. The current growth in Eversource's construction expenditures utilizes a significant amount of cash for projects that have a long-term return on investment and recovery period, totaling approximately $2.52 billion in cash capital spend in 2018. In addition, growth in Eversource's key business initiatives in 2018 required cash contributions of $205.2 million, which are recognized as long-term assets. These factors have resulted in current liabilities exceeding current assets by $1.82 billion, $188.7 million, $430.8 million, and $158.6 million at Eversource, CL&P, NSTAR Electric and PSNH, respectively, as of December 31, 2018.

As of December 31, 2018, $801.1 million of Eversource's long-term debt, including $350.0 million, $250.0 million, $150.0 million, $50.0 million and $1.1 million for Eversource parent, CL&P, PSNH, Yankee Gas and Aquarion, respectively, will mature within the next 12 months. Included in the current portion of long-term debt is $36.2 million related to fair value adjustments from our business combinations that will be amortized within the next 12 months and have no cash flow impact. Eversource, with its strong credit ratings, has several options available in the financial markets to repay or refinance these maturities with the issuance of new long-term debt. Eversource, CL&P, NSTAR Electric and PSNH will reduce their short-term borrowings with operating cash flows or with the issuance of new long-term debt, determined by considering capital requirements and maintenance of Eversource's credit rating and profile.

We expect the future operating cash flows of Eversource, CL&P, NSTAR Electric and PSNH, along with the access to both debt and equity markets, will be sufficient to meet any future operating requirements and capital investment forecasted opportunities.

Credit Ratings: On February 12, 2019, S&P changed the outlook on all its credit ratings for Eversource, CL&P, NSTAR Electric and PSNH from stable to negative.

A summary of our corporate credit ratings and outlooks by Moody's, S&P and Fitch is as follows:

	Moody's		S&P		Fitch	
	Current	**Outlook**	**Current**	**Outlook**	**Current**	**Outlook**
Eversource Parent	Baa1	Stable	A+	Negative	BBB+	Positive
CL&P	A3	Stable	A+	Negative	A-	Stable
NSTAR Electric	A2	Positive	A+	Negative	A	Stable
PSNH	A3	Stable	A+	Negative	A-	Stable

A summary of the current credit ratings and outlooks by Moody's, S&P and Fitch for senior unsecured debt of Eversource parent and NSTAR Electric, and senior secured debt of CL&P and PSNH is as follows:

	Moody's		S&P		Fitch	
	Current	**Outlook**	**Current**	**Outlook**	**Current**	**Outlook**
Eversource Parent	Baa1	Stable	A	Negative	BBB+	Positive
CL&P	A1	Stable	AA-	Negative	A+	Stable
NSTAR Electric	A2	Positive	A+	Negative	A+	Stable
PSNH	A1	Stable	AA-	Negative	A+	Stable

Business Development and Capital Expenditures

Our consolidated capital expenditures, including amounts incurred but not paid, cost of removal, AFUDC, and the capitalized and deferred portions of pension and PBOP expense (all of which are non-cash factors), totaled $2.86 billion in 2018, $2.52 billion in 2017, and $2.21 billion in 2016. These amounts included $184.6 million in 2018, $165.9 million in 2017, and $137.7 million in 2016 related to information technology and facilities upgrades and enhancements, primarily at Eversource Service and The Rocky River Realty Company.

Electric Transmission Business: Our consolidated electric transmission business capital expenditures increased by $91.1 million in 2018, as compared to 2017. A summary of electric transmission capital expenditures by company is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2018	2017	2016
CL&P	$ 465.5	$ 431.5	$ 338.3
NSTAR Electric	334.3	301.9	398.7
PSNH	194.2	155.6	119.0
NPT	29.4	43.3	40.9
Total Electric Transmission Segment	$ 1,023.4	$ 932.3	$ 896.9

Northern Pass: Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire.

Northern Pass has achieved several key milestones, including receiving the following major permits:

- National Energy Board of Canada permit issued, which authorizes the construction of the transmission line that will connect with Northern Pass at the Québec-New Hampshire border on March 6, 2018;
- NHPUC approval on February 12, 2018 for the proposed lease of certain land and easement rights from PSNH to NPT, concluding that the lease is in the public interest;
- U.S. Forest Service Record of Decision on January 5, 2018, which allows NPT to install approximately 11 miles of underground transmission lines along existing roads through the White Mountain National Forest;
- Province of Québec permit granted to HQ on December 21, 2017 to construct the hydroelectric transmission line that will connect at the border of New Hampshire;
- DOE Record of Decision and Presidential Permit on November 16, 2017, which will allow construction of transmission facilities at the Québec-New Hampshire border; and
- DOE final Environmental Impact Statement issued on August 10, 2017, which concluded that the proposed Northern Pass route is the preferred alternative, providing substantial benefits with only minimal impacts.

The following permits remain outstanding: the NHSEC Certificate of Site and Facility approving construction of the project in New Hampshire, the U.S. Forest Service Special Use Permit, as authorized by the January 5, 2018 Record of Decision, and the Army Corps of Engineers Permit allowing the discharge of dredging material or other fill into wetlands and other waters under Section 404 of the Clean Water Act and Section 10 of the River and Harbors Act.

On January 25, 2018, Northern Pass was selected from the 46 proposal packages submitted as the winning bidder in the Massachusetts clean energy request for proposal ("RFP"), which successfully positioned Northern Pass to provide a firm delivery of hydropower to Massachusetts. On February 1, 2018, the NHSEC voted to deny Northern Pass' siting application. On March 28, 2018, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified Northern Pass that the EDCs had terminated its selection and all contract negotiations.

On March 30, 2018, the NHSEC released its written decision confirming its denial. On April 27, 2018, NPT filed a motion for rehearing with the NHSEC, and on July 12, 2018, the NHSEC issued its written decision denying Northern Pass' motion for rehearing. On August 10, 2018, NPT filed an appeal to the New Hampshire Supreme Court, alleging that the NHSEC failed to follow applicable law in its review of the project. On October 12, 2018, the New Hampshire Supreme Court accepted this appeal. Subsequently, the NHSEC transmitted the record of its proceedings to the New Hampshire Supreme Court on December 11, 2018. Briefing of the appeal began on February 4, 2019. The New Hampshire Supreme Court has not set a date for oral argument. NPT intends to continue to pursue NHSEC approval to construct this project.

The March 2018 NHSEC decision denying Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs in the first quarter of 2018. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount was recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs were recoverable as of March 31, 2018, based on our expectation that the Northern Pass project remains probable of being placed in service.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. If, as a result of future events and changes in circumstances, a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass' project costs to the estimated fair value, which could result in most of our $307 million of capitalized project costs being impaired. Such an impairment could have a material adverse effect on our financial position and results of operations.

Greater Boston Reliability Solution: In February 2015, ISO-NE selected the Greater Boston and New Hampshire Solution (the "Solution"), proposed by Eversource and National Grid, to satisfy the requirements identified in the Greater Boston study. The Solution consists of a portfolio of electric transmission upgrades in southern New Hampshire and northern Massachusetts and continuing into the greater Boston metropolitan area, of which 28 upgrades are in Eversource's service territory. The NHSEC issued its written order approving the New Hampshire upgrades on October 4, 2016. All the New Hampshire upgrades, including the Merrimack Valley Reliability Project, have been completed and placed in service. We are currently pursuing the necessary regulatory and siting application approvals in Massachusetts. To date, we have received approval for five of these projects from the Massachusetts Energy Facilities Siting Board and anticipate approval of two additional projects in the second quarter of 2019. Construction has also begun on numerous smaller projects, several of which have been placed in service. Most upgrades are expected to be completed by the end of 2019. Two projects are expected to be in service by the end of 2020 and another project by mid-2021. We estimate our portion of the investment in the Solution will be approximately $560 million, of which $357.3 million has been spent and capitalized through December 31, 2018.

GHCC: The Greater Hartford Central Connecticut ("GHCC") projects, which have been approved by ISO-NE, consist of 27 projects with an expected investment of approximately $350 million that are expected to be placed in service through 2019. As of December 31, 2018, 23 projects have been placed in service, and four projects are in active construction. As of December 31, 2018, CL&P had spent and capitalized $232.0 million in costs associated with GHCC.

Seacoast Reliability Project: On April 12, 2016, PSNH filed a siting application with the NHSEC for the Seacoast Reliability Project, a 13-mile, 115kV transmission line within several New Hampshire communities, which proposes to use a combination of overhead, underground and underwater line design to help meet the growing demand for electricity in the Seacoast region. On December 10, 2018, the NHSEC indicated its unanimous approval of the project, and subsequently issued its written decision on January 31, 2019. This project is scheduled to be completed by the end of 2019. We estimate the investment in this project to be approximately $84 million, of which PSNH had spent and capitalized $31.2 million in costs through December 31, 2018.

Distribution Business: A summary of distribution capital expenditures is as follows:

	For the Years Ended December 31,						
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	Total Electric	Natural Gas	Water [(1)]	Total
2018							
Basic Business	$ 256.3	$ 217.7	$ 69.3	$ 543.3	$ 72.9	$ 17.0	$ 633.2
Aging Infrastructure	151.6	133.3	73.0	357.9	280.2	81.1	719.2
Load Growth and Other	79.7	94.3	15.6	189.6	51.4	3.6	244.6
Total Distribution	487.6	445.3	157.9	1,090.8	404.5	101.7	1,597.0
Solar and Generation	—	53.4	0.9	54.3	—	—	54.3
Total	$ 487.6	$ 498.7	$ 158.8	$ 1,145.1	$ 404.5	101.7	$ 1,651.3
2017							
Basic Business	$ 214.0	$ 166.1	$ 67.2	$ 447.3	$ 67.7	N/A	$ 515.0
Aging Infrastructure	180.7	95.4	87.8	363.9	219.9	N/A	583.8
Load Growth and Other	52.3	96.6	13.2	162.1	47.7	N/A	209.8
Total Distribution	447.0	358.1	168.2	973.3	335.3	N/A	1,308.6
Solar and Generation	—	100.1	8.5	108.6	—	N/A	108.6
Total	$ 447.0	$ 458.2	$ 176.7	$ 1,081.9	$ 335.3	N/A	$ 1,417.2
2016							
Basic Business	$ 179.8	$ 146.0	$ 70.0	$ 395.8	$ 70.7	N/A	$ 466.5
Aging Infrastructure	144.7	105.7	84.7	335.1	155.9	N/A	491.0
Load Growth and Other	48.6	89.2	17.3	155.1	44.2	N/A	199.3
Total Distribution	373.1	340.9	172.0	886.0	270.8	N/A	1,156.8
Generation	—	—	17.5	17.5	—	N/A	17.5
Total	$ 373.1	$ 340.9	$ 189.5	$ 903.5	$ 270.8	N/A	$ 1,174.3

(1) Our water distribution business was acquired on December 4, 2017. Amounts are immaterial for the year ended December 31, 2017.

For the electric distribution business, basic business includes the purchase of meters, tools, vehicles, information technology, transformer replacements, equipment facilities, and the relocation of plant. Aging infrastructure relates to reliability and the replacement of overhead lines, plant substations, underground cable replacement, and equipment failures. Load growth and other includes requests for new business and capacity additions on distribution lines and substation additions and expansions.

For the natural gas distribution business, basic business addresses daily operational needs including meters, pipe relocations due to public works projects, vehicles, and tools. Aging infrastructure projects seek to improve the reliability of the system through enhancements related to cast iron and bare steel replacement of main and services, corrosion mediation, and station upgrades. Load growth and other reflects growth in existing service territories including new developments, installation of services, and expansion.

For the water distribution business, basic business addresses daily operational needs including periodic meter replacement, water main relocation, facility maintenance, and tools. Aging infrastructure relates to reliability and the replacement of water mains, regulators, storage tanks, pumping stations, wellfields, reservoirs, and treatment facilities. Load growth and other reflects growth in our territory including improvements to acquisitions, installation of new services, and interconnections of systems.

Projected Capital Expenditures: A summary of the projected capital expenditures for the regulated companies' electric transmission and for the total electric distribution, natural gas distribution and water distribution for 2019 through 2023, including information technology and facilities upgrades and enhancements on behalf of the regulated companies, is as follows:

	Years					
(Millions of Dollars)	2019	2020	2021	2022	2023	2019 - 2023 Total
CL&P Transmission	$ 392	$ 179	$ 148	$ 135	$ 124	$ 978
NSTAR Electric Transmission	431	434	309	293	244	1,711
PSNH Transmission	164	133	116	120	123	656
Total Electric Transmission	$ 987	$ 746	$ 573	$ 548	$ 491	$ 3,345
Electric Distribution	$ 1,217	$ 1,131	$ 1,132	$ 1,143	$ 1,109	$ 5,732
Natural Gas Distribution	459	473	439	483	476	2,330
Total Electric and Natural Gas Distribution	$ 1,676	$ 1,604	$ 1,571	$ 1,626	$ 1,585	$ 8,062
Water Distribution	$ 109	$ 112	$ 126	$ 133	$ 143	$ 623
Information Technology and All Other	$ 199	$ 137	$ 131	$ 128	$ 127	$ 722
Total	$ 2,971	$ 2,599	$ 2,401	$ 2,435	$ 2,346	$ 12,752

The projections do not include investments related to NPT or offshore wind projects. Actual capital expenditures could vary from the projected amounts for the companies and years above.

Offshore Wind Projects:

Bay State Wind: Bay State Wind is an offshore wind project being jointly developed by Eversource and Denmark-based Ørsted. Bay State Wind is located in a 300-square-mile area of the Atlantic Ocean approximately 25 miles south of the coast of Massachusetts and has the ultimate potential to generate at least 2,000 MW of clean, renewable energy. Eversource and Ørsted each hold a 50 percent ownership interest in Bay State Wind. Bay State Wind expects to participate, or has submitted proposals, in the following opportunities for future solicitations for offshore wind based on each state's clean energy requirements:

- The New York State Energy Research and Development Authority ("NYSERDA") issued an RFP for 800 MW in November 2018. NYSERDA has the authority to award more than 800 MW in the first solicitation if sufficient attractive offers are received. On February 14, 2019, Bay State Wind submitted proposals, called Sunrise Wind, in response to the RFP. Contracts are expected to be awarded in 2019.

- Massachusetts' second offshore wind RFP for 400 MW to 800 MW is expected to be issued no later than mid-2019.

Bay State Wind previously participated in certain other New England RFPs during 2018, but was not selected.

Revolution Wind and South Fork Wind: On February 8, 2019, Eversource and Ørsted entered into a 50-50 partnership for key offshore wind assets in the Northeast. Eversource paid approximately $225 million for a 50 percent interest in Ørsted's Revolution Wind and South Fork Wind power projects, as well as the 257-square-mile tract off the coasts of Massachusetts and Rhode Island, owned by North East Offshore LLC. Ørsted acquired all three assets in November 2018 as part of its Deepwater Wind transaction.

This transaction builds upon the Eversource and Ørsted Bay State Wind partnership, which is on a separate 300-square-mile ocean tract adjacent to the North East Offshore area. Together, the Bay State Wind and the North East Offshore lease sites jointly owned by Eversource and Ørsted could eventually host at least 4,000 MW of offshore wind. The two companies will jointly manage permitting requirements for upcoming projects and will honor all planned local investments and agreements entered prior to this partnership.

Revolution Wind is a 700 MW offshore wind power project, located approximately 15 miles south of the Rhode Island coast, that will deliver power to Rhode Island (400 MW) and Connecticut (300 MW). South Fork Wind is approximately a 130 MW offshore wind power project, located 35 miles east of Long Island, that will interconnect into eastern Long Island where it will deliver power to households under a long-term power purchase agreement with the Long Island Power Authority. Subject to permitting, finalized power purchase agreements, where applicable, further development, and final investment decisions by Ørsted and Eversource, Revolution Wind is expected to be commissioned in 2023 and South Fork Wind is expected by the end of 2022.

Natural Gas Transmission Project: Access Northeast is a natural gas pipeline and storage project jointly owned by Eversource, Enbridge, Inc. ("Enbridge") and National Grid plc ("National Grid"), through Algonquin Gas Transmission, LLC ("AGT"). Eversource owns a 40 percent interest in the project, which is accounted for as an equity method investment.

In 2015 and 2016, AGT sought to secure long-term natural gas pipeline capacity contracts with EDCs in Massachusetts, Connecticut, New Hampshire, Maine, and Rhode Island. Subsequently, in 2016, the Massachusetts Supreme Judicial Court and the NHPUC each ruled that state statutes precluded the state regulatory agencies from approving those contracts in Massachusetts and New Hampshire, respectively. The New Hampshire Supreme Court overruled the NHPUC decision in May 2018. Legislative changes are needed in Massachusetts to allow the DPU to approve natural gas pipeline capacity contracts. No such changes have occurred during any legislative session to date.

In September 2018, a series of non-Eversource natural gas explosions in eastern Massachusetts resulted in widespread property and system damage, personal injuries, and a fatality. As a result of these events, compounded by the failure to secure Massachusetts legislation to date, we believe there is significant uncertainty around the future timing of, and ability to secure, needed legislative change affecting the natural gas industry and pipeline expansion, which may significantly delay the completion of the Access Northeast project.

Eversource identified the September 2018 natural gas series of explosions, compounded by the adverse legislative environment, as negative evidence that indicated potential impairment. Our impairment assessment used a discounted cash flow approach, including consideration of the severity and duration of any decline in fair value of our investment in the project, and involved significant management judgment and estimation, including projections of the project's discounted cash flows and assumptions about exit price. In the third quarter of 2018, management determined that the future cash flows of the Access Northeast project were uncertain and could no longer be reasonably estimated and that the book value of our equity method investment was not recoverable. As a result, Eversource recorded an other-than-temporary impairment of $32.9 million pre-tax within Other Income, Net on our statement of income in 2018, which represented the full carrying value of our equity method investment.

FERC Regulatory Matters

FERC Transmission Rate Settlement: On December 28, 2015, FERC initiated a proceeding to review the New England transmission owners' (NETOs) regional and local transmission rates due to a lack of transparency. The FERC also found that the formula rates generally lacked sufficient details to determine how costs are derived and recovered in rates. This proceeding was set for hearing but held in abeyance to provide time for settlement judge procedures. On August 17, 2018, a signed Settlement Agreement between twenty-eight parties, including all six New England state regulatory commissions, the NETOs (including CL&P, NSTAR Electric and PSNH) and other settling parties, was filed at the FERC. The Settlement Agreement includes, among other things, a new formula rate template, effective on January 1, 2020, in which all regional and local transmission revenue requirements will be determined through a single formula rate. The Settlement Agreement was contested by a group of municipal entities and the FERC Trial Staff. On November 5, 2018, the Settlement Administrative Law Judge reported the contested settlement to the FERC. The NETOs are awaiting an order from the FERC.

FERC ROE Complaints: Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, filed on October 1, 2011, December 27, 2012, and July 31, 2014, respectively, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE billed of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

The ROE originally billed during the period October 1, 2011 (beginning of the first complaint period) through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and the incentive cap at 11.74 percent for the first complaint period. This was also effective for all prospective billings to customers beginning October 16, 2014. This FERC order was vacated on April 14, 2017 by the U.S. Court of Appeals for the D.C. Circuit (the "Court").

All amounts associated with the first complaint period have been refunded. Eversource has recorded a reserve of $39.1 million (pre-tax and excluding interest) for the second complaint period as of December 31, 2018. This reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH as of December 31, 2018.

On October 16, 2018, FERC issued an order on all four complaints describing how it intends to address the issues that were remanded by the Court. FERC proposed a new framework to determine (1) whether an existing ROE is unjust and unreasonable and, if so, (2) how to calculate a replacement ROE. The parties to these proceedings were directed to submit briefs on this new proposed framework and how they would apply the proposed framework in each of the four complaint proceedings. Initial briefs were filed by the NETOs, Complainants and FERC Trial Staff on January 11, 2019. The NETOs' brief was supportive of the overall ROE methodology determined in the October 16, 2018 order providing the FERC does not change the proposed methodology or alter its implementation in a manner that has a material impact on the results. Reply briefs will be filed on March 8, 2019.

The FERC order included illustrative calculations for the first complaint using FERC's proposed frameworks with financial data from that complaint. Those preliminary calculations indicated that for the first complaint period, for the NETOs that FERC concludes are of average financial risk, (1) a preliminary range of presumptively just and reasonable base ROEs is 9.60 percent to 10.99 percent; (2) the pre-existing base ROE of 11.14 percent is therefore unjust and unreasonable; (3) the preliminary just and reasonable base ROE is 10.41 percent; and (4) the preliminary incentive cap on total ROE is 13.08 percent.

If the results of these illustrative calculations were included in a final FERC order for each of the complaint periods, then a 10.41 percent base ROE and a 13.08 percent incentive cap would not have a significant impact on our financial statements for all of the complaint periods.

Although the order provided illustrative calculations, FERC stated that these calculations are merely preliminary. The FERC's preliminary calculations are not binding and do not represent what we believe to be the most likely outcome of a final FERC order, as changes to the methodology by FERC are possible as a result of the parties' arguments and calculations in the briefing process. Until FERC issues a final decision on each of these four complaints, there is significant uncertainty, and at this time, the Company cannot reasonably estimate a range of gain or loss for any of the four complaint proceedings. The October 16, 2018 FERC order or the January 11, 2019 briefs did not provide a reasonable basis for a change to the reserve or recognized ROEs for any of the complaint periods.

Eversource, CL&P, NSTAR Electric and PSNH currently record revenues at the 10.57 percent base ROE and incentive cap at 11.74 percent established in the October 16, 2014 FERC order.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

U.S. Federal Corporate Income Taxes: Effective January 1, 2018, the local transmission service rates were updated to reflect the lower U.S. federal corporate income tax rate that resulted from the Tax Cuts and Jobs Act. On June 28, 2018, FERC granted a one-time waiver of tariff provisions related to the federal corporate income tax rate so that, effective June 1, 2018, the regional transmission service rates also reflect the reduced federal corporate income tax rate of 21 percent. The local and regional transmission service rates do not currently reflect amortization of excess ADIT (EDIT) balances that resulted from the act. On November 15, 2018, FERC issued a Policy Statement and a separate Notice of Proposed Rulemaking addressing accounting and rate issues related to ADIT changes resulting from the act. After issuance of a final rule by FERC, Eversource expects to file a compliance filing and, after acceptance by FERC, begin the refund of any EDIT through local and regional transmission service rates.

Regulatory Developments and Rate Matters

Electric, Natural Gas and Water Utility Base Distribution Rates: Each Eversource utility subsidiary is subject to the regulatory jurisdiction of the state in which it operates: CL&P, Yankee Gas and Aquarion operate in Connecticut and are subject to PURA regulation; NSTAR Electric, NSTAR Gas and Aquarion operate in Massachusetts and are subject to DPU regulation; and PSNH and Aquarion operate in New Hampshire and are subject to NHPUC regulation. The regulated companies' distribution rates are set by their respective state regulatory commissions, and their tariffs include mechanisms for periodically adjusting their rates for the recovery of specific incurred costs.

In Connecticut, electric and natural gas utilities are required to file a distribution rate case, or for PURA to initiate a rate review, within four years of the last rate case. CL&P's distribution rates were established in an April 2018 PURA-approved rate case settlement agreement with rates effective May 1, 2018. Yankee Gas' distribution rates were established in a December 2018 PURA-approved rate case settlement agreement with rates effective November 15, 2018. See "Regulatory Developments and Rate Matters - Connecticut" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations,* for more information. Aquarion is not required to initiate a rate review with the PURA. Aquarion rates were established in a 2013 PURA-approved rate case.

In Massachusetts, electric distribution companies are required to file at least one distribution rate case every five years, and natural gas local distribution companies to file at least one distribution rate case every 10 years, and those companies are limited to one settlement agreement in any 10-year period. NSTAR Electric's distribution rates were established in a 2017 DPU-approved rate case with rates effective February 1, 2018. See "Regulatory Developments and Rate Matters - Massachusetts" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations,* for more information. NSTAR Gas' distribution rates were established in a 2015 DPU-approved rate case. Aquarion is not required to initiate a rate review with the DPU. Aquarion rates were established in an October 2018 DPU-approved rate case.

In New Hampshire, PSNH distribution rates were established in a settlement approved by the NHPUC in 2010. Prior to the expiration of that settlement, the NHPUC approved the continuation of those rates, and increased funding via rates, of PSNH's reliability enhancement program. Aquarion rates were established in a 2013 NHPUC-approved rate case, further revised in 2016.

Electric, Natural Gas and Water Utility Retail Rates: The Eversource electric distribution companies obtain and resell power to retail customers who choose not to buy energy from a competitive energy supplier. The natural gas distribution companies procure natural gas for firm and seasonal customers. These energy supply procurement costs are recovered from customers in energy supply rates that are approved by the respective state regulatory commission. The rates are reset periodically and are fully reconciled to their costs. Each electric and natural gas distribution company fully recovers its energy supply costs through approved regulatory rate mechanisms on a timely basis and, therefore, such costs have no impact on earnings.

The electric and natural gas distribution companies also recover certain other costs on a fully reconciling basis through regulatory commission-approved cost tracking mechanisms and, therefore, such costs have no impact on earnings. Costs recovered through cost tracking mechanisms include energy efficiency program costs, electric retail transmission charges, restructuring and stranded costs resulting from deregulation, and additionally for our Massachusetts companies, pension and PBOP benefits and net metering for distributed generation. The reconciliation filings compare the total actual costs allowed to revenue requirements related to these services and the difference between the costs incurred (or the rate recovery allowed) and the actual costs allowed is deferred and included, to be either recovered or refunded, in future customer rates. These cost tracking mechanisms also include certain incentives earned and carrying charges that are billed in rates to customers.

U.S. Federal Corporate Income Taxes: On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules to reduce the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. For our regulated companies, the most significant changes are (1) the benefit of incurring a lower federal income tax expense and (2) the reduction in ADIT liabilities (now excess ADIT or EDIT), which are estimated to be approximately $2.9 billion and included in regulatory liabilities as of December 31, 2018. The refund of these EDIT regulatory liabilities to customers will generally be made over the same period as the remaining useful lives of the underlying assets that gave rise to the ADIT liabilities.

Eversource established a regulatory liability, recorded as a reduction to revenue, to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act, until rates billed to customers reflect the lower federal tax rate. As of December 31, 2018, this liability, net of amounts refunded to customers, was $24.6 million.

Eversource's regulated companies are in the process of, or will, refund the decrease in the income tax rate based on orders issued by applicable state regulatory commissions. A summary of the timing of refunds related to the change in the tax rate is as follows:

Eversource Utility and Jurisdiction	EDIT Refund Timing	Effective Date of New Tax Rate Reflected in Rates	January 1, 2018 Change in Tax Rate Prior to Effective Date of New Rates
Connecticut			
CL&P	Refunds will be incorporated into May 1, 2019 distribution rate change	May 1, 2018	January 1, 2018 through April 30, 2018 fully refunded to customers as of December 31, 2018
Yankee Gas	Refunds began to be reflected in rates effective November 15, 2018	November 15, 2018	January 1, 2018 through November 14, 2018 began to be refunded to customers, beginning November 15, 2018
Massachusetts			
NSTAR Electric	Refunds began to be reflected in rates effective January 1, 2019	February 1, 2018	Refunds not required for the period January 1, 2018 to January 31, 2018
NSTAR Gas	Refunds began to be reflected in rates effective February 1, 2019	July 1, 2018	Refunds not required for the period January 1, 2018 to June 30, 2018
New Hampshire			
PSNH	Refunds will be addressed as part of the next distribution rate case filing Refunds for EDIT related to PSNH's divested generation assets began to be reflected in rates effective August 1, 2018	No later than July 1, 2019 for distribution	January 1, 2018 through effective date of next distribution rate change will be refunded to customers
Transmission			
CL&P, NSTAR Electric and PSNH	Refunds will be made based on expected guidance from FERC	January 1, 2018	Effective January 1, 2018 for local transmission service, and effective June 1, 2018 for regional transmission service, rates reflected the reduced federal corporate income tax rate

For further information on filings with regulatory commissions and the impact to customer rates, see "Connecticut," "Massachusetts," and "New Hampshire" sections below and "FERC Regulatory Matters - U.S. Federal Corporate Income Taxes" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Connecticut:

<u>CL&P Rate Case Settlement:</u> On April 18, 2018, PURA approved the distribution rate case settlement agreement that was reached by CL&P, the Prosecutorial Unit of PURA, and the Office of Consumer Counsel ("OCC") on December 15, 2017, as amended on March 23, 2018. The distribution rate case settlement agreement included, among other things, rate increases of $64.3 million, $31.1 million, and $29.2 million, effective May 1, 2018, 2019, and 2020, respectively; an authorized regulatory ROE of 9.25 percent; 53 percent common equity in CL&P's capital structure; and a new capital tracker, effective July 1, 2018, for core capital additions in excess of $270 million per rate year and for capital additions for system resiliency and grid modernization. The new capital tracker also included a provision to return to customers the impact of a lower federal corporate income tax rate from the Tax Cuts and Jobs Act from January through April 2018, offset by the impacts of rate base growth since the previous rate case for the same period. In addition, the base distribution rates charged to customers were adjusted to reflect the prospective impacts of a lower federal income tax rate resulting from the Tax Cuts and Jobs Act. Amounts related to the EDIT liabilities will be incorporated as refunds to customers in May 1, 2019 base distribution rates. The settlement agreement also incorporated $18.6 million of rate base recovery for catastrophic storms occurring after December 31, 2016, subject to a storm filing. On November 16, 2018, CL&P filed for recovery of $153 million of storm costs incurred from 2017 through 2018, with recovery incorporated into the May 1, 2019 distribution rate change. The storm filing is pending PURA approval.

Yankee Gas Rate Case Settlement: On December 12, 2018, PURA approved the distribution rate case settlement agreement that was reached by Yankee Gas, the prosecutorial division of the PURA, and the OCC on September 21, 2018. The distribution rate case settlement agreement included, among other things, rate increases of $1.4 million, $15.8 million and $13.0 million, for rate years beginning November 15, 2018, January 1, 2020, and January 1, 2021, respectively, and for Yankee Gas to implement a Distribution Integrity Management Program ("DIMP") cost recovery mechanism to further invest capital to replace aging infrastructure. The DIMP mechanism allows for recovery of costs associated with capital additions of approximately $26 million to $37 million annually, which is incremental to the $150 million included in base distribution rate base per year. The settlement agreement also provides Yankee Gas the opportunity to seek recovery of additional capital spending above these levels with PURA approval. PURA ordered an accelerated replacement program for Yankee Gas to fully replace its cast iron and bare steel facilities in 11 years and fully replace copper services and certain steel mains and services in 14 years. In addition, Yankee Gas was authorized to continue its ongoing natural gas system expansion program, implement a revenue decoupling rate mechanism, and recover merger costs. The settlement agreement included a regulatory ROE of 9.3 percent. In addition, the distribution rates charged to customers were adjusted to reflect the prospective impacts of the lower federal corporate income tax rate, the overcollection of the lower income tax rate from January 1, 2018, and the EDIT from the Tax Cuts and Jobs Act. Although new rates were effective January 1, 2019, the provisions of the settlement agreement took effect November 15, 2018. The settlement agreement resulted in an $11.7 million pre-tax benefit to earnings in 2018 ($4.0 million at the natural gas distribution segment primarily for DIMP costs allowed for recovery, and $7.7 million at Eversource Parent and Other Companies for the allowed recovery of previously expensed merger-related costs).

Clean Energy RFP: On December 28, 2018, under Public Act 17-3, "An Act Concerning Zero Carbon Solicitation and Procurement," the DEEP selected the Millstone nuclear power generation facility, alongside smaller generation facilities, as the winner of the zero-carbon electricity-generating resource. CL&P was directed by DEEP to enter into a ten-year contract with Millstone for approximately 9 million MWh annually. DEEP requested negotiations among all parties conclude by March 31, 2019.

Massachusetts:

NSTAR Electric Distribution Rate Case Decision: On November 30, 2017, the DPU issued its decision in the NSTAR Electric distribution rate case, which approved an annual distribution rate increase of $37 million, with rates effective February 1, 2018. On January 3, 2018, NSTAR Electric filed a motion to reflect a revenue requirement reduction of $56 million due to the decrease in the federal corporate income tax rate, as part of the Tax Cuts and Jobs Act, resulting in an annual net decrease in rates of $19 million. NSTAR Electric's new rates took effect on February 1, 2018, following approval of NSTAR Electric's compliance filing on February 2, 2018. The DPU also approved, in part, NSTAR Electric's request for recalculation, resulting in an increase of $3.5 million in the approved revenue requirement, effective March 1, 2018. In addition to its decision regarding rates, the DPU approved an authorized regulatory ROE of 10 percent, the establishment of a revenue decoupling rate mechanism for the portion of the NSTAR Electric business that did not previously have a decoupling mechanism, and the implementation of an inflation-based adjustment mechanism with a five-year stay-out until January 1, 2023. As part of this inflation-based mechanism, NSTAR Electric submitted its first annual Performance Based Rate Adjustment (PBRA) filing on September 19, 2018 and the DPU approved a $31.9 million increase to base distribution rates on December 27, 2018 for effect on January 1, 2019.

NSTAR Electric Grid Modernization Plan: On May 10, 2018, the DPU issued an order approving a grid modernization plan for NSTAR Electric. In the order, the DPU pre-authorized $133 million in grid-facing investments over three years, adopted a regulatory review construct for pre-authorization of grid modernization investments, and allowed targeted cost recovery of eligible incremental grid-modernization capital and operations and maintenance expenses. The pre-authorized $133 million is in addition to $100 million associated with energy storage and electric vehicle infrastructure previously approved by the DPU in the November 30, 2017 order issued in the NSTAR Electric distribution rate case.

U.S. Federal Corporate Income Taxes: The DPU opened an investigation into the impact of the Tax Cuts and Jobs Act on Massachusetts regulated utilities. On June 29, 2018, the DPU issued a decision ordering NSTAR Gas to lower rates effective July 1, 2018 by an annualized $7.3 million. For NSTAR Electric, lower rates due to the reduction in the federal corporate income tax rate were effective February 1, 2018.

A second phase of the investigation addressed the EDIT issue and any potential refunds for the periods January 1, 2018 to the effective dates of the rate changes that have occurred. On December 21, 2018, the DPU issued a decision ordering Massachusetts regulated utilities to refund the distribution related EDIT to customers through a new reconciling factor ("Tax Act Credit Factor"). The order also required these companies to include any EDIT that relates to existing reconciling tracking mechanisms to be refunded within those individual mechanisms. The DPU approved compliance filings for NSTAR Electric on December 27, 2018 and for NSTAR Gas on January 18, 2019 for the Tax Act Credit Factor to be included in rates effective January 1, 2019 for NSTAR Electric and effective February 1, 2019 for NSTAR Gas. Additionally, the December 21, 2018 DPU order indicated that the DPU will not require a revision to base rates for any potential refunds for the periods January 1, 2018 to the effective dates of the rate changes. Therefore, as of December 31, 2018, a reserve was not recorded for the reduction in the federal corporate income tax rate in customer billings from January 1, 2018 to the dates of the rate changes at NSTAR Electric (February 1, 2018) and NSTAR Gas (July 1, 2018).

Eversource and NSTAR Electric Boston Harbor Civil Action: On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

The parties reached a settlement pursuant to which HEEC agreed to install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit resulted in the initial $17.5 million of construction costs on the new cable being expensed as incurred, all of which was fully expensed in 2018. Construction of the new cable is underway and is expected to be completed in 2019.

New Hampshire:

Generation Divestiture: In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, pursuant to which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approved this agreement as well as the final divestiture plan and auction process in 2016. On October 11, 2017, PSNH entered into two Purchase and Sale Agreements with private investors, one to sell its thermal generation assets at a purchase price of $175 million, subject to adjustment, (the "Thermal Agreement") and a second to sell its hydroelectric generation assets at a purchase price of $83 million, subject to adjustment (the "Hydro Agreement"). The NHPUC approved these agreements in late November 2017, at which time the Company classified these assets as held for sale.

On January 10, 2018, PSNH completed the sale of its thermal generation assets pursuant to the Thermal Agreement. In accordance with the Thermal Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million. In the second quarter of 2018, the purchase price was further adjusted by $17.3 million relating to the valuation of certain allowances. As a result of these adjustments, net proceeds from the sale of the thermal assets totaled $116.8 million.

On July 16, 2018, FERC issued its order approving the transfer of PSNH's six hydroelectric licenses to private investors. On August 26, 2018, PSNH completed the sale of its hydroelectric generation assets pursuant to the Hydro Agreement. In accordance with the Hydro Agreement, the original purchase price of $83 million was adjusted to reflect contractual adjustments totaling $5.8 million, resulting in net proceeds of $77.2 million. The difference between the carrying value of the hydroelectric generation assets and the sale proceeds resulted in a gain of $17.3 million. An estimated gain from the sale of these assets was included as an offset to the total remaining costs associated with the sale of generation assets that were securitized on May 8, 2018.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs pursuant to a finance order issued by the NHPUC to recover remaining costs resulting from the divestiture of PSNH's generation assets. These RRBs are secured by a non-bypassable charge recoverable from PSNH customers. PSNH recorded regulatory assets and other deferred costs in connection with the generation asset divestiture and the securitization of remaining costs, which are probable of recovery through collection of the non-bypassable charge. For further information on the securitized RRB issuance, see "Liquidity - Rate Reduction Bonds" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

U.S. Federal Corporate Income Taxes: On September 27, 2018, the NHPUC issued a decision on the impact of the U.S. federal corporate income tax rate reduction from the Tax Cuts and Jobs Act. The NHPUC concluded that the tax law change qualified as an exogenous event, as defined in the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, and that the benefit of incurring the lower federal income tax expense would be passed back to customers with carrying charges. The next PSNH distribution rate case shall address the impacts of EDIT, the lower federal income tax rate, and the overcollection of the lower income tax rate from January 1, 2018 to the rate adjustment effective date of July 1, 2019, or earlier if a rate case is filed for rates effective prior to July 1, 2019. As of December 31, 2018, PSNH has recorded a reserve of $12.6 million to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018. The EDIT balance related to PSNH's divested generation assets has been included as a component of the securitization of the stranded generation assets and has started to be refunded to customers via the Stranded Cost Recovery Charge effective August 1, 2018.

2011 through 2013 Storm Costs: On September 17, 2018, the NHPUC approved the recovery of $49 million, plus carrying charges, in storm costs incurred from August 2011 through March 2013 and the transfer of funding from PSNH's major storm reserve to offset those costs. The costs of these storms (excluding the equity return component of the carrying charges) were deferred as regulatory assets, and the funding reserve collected from customers was accrued as a regulatory liability. The storm cost deferral is separate from the major storm funding reserve that is being collected from customers. As a result of the duration of time between incurring storm costs in August 2011 through March 2013 and final approval from the NHPUC in 2018, PSNH recognized $8.7 million (pre-tax) for the equity return component of the carrying charges, which have been collected from customers, within Other Income, Net on our statement of income in 2018. Storm costs incurred from December 2013 through April 2016 have been audited by the NHPUC staff and are pending NHPUC approval. As of December 31, 2018, the pre-tax equity return component of the carrying charges related to storms incurred after March 2013 was $7.9 million, which will be recognized to earnings upon NHPUC approval of those storm costs.

Reliability Enhancement Program: On December 28, 2018, the NHPUC approved PSNH's extension of the Reliability Enhancement Program for 2019. The extension included cost recovery associated with vegetation management costs. The vegetation management spending, which is consistent with prior years' spending, will be deferred and offset against amounts due to customers as a result of federal income tax reform.

Legislative and Policy Matters

New Hampshire: On January 11, 2018, the New Hampshire Supreme Court issued a decision that affirmed the lower court's October 2016 decision that the Town of Bow, New Hampshire had over-assessed the value of the property owned by PSNH for the 2012 and 2013 property tax years. As a result of this decision, PSNH received $7.4 million in property tax refunds and interest in 2018.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and, at times, difficult, subjective or complex judgments. Changes in these estimates, assumptions and judgments, in and of themselves, could materially impact our financial position, results of operations or cash flows. Our management discusses with the Audit Committee of our Board of Trustees significant matters relating to critical accounting policies. Our critical accounting policies are discussed below. See the combined notes to our financial statements for further information concerning the accounting policies, estimates and assumptions used in the preparation of our financial statements.

Regulatory Accounting: Our regulated companies are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The regulated companies' financial statements reflect the effects of the rate-making process.

The application of accounting guidance for rate-regulated enterprises results in recording regulatory assets and liabilities. Regulatory assets represent the deferral of incurred costs that are probable of future recovery in customer rates. Regulatory assets are amortized as the incurred costs are recovered through customer rates. In some cases, we record regulatory assets before approval for recovery has been received from the applicable regulatory commission. We must use judgment to conclude that costs deferred as regulatory assets are probable of future recovery. We base our conclusion on certain factors, including, but not limited to, regulatory precedent. Regulatory liabilities represent revenues received from customers to fund expected costs that have not yet been incurred or probable future refunds to customers.

We use judgment when recording regulatory assets and liabilities; however, regulatory commissions can reach different conclusions about the recovery of costs, and those conclusions could have a material impact on our financial statements. We believe it is probable that each of the regulated companies will recover the regulatory assets that have been recorded. If we determine that we can no longer apply the accounting guidance applicable to rate-regulated enterprises to our operations, or that we cannot conclude it is probable that costs will be recovered from customers in future rates, the costs would be charged to earnings in the period in which the determination is made.

Pension, SERP and PBOP: We sponsor Pension, SERP and PBOP Plans to provide retirement benefits to our employees. For each of these plans, several significant assumptions are used to determine the projected benefit obligation, funded status and net periodic benefit cost. These assumptions include the expected long-term rate of return on plan assets, discount rate, compensation/progression rate and mortality and retirement assumptions. We evaluate these assumptions at least annually and adjust them as necessary. Changes in these assumptions could have a material impact on our financial position, results of operations or cash flows.

Expected Long-Term Rate of Return on Plan Assets: In developing the expected long-term rate of return, we consider historical and expected returns, as well as input from our consultants. Our expected long-term rate of return on assets is based on assumptions regarding target asset allocations and corresponding expected rates of return for each asset class. We routinely review the actual asset allocations and periodically rebalance the investments to the targeted asset allocations when appropriate. For the year ended December 31, 2018, our expected long-term rate-of-return assumption used to determine our pension and PBOP expense was 8.25 percent for the Eversource Service plans and 7 percent for the Aquarion plans. For the forecasted 2019 pension and PBOP expense, an expected long-term rate of return of 8.25 percent for the Eversource Service plans and 7 percent for the Aquarion plans will be used reflecting our target asset allocations.

Discount Rate: Payment obligations related to the Pension, SERP and PBOP Plans are discounted at interest rates applicable to the expected timing of each plan's cash flows. The discount rate that was utilized in determining the 2018 pension, SERP and PBOP obligations was based on a yield-curve approach. This approach utilizes a population of bonds with an average rating of AA based on bond ratings by Moody's, S&P and Fitch, and uses bonds with above median yields within that population. As of December 31, 2018, the discount rates used to determine the funded status were within a range of 4.22 percent to 4.45 percent for the Pension and SERP Plans, and within a range of 4.38 percent to 4.41 percent for the PBOP Plans. As of December 31, 2017, the discount rates used were within a range of 3.43 percent to 3.75 percent for the Pension and SERP Plans, and within a range of 3.55 percent to 3.70 percent for the PBOP Plans. The increase in the discount rates used to calculate the funded status resulted in a decrease to the Pension and PBOP Plans' liability of approximately $465 million and $88 million, respectively, as of December 31, 2018.

The Company uses the spot rate methodology for the service and interest cost components of Pension, SERP and PBOP expense for the Eversource plans because it provides a more precise measurement by matching projected cash flows to the corresponding spot rates on the yield curve. The discount rates used to estimate the 2018 expense were within a range of 3.85 percent to 4.62 percent for the Pension and SERP Plans, and within a range of 3.28 percent to 3.94 percent for the PBOP Plans.

Mortality Assumptions: Assumptions as to mortality of the participants in our Pension, SERP and PBOP Plans are a key estimate in measuring the expected payments a participant may receive over their lifetime and the corresponding plan liability we need to record. In 2018, a revised scale for the mortality table was released, and we utilized it in our measurements.

Compensation/Progression Rate: This assumption reflects the expected long-term salary growth rate, including consideration of the levels of increases built into collective bargaining agreements, and impacts the estimated benefits that Pension and SERP Plan participants receive in the future. As of December 31, 2018 and 2017, the compensation/progression rate used to determine the funded status was 3.50 percent for the Eversource Service plans and 4 percent for the Aquarion plans.

Health Care Cost: In August 2016, we amended the Eversource PBOP Plan to standardize benefit design and make benefit changes. As a result, this plan is no longer subject to health care cost trends. The Aquarion PBOP Plan is still subject to heath care cost trends. For the Aquarion PBOP Plan, the health care trend rate is a range of 3.5 percent to 6.75 percent, with an ultimate rate of 3.5 percent to 5 percent in 2019 and 2023, for post-65 and pre-65 retirees, respectively.

Actuarial Determination of Expense: Pension, SERP and PBOP expense is determined by our actuaries and consists of service cost and prior service cost, interest cost based on the discounting of the obligations, and amortization of actuarial gains and losses, offset by the expected return on plan assets. Actuarial gains and losses represent the amortization of differences between assumptions and actual information or updated assumptions. Pre-tax net periodic benefit expense for the Pension and SERP Plans was $39.6 million, $64.9 million and $71.9 million for the years ended December 31, 2018, 2017 and 2016, respectively. For the PBOP Plans, there was net periodic PBOP income of $45.0 million, $39.6 million and $17.9 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The expected return on plan assets is determined by applying the assumed long-term rate of return to the Pension and PBOP Plan asset balances. This calculated expected return is compared to the actual return or loss on plan assets at the end of each year to determine the investment gains or losses to be immediately reflected in unamortized actuarial gains and losses.

Forecasted Expenses and Expected Contributions: We estimate that expense in 2019 for the Pension and SERP Plans will be approximately $72 million and income in 2019 for the PBOP Plans will be approximately $38 million. Pension, SERP and PBOP expense for subsequent years will depend on future investment performance, changes in future discount rates and other assumptions, and various other factors related to the populations participating in the plans.

Our policy is to fund the Pension Plans annually in an amount at least equal to the amount that will satisfy all federal funding requirements. We contributed $185.6 million to the Pension Plans in 2018. We currently estimate contributing approximately $112 million to the Pension Plans in 2019.

For the PBOP Plans, it is our policy to fund the PBOP Plans annually through tax deductible contributions to external trusts. We contributed $9.3 million to the PBOP Plans in 2018. We currently estimate contributing $11 million to the PBOP Plans in 2019.

Sensitivity Analysis: The following represents the hypothetical increase to the Pension Plans' (excluding the SERP Plans) reported annual cost and a decrease to the PBOP Plans' reported annual income as a result of a change in the following assumptions by 50 basis points:

(Millions of Dollars)	**Increase in Pension Plan Cost**		**Decrease in PBOP Plan Income**	
Assumption Change	**As of December 31,**		**As of December 31,**	
Eversource	**2018**	**2017**	**2018**	**2017**
Lower expected long-term rate of return	$ 23.7	$ 20.4	$ 4.5	$ 4.1
Lower discount rate	25.5	19.7	2.9	3.6
Higher compensation rate	6.8	9.3	N/A	N/A

Goodwill: We recorded goodwill on our balance sheet associated with previous mergers and acquisitions. On December 4, 2017, we completed the acquisition of Aquarion, resulting in the addition of $0.9 billion of goodwill. As of December 31, 2018, a total of $4.4 billion of goodwill is recorded on our balance sheet. We have identified our reporting units for purposes of allocating and testing goodwill as Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. Electric Distribution and Electric Transmission reporting units include carrying values for the respective components of CL&P, NSTAR Electric and PSNH. The Natural Gas Distribution reporting unit includes the carrying values of NSTAR Gas and Yankee Gas. The Water Distribution reporting unit was created upon completion of the acquisition of Aquarion and includes the water utility businesses. As of December 31, 2018, goodwill was allocated to the reporting units as follows: $2.5 billion to Electric Distribution, $0.6 billion to Electric Transmission, $0.4 billion to Natural Gas Distribution and $0.9 billion to Water Distribution.

We are required to test goodwill balances for impairment at least annually by considering the fair values of the reporting units, which requires us to use estimates and judgments. We have selected October 1st of each year as the annual goodwill impairment testing date. Goodwill impairment is deemed to exist if the carrying amount of a reporting unit exceeds its estimated fair value and if the implied fair value of goodwill based on the estimated fair values of the reporting units' assets and liabilities is less than the carrying amount of the goodwill. If goodwill were deemed to be impaired, it would be written down in the current period to the extent of the impairment.

We performed an impairment test of goodwill as of October 1, 2018 for the Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution reporting units. This evaluation required the consideration of several factors that impact the fair value of the reporting units, including conditions and assumptions that affect the future cash flows of the reporting units. Key considerations include discount rates, utility sector market performance and merger transaction multiples, and internal estimates of future cash flows and net income.

The 2018 goodwill impairment test resulted in a conclusion that goodwill is not impaired and no reporting unit is at risk of a goodwill impairment. The fair value of the reporting units was substantially in excess of carrying value.

Long-Lived Assets: Impairment evaluations of long-lived assets, including property, plant and equipment and strategic, infrastructure and other investments, involve a significant degree of estimation and judgment, including identifying circumstances that indicate an impairment may exist. Impairment analysis is required when events or changes in circumstances indicate that the carrying value of a long-lived asset may not be recoverable. Indicators of potential impairment include a deteriorating business climate, unfavorable regulatory action, decline in value that is other than temporary in nature, plans to dispose of a long-lived asset significantly before the end of its useful life, and accumulation of costs that are in excess of amounts allowed for recovery. The review of long-lived assets for impairment utilizes significant assumptions about operating strategies and external developments, including assessment of current and projected market conditions that can impact future cash flows.

Access Northeast: Eversource recorded an other-than-temporary impairment of $32.9 million within Other Income, Net on our statement of income in 2018, related to Access Northeast, an equity method investment. In September 2018, a series of non-Eversource natural gas explosions in eastern Massachusetts resulted in widespread property and system damage, personal injuries, and a fatality. Eversource identified the September 2018 natural gas series of explosions, compounded by the adverse legislative environment, as negative evidence that indicated potential impairment of our investment in Access Northeast. Our impairment assessment used a discounted cash flow approach, including consideration of the severity and duration of any decline in fair value of our investment in the project, and involved significant management judgment and estimation, including projections of the project's discounted cash flows and assumptions about exit price. In the third quarter of 2018, management determined that the future cash flows of the Access Northeast project were uncertain and could no longer be reasonably estimated and that the book value of our equity method investment was not recoverable. For further information, see Note 1K, "Investments," to the financial statements.

NPT: In March 2018, the New Hampshire Site Evaluation Committee ("NHSEC") issued a written decision denying Northern Pass' siting application after which the Massachusetts EDCs terminated the selection of, and subsequent contract negotiations with, Northern Pass under the Massachusetts Clean Energy RFP. The March 2018 NHSEC decision denying Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs in the first quarter of 2018. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount was recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs were recoverable as of March 31, 2018, based on our expectation that the Northern Pass project remains probable of being placed in service. If as a result of future events and changes in circumstances a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass' project costs to the estimated fair value, which could result in most of our $307 million of capitalized project costs being impaired. Such an impairment could have a material adverse effect on our financial position and results of operations.

As of December 31, 2018, we did not identify any other impairment indicators for our long-lived assets. If events or changes in circumstances indicate the carrying value of a long-lived asset may not be recoverable, we would perform an impairment analysis. An impairment analysis would consist of two steps: first, the estimated undiscounted future cash flows attributable to the asset would be compared with the carrying value of the asset, and second, if the carrying value is greater than the undiscounted future cash flows, an impairment charge would be recognized equal to the amount by which the carrying value of the asset exceeds its estimated fair value.

Income Taxes: Income tax expense is estimated for each of the jurisdictions in which we operate and is recorded each quarter using an estimated annualized effective tax rate. This process to record income tax expense involves estimating current and deferred income tax expense or benefit and the impact of temporary differences resulting from differing treatment of items for financial reporting and income tax return reporting purposes. Such differences are the result of timing of the deduction for expenses, as well as any impact of permanent differences, non-tax deductible expenses, or other items that directly impact income tax expense as a result of regulatory activity (flow-through items). The temporary differences and flow-through items result in deferred tax assets and liabilities that are included in the balance sheets.

We also account for uncertainty in income taxes, which applies to all income tax positions previously filed in a tax return and income tax positions expected to be taken in a future tax return that have been reflected on our balance sheets. The determination of whether a tax position meets the recognition threshold under applicable accounting guidance is based on facts and circumstances available to us.

On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, the act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. For our regulated companies, the most significant changes are (1) the benefit of incurring a lower federal income tax expense and (2) the reduction in ADIT liabilities (now excess ADIT or EDIT), which are estimated to be approximately $2.9 billion and included in regulatory liabilities as of December 31, 2018. The refund of these regulatory liabilities to customers will generally be made over the same period as the remaining useful lives of the underlying assets that gave rise to the ADIT liabilities.

We have completed our evaluation of the impacts of the act as of December 31, 2018. The ultimate outcome was not materially different from the provisional estimates recorded as of December 31, 2017. While we have recorded the impacts of the act based on interpretation of the provisions as enacted, it is expected the U.S. Department of Treasury and the IRS will issue additional interpretative guidance in the future that could result in changes to previously finalized provisions. At this time, some of the states in which we do business have issued guidance regarding the act and the impact was not material. Amortization of the EDIT liabilities began in 2018 at our PSNH and Yankee Gas subsidiaries. The total amortization for 2018 was $4.4 million and $0.6 million for PSNH and Yankee Gas, respectively.

Accounting for Environmental Reserves: Environmental reserves are accrued when assessments indicate it is probable that a liability has been incurred and an amount can be reasonably estimated. Increases to estimates of environmental liabilities could have an adverse impact on earnings. We estimate these liabilities based on findings through various phases of the assessment, considering the most likely action plan from a variety of available remediation options (ranging from no action required to full site remediation and long-term monitoring), current site information from our site assessments, remediation estimates from third party engineering and remediation contractors, and our prior experience in remediating contaminated sites. If a most likely action plan cannot yet be determined, we estimate the liability based on the low end of a range of possible action plans. A significant portion of our environmental sites and reserve amounts relate to former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which we may have potential liability. Estimates are based on the expected remediation plan. Our estimates are subject to revision in future periods based on actual costs or new information from other sources, including the level of contamination at the site, the extent of our responsibility or the extent of remediation required, recently enacted laws and regulations or a change in cost estimates due to certain economic factors.

Fair Value Measurements: We follow fair value measurement guidance that defines fair value as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). We have applied this guidance to our Company's derivative contracts that are not elected or designated as "normal purchases or normal sales" (normal), to marketable securities held in trusts, to our investments in our Pension and PBOP Plans, and to nonfinancial assets such as goodwill and AROs. This guidance was also applied in estimating the fair value of preferred stock, long-term debt and RRBs.

Changes in fair value of the derivative contracts are recorded as Regulatory Assets or Liabilities, as we recover the costs of these contracts in rates charged to customers. These valuations are sensitive to the prices of energy and energy-related products in future years for which markets have not yet developed and assumptions are made.

We use quoted market prices when available to determine the fair value of financial instruments. If quoted market prices are not available, fair value is determined using quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments that are not active and model-derived valuations. When quoted prices in active markets for the same or similar instruments are not available, we value derivative contracts using models that incorporate both observable and unobservable inputs. Significant unobservable inputs utilized in the models include energy and energy-related product prices for future years for long-dated derivative contracts and market volatilities. Discounted cash flow valuations incorporate estimates of premiums or discounts, reflecting risk-adjusted profit that would be required by a market participant to arrive at an exit price, using available historical market transaction information. Valuations of derivative contracts also reflect our estimates of nonperformance risk, including credit risk.

Other Matters

Accounting Standards: For information regarding new accounting standards, see Note 1C, "Summary of Significant Accounting Policies - Accounting Standards," to the financial statements.

Contractual Obligations and Commercial Commitments: Information regarding our contractual obligations and commercial commitments as of December 31, 2018, is summarized annually through 2023 and thereafter as follows:

Eversource

(Millions of Dollars)	2019	2020	2021	2022	2023	Thereafter	Total
Long-term debt maturities [a]	$ 801.1	$ 296.1	$ 1,033.5	$ 1,188.9	$ 1,665.2	$ 7,977.7	$ 12,962.5
Rate reduction bond maturities	52.3	43.2	43.2	43.2	43.2	410.6	635.7
Estimated interest payments on existing debt [b]	498.0	459.5	440.7	406.4	373.4	3,526.1	5,704.1
Capital leases [c]	3.4	3.4	2.9	1.5	0.7	13.9	25.8
Operating leases [d]	11.5	9.8	8.7	7.2	4.7	32.7	74.6
Funding of pension obligations [d] [e]	112.0	—	—	—	—	—	112.0
Funding of PBOP obligations [d] [e]	11.0	—	—	—	—	—	11.0
Estimated future annual long-term contractual costs [f]	609.2	607.9	528.7	494.1	461.7	2,905.9	5,607.5
Total [g]	$ 2,098.5	$ 1,419.9	$ 2,057.7	$ 2,141.3	$ 2,548.9	$ 14,866.9	$ 25,133.2

CL&P

(Millions of Dollars)	2019	2020	2021	2022	2023	Thereafter	Total
Long-term debt maturities [a]	$ 250.0	$ —	$ —	$ —	$ 400.0	$ 2,615.3	$ 3,265.3
Estimated interest payments on existing debt [b]	141.7	134.8	134.8	134.8	129.8	1,843.0	2,518.9
Capital leases [c]	2.0	2.0	1.5	—	—	—	5.5
Operating leases [d]	1.5	1.4	1.2	1.1	0.5	0.2	5.9
Funding of pension obligations [d] [e]	44.0	—	—	—	—	—	44.0
Estimated future annual long-term contractual costs [f]	179.9	205.2	197.2	195.7	200.4	959.7	1,938.1
Total [g]	$ 619.1	$ 343.4	$ 334.7	$ 331.6	$ 730.7	$ 5,418.2	$ 7,777.7

(a) Long-term debt maturities exclude the CYAPC pre-1983 spent nuclear fuel obligation, net unamortized premiums, discounts and debt issuance costs, and other fair value adjustments.

(b) Estimated interest payments on fixed-rate debt are calculated by multiplying the coupon rate on the debt by its scheduled notional amount outstanding for the period of measurement.

(c) The capital lease obligations include interest.

(d) Amounts are not included on our balance sheets.

(e) These amounts represent expected pension and PBOP contributions for 2019. Future contributions will vary depending on many factors, including the performance of existing plan assets, valuation of the plans' liabilities and long-term discount rates.

(f) Other than certain derivative contracts held by the regulated companies, these obligations are not included on our balance sheets.

(g) Does not include other long-term liabilities recorded on our balance sheet, such as environmental reserves, employee medical insurance, workers compensation and long-term disability insurance reserves, ARO liability reserves and other reserves, as we cannot make reasonable estimates of the timing of payments. Also, does not include amounts not included on our balance sheets for future funding of Eversource's equity method investments, as we cannot make reasonable estimates of the periods or the investment contributions.

For further information regarding our contractual obligations and commercial commitments, see Note 6, "Asset Retirement Obligations," Note 7, "Short-Term Debt," Note 8, "Long-Term Debt," Note 9, "Rate Reduction Bonds and Variable Interest Entities," Note 10A, "Employee Benefits - Pension Benefits and Postretirement Benefits Other Than Pension," Note 12, "Commitments and Contingencies," and Note 14, "Leases," to the financial statements.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the years ended December 31, 2018 and 2017 included in this Annual Report on Form 10-K:

	For the Years Ended December 31,		
(Millions of Dollars)	2018	2017	Increase/(Decrease)
Operating Revenues	$ 8,448.2	$ 7,752.0	$ 696.2
Operating Expenses:			
Purchased Power, Fuel and Transmission	3,139.0	2,535.3	603.7
Operations and Maintenance	1,335.2	1,307.0	28.2
Depreciation	819.9	773.8	46.1
Amortization	252.0	90.0	162.0
Energy Efficiency Programs	472.4	480.8	(8.4)
Taxes Other Than Income Taxes	729.8	676.8	53.0
Total Operating Expenses	6,748.3	5,863.7	884.6
Operating Income	1,699.9	1,888.3	(188.4)
Interest Expense	498.8	421.8	77.0
Other Income, Net	128.4	107.9	20.5
Income Before Income Tax Expense	1,329.5	1,574.4	(244.9)
Income Tax Expense	289.0	578.9	(289.9)
Net Income	1,040.5	995.5	45.0
Net Income Attributable to Noncontrolling Interests	7.5	7.5	—
Net Income Attributable to Common Shareholders	$ 1,033.0	$ 988.0	$ 45.0

Operating Revenues

Sales Volumes: A summary of our retail electric GWh sales volumes, our firm natural gas sales volumes in MMcf, and our water MG sales volumes, and percentage changes, for the years ended December 31, 2018 and 2017, is as follows:

	Electric			Firm Natural Gas			Water		
	Sales Volumes (GWh)		Percentage Increase	Sales Volumes (MMcf)		Percentage Increase/ (Decrease)	Sales Volumes (MG)		Percentage Increase/ (Decrease)
	2018	2017 (1)		2018	2017 (2)		2018	2017 (3)	
Traditional	9,790	9,465	3.4%	44,715	39,455	13.3 %	2,252	2,202	2.3 %
Decoupled and Special Contracts (4)	43,591	42,781	1.9%	61,242	61,571	(0.5)%	21,479	22,565	(4.8)%
Total Sales Volumes	53,381	52,246	2.2%	105,957	101,026	4.9 %	23,731	24,767	(4.2)%

(1) In 2017 and in the month of January 2018, NSTAR Electric operated under two different rate structures (traditional and decoupled) based on its service territory geography. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. The 2017 sales volumes for NSTAR Electric have been recast to present February through December 2017 as decoupled, to conform to the current year presentation.

(2) In 2017 and until November 14, 2018, Yankee Gas operated under a traditional rate structure. Effective November 15, 2018, Yankee Gas operated under a decoupled rate structure. The 2017 sales volumes for Yankee Gas have been recast to present November 15th through December 2017 as decoupled, to conform to the current year presentation.

(3) Eversource acquired its water distribution business on December 4, 2017. Full 2017 sales volumes have been presented for comparative purposes.

(4) Special contracts are unique to Yankee Gas natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Fluctuations in retail electric sales volumes at PSNH and natural gas sales volumes at Yankee Gas prior to November 15, 2018 impacted earnings ("Traditional" in the table above). For CL&P, NSTAR Electric (effective February 1, 2018 as a result of a DPU-approved rate case decision), Yankee Gas (effective November 15, 2018 as a result of a PURA-approved rate case settlement) and NSTAR Gas, fluctuations in retail sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table above). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized. Fluctuations in water sales volumes largely do not impact earnings as our Connecticut water distribution business is decoupled.

Operating Revenues: Operating Revenues by segment increased/(decreased) in 2018, as compared to 2017, as follows (the variance in electric distribution revenues reflects intercompany transmission billings in both periods):

(Millions of Dollars)	Increase/(Decrease)	
Electric Distribution	$	405.6
Natural Gas Distribution		74.9
Electric Transmission		(15.4)
Water Distribution		196.1
Other		5.3
Eliminations		29.7
Total Operating Revenues	$	696.2

Electric Distribution Revenues:

- Base electric distribution revenues decreased $49.3 million due primarily to lower base distribution rates at NSTAR Electric, as per the DPU-approved rate case decision that became effective February 1, 2018. NSTAR Electric's rates were adjusted to reflect the new lower federal corporate income tax rate and the movement of certain costs from base distribution rates to fully-reconciled cost tracking mechanisms (most of which did not impact earnings). The decrease in revenues was partially offset by CL&P's base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings), and an increase in non-decoupled sales volumes primarily driven by colder weather in January 2018 at NSTAR Electric (prior to its decoupled rate structure) and warmer summer weather in 2018 at PSNH. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure.

- Electric distribution revenues also decreased $28.9 million due to the liability established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate. PSNH will refund the overcollection in rates from January 1, 2018 to customers in a future period.

- Tracked revenues consist of certain costs that are recovered from customers in retail rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, restructuring and stranded cost recovery revenues (including securitized RRB charges), and additionally for NSTAR Electric, pension and PBOP benefits and net metering for distributed generation. In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers. Tracked retail electric distribution revenues increased as a result of an increase in electric energy supply costs ($219.1 million), an increase in stranded cost recovery revenues ($80.5 million), an increase in retail electric transmission charges ($39.3 million), and an increase in other distribution tracking mechanisms ($84.0 million). Tracked revenues also include wholesale market sales transactions, such as sales of energy and energy-related products into the ISO-NE wholesale electricity market and the sale of RECs to various counterparties, which increased $48.7 million.

Natural Gas Distribution Revenues:

- Base natural gas distribution revenues increased $17.8 million due primarily to an increase in sales volumes and demand revenues driven by colder January, April, October and November weather in Connecticut in 2018, as well as growth in new customer base. Effective November 15, 2018, fluctuations in Connecticut sales volumes no longer impact earnings as a result of a decoupled rate structure at Yankee Gas approved in the 2018 rate case settlement.

- Natural gas distribution revenues decreased $8.3 million due to the liability established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective July 1, 2018 for NSTAR Gas and November 15, 2018 for Yankee Gas, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

- Tracked natural gas distribution revenues increased as a result of an increase in natural gas supply costs ($42.8 million), an increase in energy efficiency program revenues ($7.9 million), and an increase in wholesale sales of natural gas to third party marketers ($14.6 million).

Water Distribution: Water distribution revenues increased $196.1 million for the year ended December 31, 2018 as a result of the acquisition of Aquarion on December 4, 2017.

Electric Transmission Revenues: The electric transmission segment revenues decreased by $15.4 million due primarily to lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity, natural gas and water, on behalf of our customers. These supply costs are recovered from customers in rates through commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased in 2018, as compared to 2017, due primarily to the following:

(Millions of Dollars)	Increase
Electric Distribution	$ 436.9
Natural Gas Distribution	48.8
Transmission	73.6
Water Distribution	1.6
Eliminations	42.8
Total Purchased Power, Fuel and Transmission	$ 603.7

The variance in electric distribution reflects intercompany transmission charges in both periods. The increase in purchased power expense at the electric distribution business in 2018, as compared to 2017, was driven primarily by higher prices associated with the procurement of energy supply. As a result of the sale of PSNH's thermal generation assets on January 10, 2018, and the sale of PSNH's hydroelectric assets on August 26, 2018, PSNH purchased power in place of its self-generation output in 2018. The increase in natural gas supply costs at our natural gas distribution business was due to higher average prices and sales volumes.

The increase in transmission costs in 2018, as compared to 2017, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment and an increase in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. This was partially offset by a decrease in Local Network Service charges, which reflect the cost of transmission service provided by Eversource over our local transmission network.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric, natural gas and water distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased in 2018, as compared to 2017, due primarily to the following:

(Millions of Dollars)	Increase/(Decrease)
Base Electric Distribution (Non-Tracked Costs):	
Employee-related expenses, including labor and benefits	$ 8.5
Bad debt expense	11.2
HEEC Boston Harbor distribution cable costs	(12.5)
Storm restoration costs	(6.3)
Other non-tracked operations and maintenance	13.0
Total Base Electric Distribution (Non-Tracked Costs)	13.9
Base Natural Gas Distribution (Non-Tracked Costs) - Increase due primarily to higher employee-related expenses of $4.5 million and higher bad debt expense of $4.3 million	9.8
Water Distribution - Increase of Aquarion operations and maintenance expenses due to acquisition on December 4, 2017	73.3
Tracked Costs (Electric Distribution, Electric Transmission and Natural Gas Distribution) - Decrease due primarily to lower PSNH generation operations expenses of $53.3 million due to the 2018 sales of thermal and hydroelectric generation assets and lower transmission expenses of $18.5 million	(83.3)
Other and eliminations:	
Absence of merger-related costs allowed for recovery through NSTAR Electric distribution rates as a result of the 2017 DPU distribution rate case decision (absence of 2017 earnings benefit)	30.5
Merger-related costs allowed for recovery through Yankee Gas distribution rates as a result of the 2018 PURA distribution rate case settlement agreement (earnings benefit)	(7.7)
Eversource Parent and Other Companies - other operations and maintenance	0.8
Eliminations	(9.1)
Total Operations and Maintenance	$ 28.2

Depreciation expense increased in 2018, as compared to 2017, due primarily to higher utility plant in service balances and new depreciation rates effective with the CL&P distribution rate case settlement agreement. Partially offsetting these increases was lower depreciation expense at PSNH as a result of the sale of the thermal and hydroelectric generation assets in 2018.

Amortization expense includes the deferral of energy supply and energy-related costs included in certain regulatory commission-approved cost tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization increased in 2018, as compared to 2017, due primarily to the deferral of energy supply and energy-related costs which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs are recovered from customers in rates and have no impact on earnings. In addition, the increase includes amortization of PSNH's securitized regulatory asset of $27.3 million related to the 2018 RRB issuance.

Energy Efficiency Programs expense decreased in 2018, as compared to 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut, which totaled $46.8 million in 2018, as compared to $25.4 million in 2017. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified these amounts as Taxes Other than Income Taxes. The costs for the majority of the state energy policy initiatives and expanded energy efficiency programs are recovered from customers in rates and have no impact on earnings. Partially offsetting this decrease was an increase in allowed distribution revenue at PSNH that funded a higher level of expenditures, and higher spending for our natural gas energy efficiency programs.

Taxes Other Than Income Taxes expense increased in 2018, as compared to 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $46.8 million in 2018, as compared to $25.4 million in 2017), as well as higher property taxes due to higher utility plant in service balances and higher gross earnings taxes (the costs of which are tracked). Partially offsetting these increases was the absence of property taxes as a result of the sale of the PSNH thermal and hydroelectric generation assets in 2018, and a 2018 refund of disputed property taxes for prior years at PSNH.

Interest Expense increased in 2018, as compared to 2017, due primarily to an increase in interest on long-term debt ($30.7 million) as a result of new debt issuances, the addition of Aquarion interest expense in 2018 ($23.0 million), interest expense on the 2018 PSNH RRB issuance ($14.4 million), an increase in interest on notes payable ($11.2 million) and an increase in regulatory deferrals, which increased interest expense ($7.1 million) driven primarily by the absence in 2018 of a benefit to interest expense at NSTAR Electric due to the 2017 DPU distribution rate case decision regarding carrying charges for past storms. Partially offsetting these increases was an increase in AFUDC related to debt funds ($7.2 million).

Other Income, Net increased in 2018, as compared to 2017, due primarily to an increase related to Pension, SERP and PBOP non-service income components ($30.9 million), higher AFUDC related to equity funds ($9.6 million), the recognition of $8.7 million of the equity return component of carrying charges related to storms incurred from August 2011 through March 2013 at PSNH recorded in interest income, and gains on the sale of property ($5.1 million). Partially offsetting these increases was a decrease in equity in earnings of unconsolidated affiliates related to Eversource's equity method investments ($23.6 million), which was driven by a $32.9 million other-than-temporary impairment to our equity method investment in the Access Northeast project, partially offset by increased unrealized gains on our investment in a renewable energy fund. Other Income, Net was further decreased by investment loss in 2018 compared to investment income in 2017 ($11.5 million) primarily related to unrealized losses on equity marketable securities.

Income Tax Expense decreased in 2018, as compared to 2017, due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate income tax rate from 35 percent to 21 percent and lower pre-tax earnings ($265.2 million), further reduced by state taxes ($3.6 million), which includes a valuation allowance against state tax credits. Income tax expense further decreased by the write-off of Access Northeast ($6.9 million), an aggregate benefit relating to both federal tax reform impacts on the tax return compared to the provision estimate and remeasurement of a tax reserve ($18 million), and partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($3.8 million).

RESULTS OF OPERATIONS – THE CONNECTICUT LIGHT AND POWER COMPANY NSTAR ELECTRIC COMPANY AND SUBSIDIARY PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P, NSTAR Electric and PSNH for the years ended December 31, 2018 and 2017 included in this Annual Report on Form 10-K:

	For the Years Ended December 31,								
	CL&P			NSTAR Electric			PSNH		
(Millions of Dollars)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)
Operating Revenues	$ 3,096.2	$ 2,887.4	$ 208.8	$ 3,112.9	$ 2,980.6	$ 132.3	$ 1,047.6	$ 981.6	$ 66.0
Operating Expenses:									
Purchased Power, Fuel and Transmission	1,095.2	930.8	164.4	1,257.1	1,025.4	231.7	370.2	237.5	132.7
Operations and Maintenance	506.4	502.2	4.2	462.1	482.9	(20.8)	210.5	263.1	(52.6)
Depreciation	278.6	249.4	29.2	276.4	274.0	2.4	92.1	128.2	(36.1)
Amortization of Regulatory Assets/ (Liabilities), Net	129.0	83.2	45.8	46.7	33.8	12.9	81.0	(16.6)	97.6
Energy Efficiency Programs	94.0	114.7	(20.7)	292.3	294.1	(1.8)	20.1	13.8	6.3
Taxes Other Than Income Taxes	357.2	323.8	33.4	194.2	182.0	12.2	77.3	89.7	(12.4)
Total Operating Expenses	2,460.4	2,204.1	256.3	2,528.8	2,292.2	236.6	851.2	715.7	135.5
Operating Income	635.8	683.3	(47.5)	584.1	688.4	(104.3)	196.4	265.9	(69.5)
Interest Expense	151.7	143.0	8.7	105.2	105.7	(0.5)	60.6	51.0	9.6
Other Income, Net	22.7	23.0	(0.3)	53.1	34.1	19.0	27.7	9.8	17.9
Income Before Income Tax Expense	506.8	563.3	(56.5)	532.0	616.8	(84.8)	163.5	224.7	(61.2)
Income Tax Expense	129.1	186.6	(57.5)	148.9	242.1	(93.2)	47.6	88.7	(41.1)
Net Income	$ 377.7	$ 376.7	$ 1.0	$ 383.1	$ 374.7	$ 8.4	$ 115.9	$ 136.0	$ (20.1)

Operating Revenues

Sales Volumes: A summary of our retail electric GWh sales volumes was as follows:

	For the Years Ended December 31,			
	2018	2017	Increase	Percent
CL&P	21,467	20,950	517	2.5%
NSTAR Electric	23,999	23,538	461	2.0%
PSNH	7,915	7,758	157	2.0%

Fluctuations in retail electric sales volumes at PSNH impact earnings. For CL&P and NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision), fluctuations in retail electric sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms.

Operating Revenues: Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased in 2018, as compared to 2017, as follows:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Operating Revenues	$ 208.8	$ 132.3	$ 66.0

Base Distribution Revenues:

- CL&P's distribution revenues increased $25.4 million due primarily to the impact of its base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings).

- NSTAR Electric's distribution revenues decreased $79.3 million due primarily to lower base distribution rates at NSTAR Electric, as per the DPU-approved rate case decision that became effective February 1, 2018. NSTAR Electric's rates were adjusted to reflect the new lower federal corporate income tax rate and the movement of certain costs from base distribution rates to fully-reconciled cost tracking mechanisms (most of which did not impact earnings). The decrease in revenues was partially offset by an increase in January 2018 sales volumes, as compared to January 2017, primarily driven by the colder weather. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure, and changes in sales volumes no longer impact earnings.

- PSNH's base distribution revenues increased $4.6 million primarily as a result of an increase in sales volumes in 2018, partially offset by a rate change due to the completion of the full recovery of certain costs in revenues. The rate change did not impact earnings.

- Distribution revenues decreased $16.6 million at CL&P and $12.3 million at PSNH due to the liability established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate. PSNH will refund the overcollection in rates from January 1, 2018 to customers in a future period.

Tracked Revenues: Tracked revenues consist of certain costs that are recovered from customers in retail rates through commission-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues (including securitized RRB charges). In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers. Tracked revenues also include wholesale market sales transactions, such as sales of energy and energy-related products into the ISO-NE wholesale electricity market and the sale of RECs to various counterparties. Tracked revenues increased/(decreased) in 2018, as compared to 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Retail Tariff Tracked Revenues:			
Energy supply procurement [1]	$ 172.8	$ 100.7	$ (54.4)
Retail transmission	(26.7)	75.1	(9.1)
Stranded cost recovery	3.4	(21.5)	98.6
Other distribution tracking mechanisms	17.0	58.5	8.5
Wholesale Market Sales Revenue	24.4	(4.0)	28.3

[1] The decrease at PSNH includes the absence in 2018 of the recovery of generation rate base return due to the sales of its thermal and hydroelectric generation assets in 2018.

Transmission Revenues: Transmission revenues decreased $6.4 million and $15.3 million at CL&P and NSTAR Electric, respectively, due to lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues, partially offset by an increase related to ongoing investments in our transmission infrastructure. Transmission revenues increased $6.3 million at PSNH due to an increase related to ongoing investments in our transmission infrastructure, partially offset by the reduction in the federal corporate income tax rate.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P, NSTAR Electric and PSNH's customers. These energy supply costs are recovered from customers in commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased/(decreased) in 2018, as compared to 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Purchased Power Costs	$ 162.9	$ 141.1	$ 132.9
Transmission Costs	(3.7)	75.7	1.6
Eliminations	5.2	14.9	(1.8)
Total Purchased Power, Fuel and Transmission	$ 164.4	$ 231.7	$ 132.7

Purchased Power Costs: Included in purchased power costs are the costs associated with providing electric generation service supply to all customers who have not migrated to third party suppliers.

- The increase at CL&P was due primarily to an increase in the price and volume of power procured on behalf of our customers.
- The increase at NSTAR Electric was due primarily to an increase in the price of power procured on behalf of our customers.
- The increase at PSNH was due primarily to higher purchased power energy expenses that are recovered as a component of the Energy Service tracking mechanism. As a result of the sale of its thermal generation assets on January 10, 2018 and its hydroelectric generation assets on August 26, 2018, PSNH purchased power in place of its self-generation output in 2018.

Transmission Costs: Included in transmission costs are charges that recover the cost of transporting electricity over high-voltage lines from generation facilities to substations, including costs allocated by ISO-NE to maintain the wholesale electric market.

- The decrease in transmission costs at CL&P was primarily a result of a decrease in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers, and a decrease in Local Network Service charges, which reflect the cost of transmission service provided by Eversource over our local transmission network. This was partially offset by an increase in costs billed by ISO-NE that support regional grid investment.
- The increase in transmission costs at NSTAR Electric and PSNH was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment and an increase in the retail transmission cost deferral. This was partially offset by a decrease in Local Network Service charges.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) in 2018, as compared to 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Base Electric Distribution (Non-Tracked Costs):			
Employee-related expenses, including labor and benefits	$ 14.5	$ (8.3)	$ 2.3
Bad debt expense	6.9	4.4	(0.1)
HEEC Boston Harbor distribution cable costs	—	(12.5)	—
Storm restoration costs	(7.4)	1.4	(0.3)
Operations-related expenses, including vegetation management, vehicles, and outside services (excluding storm restoration costs)	(3.9)	3.1	(0.8)
Other non-tracked operations and maintenance	2.1	8.9	3.6
Total Base Electric Distribution (Non-Tracked Costs)	12.2	(3.0)	4.7
Tracked Costs:			
Decrease of PSNH generation operations expenses due to the 2018 sales of thermal and hydroelectric generation assets	—	—	(53.3)
Transmission expenses	(7.4)	(12.0)	0.9
Other tracked operations and maintenance	(0.6)	(5.8)	(4.9)
Total Tracked Costs	(8.0)	(17.8)	(57.3)
Total Operations and Maintenance	$ 4.2	$ (20.8)	$ (52.6)

Depreciation increased/(decreased) at CL&P, NSTAR Electric and PSNH in 2018, as compared to 2017, due primarily to the following:

- The increase at CL&P was due primarily to higher net plant in service balances and the implementation of new depreciation rates effective with the CL&P distribution rate case settlement agreement.
- The increase at NSTAR Electric was due primarily to higher net plant in service balances, offset by lower distribution depreciation composite rates.
- The decrease at PSNH was due primarily to the sale of the thermal and hydroelectric generation assets in 2018, partially offset by higher distribution depreciation expense.

Amortization of Regulatory Assets/(Liabilities), Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved costs tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets/(Liabilities), Net increased at CL&P, NSTAR Electric and PSNH in 2018, as compared to 2017, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. In addition, the increase at PSNH includes amortization of its securitized regulatory asset of $27.3 million related to the 2018 RRB issuance. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense includes costs for various state energy policy initiatives and expanded energy efficiency programs, the majority of which are recovered from customers in rates and have no impact on earnings. Energy Efficiency Programs expense increased/(decreased) in 2018, as compared to 2017, due primarily to the following:

- The decrease at CL&P was due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $46.8 million in 2018, as compared to $25.4 million in 2017). These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified this amount as Taxes Other than Income Taxes.
- The increase at PSNH was primarily due to an increase in allowed distribution revenue that funded a higher level of expenditures.

Taxes Other Than Income Taxes increased/(decreased) in 2018, as compared to 2017, due primarily to the following:

- The increase at CL&P was due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $46.8 million in 2018, as compared to $25.4 million in 2017), as well as higher property taxes due to higher utility plant balances and higher gross earnings taxes (the costs of which are tracked).
- The increase at NSTAR Electric was due primarily to higher property taxes due to higher utility plant balances.
- The decrease at PSNH was due primarily to the absence of property taxes as a result of the sales of its thermal and hydroelectric generation assets in 2018, and a 2018 refund of disputed property taxes for prior years from the Town of Bow, New Hampshire, partially offset by higher property taxes due to higher utility distribution plant balances.

Interest Expense increased in 2018, as compared to 2017, due primarily to the following:

- The increase at CL&P was due primarily to higher interest on long-term debt as a result of new debt issuances ($6.7 million) and an increase in regulatory deferrals, which increased interest expense ($3.8 million), partially offset by an increase in AFUDC related to debt funds ($1.2 million).
- The increase at PSNH was due primarily to interest on the 2018 RRB issuance ($14.4 million), partially offset by lower interest on long-term debt ($6.4 million).

Other Income, Net increased in 2018, as compared to 2017, due primarily to the following:

- The increase at NSTAR Electric was due to an increase related to pension, SERP and PBOP non-service income components ($16.8 million) and higher AFUDC related to equity funds ($5.4 million), partially offset by investment loss in 2018 compared to investment income in 2017 ($3.1 million), primarily related to officer's life insurance policies.
- The increase at PSNH was due to the recognition of $8.7 million of the equity return component of the carrying charges related to storms incurred from August 2011 through March 2013 recorded in interest income, a gain on the sale of property ($4.4 million), interest income primarily related to the 2018 refund of disputed property taxes for prior years ($2.6 million), and an increase related to pension, SERP and PBOP non-service income components ($4.0 million).

Income Tax Expense decreased in 2018, as compared to 2017, due primarily to the following:

- The decrease at CL&P was due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate income tax rate from 35 percent to 21 percent and lower pre-tax earnings ($90.8 million), partially offset by state taxes ($3.4 million), which includes an increase in a valuation allowance of $2.5 million. Income tax expense increased by return to provision items ($10.9 million), federal tax effect of state reserves and credits ($10.6 million) and by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($8.4 million).
- The decrease at NSTAR Electric was due primarily to the reduction in the federal corporate income tax rate and lower pre-tax earnings ($104.2 million), partially offset by return to provision items ($1.2 million), state taxes ($2.8 million), and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($7.0 million).
- The decrease at PSNH was due primarily to the reduction in the federal corporate income tax rate and lower pre-tax earnings ($44.2 million), items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.3 million), partially offset by state taxes ($4.4 million).

EARNINGS SUMMARY

CL&P's earnings increased $1.0 million in 2018, as compared to 2017, due primarily to the impact of the CL&P base distribution rate increase effective May 1, 2018, higher non-service income from our benefit plans, and an increase in transmission earnings driven by a higher transmission rate base. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act. The earnings increase was partially offset by higher depreciation expense, higher operations and maintenance expense, higher property and other tax expense, and higher interest expense.

NSTAR Electric's earnings increased $8.4 million in 2018, as compared to 2017, due primarily to an increase in transmission earnings driven by a higher transmission rate base, higher non-service income from our benefit plans, and lower distribution depreciation expense. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act. The earnings increase was partially offset by higher property tax expense and higher interest expense.

PSNH's earnings decreased $20.1 million in 2018, as compared to 2017, due primarily to lower generation earnings of $29.7 million as a result of thermal and hydroelectric generation asset sales in 2018, higher operations and maintenance expense, and higher distribution depreciation expense. The earnings decrease was partially offset by an increase in transmission earnings driven by a higher transmission rate base, the recognition of carrying charges on storm costs approved for recovery, a gain on the sale of property, lower property tax expense due to the 2018 refund of disputed property taxes for prior tax years, and higher sales volumes. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act.

LIQUIDITY

Cash Flows: CL&P had cash flows provided by operating activities of $588.1 million in 2018, as compared to $806.3 million in 2017. The decrease in operating cash flows was due primarily to cash payments made in 2018 for storm restoration costs of approximately $142 million, an increase in Pension contributions of $38.7 million, and the timing of collections and payments related to our working capital items, including accounts receivable and accounts payable. Partially offsetting these unfavorable impacts was an increase related to the timing of cash collected for regulatory tracking mechanisms.

NSTAR Electric had cash flows provided by operating activities of $780.5 million in 2018, as compared to $639.3 million in 2017. The increase in operating cash flows was due primarily to the timing of cash collected for regulatory tracking mechanisms, a decrease of $29.0 million in Pension and PBOP contributions, and the timing of payments related to our working capital items, including accounts receivable and accounts payable. Partially offsetting these favorable impacts were cash payments made for storm restoration costs of approximately $90 million, and income tax payments of $120.0 million made in 2018, compared to income tax payments of $95.5 million made in 2017.

PSNH had cash flows provided by operating activities of $213.3 million in 2018, as compared to $300.9 million in 2017. The decrease in operating cash flows was due primarily to the absence of generation operations as a result of the generation asset sales in 2018, and the timing of payments of our working capital items, including accounts payable.

For further information on CL&P's, NSTAR Electric's and PSNH's liquidity and capital resources, see "Liquidity" and "Business Development and Capital Expenditures" included in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the years ended December 31, 2017 and 2016 included in this Annual Report on Form 10-K:

	For the Years Ended December 31,		
(Millions of Dollars)	2017	2016	Increase/(Decrease)
Operating Revenues	$ 7,752.0	$ 7,639.1	$ 112.9
Operating Expenses:			
Purchased Power, Fuel and Transmission	2,535.3	2,500.8	34.5
Operations and Maintenance	1,307.0	1,342.1	(35.1)
Depreciation	773.8	715.5	58.3
Amortization of Regulatory Assets, Net	90.0	71.7	18.3
Energy Efficiency Programs	480.8	533.7	(52.9)
Taxes Other Than Income Taxes	676.8	634.0	42.8
Total Operating Expenses	5,863.7	5,797.8	65.9
Operating Income	1,888.3	1,841.3	47.0
Interest Expense	421.8	401.0	20.8
Other Income, Net	107.9	64.5	43.4
Income Before Income Tax Expense	1,574.4	1,504.8	69.6
Income Tax Expense	578.9	555.0	23.9
Net Income	995.5	949.8	45.7
Net Income Attributable to Noncontrolling Interests	7.5	7.5	—
Net Income Attributable to Common Shareholders	$ 988.0	$ 942.3	$ 45.7

Operating Revenues

A summary of our Operating Revenues by segment was as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2017	2016	Increase/(Decrease)
Electric Distribution	$ 5,542.9	$ 5,594.3	$ (51.4)
Natural Gas Distribution	947.3	857.7	89.6
Electric Transmission	1,301.7	1,210.0	91.7
Other and Eliminations	(39.9)	(22.9)	(17.0)
Total Operating Revenues	$ 7,752.0	$ 7,639.1	$ 112.9

A summary of our retail electric GWh sales volumes and our firm natural gas sales volumes in MMcf and percentage changes was as follows:

	Electric				Firm Natural Gas			
	For the Years Ended December 31,				For the Years Ended December 31,			
	2017 [(1)]	2016	Decrease	Percent	2017 [(1)]	2016	Increase	Percent
Traditional	27,855	28,479	(624)	(2.2)%	46,957	45,314	1,643	3.6%
Decoupled and Natural Gas Special Contracts	24,391	25,163	(772)	(3.1)%	54,069	52,728	1,341	2.5%
Total Sales Volumes	52,246	53,642	(1,396)	(2.6)%	101,026	98,042	2,984	3.0%

(1) The 2017 sales volumes have not been recast in this presentation for comparability between the prior years.

Fluctuations in sales volumes at certain of the electric and natural gas utilities impact earnings ("Traditional" in the table above). Fluctuations in CL&P's, NSTAR Electric's (for a portion of its sales volumes as of December 31, 2017) and NSTAR Gas' sales volumes do not impact the level of base distribution revenue realized or earnings due to the commission-approved revenue decoupling mechanisms ("Decoupled and Natural Gas Special Contracts" in the table above). The revenue decoupling mechanisms permit recovery of a base amount of distribution revenues and breaks the relationship between sales volumes and revenues recognized. Effective February 1, 2018, all of NSTAR Electric's distribution revenues were decoupled as a result of the DPU-approved rate case decision.

Operating Revenues, which primarily consist of base electric and natural gas distribution revenues and tracked revenues further described below, increased by $112.9 million in 2017, as compared to 2016.

Base electric and natural gas distribution revenues: Base electric distribution segment revenues, excluding LBR, decreased $12.3 million in 2017, as compared to 2016, due primarily to a decrease in sales volumes driven by the mild summer weather in 2017 at our non-decoupled electric companies. LBR increased $13.0 million in 2017, as compared to 2016. Effective February 1, 2018, NSTAR Electric no longer has an LBR recovery mechanism. Base natural gas distribution revenues increased $2.9 million in 2017, as compared to 2016. The impact of higher firm natural gas sales volumes, which was driven by colder winter weather in the fourth quarter of 2017, was partially offset by lower demand revenues in Connecticut driven by lower peak usage in 2017, as compared to 2016.

Tracked distribution revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, certain tracked revenues include incentives earned and carrying charges that are billed in rates to customers.

Tracked natural gas distribution segment revenues increased as a result of an increase in natural gas supply costs ($68.7 million) and an increase in energy efficiency program revenues ($18.1 million). Tracked electric distribution revenues decreased as a result of a decrease in electric energy supply costs ($21.7 million), driven by decreased average retail prices and lower sales volumes, a decrease in retail electric transmission charges ($14.8 million), a decrease in transition and stranded cost recovery revenues ($46.2 million), a decrease in pension rate adjustment mechanisms ($21.6 million), a decrease in revenues related to the timing of the sale of PSNH's RECs ($16.3 million), and a decrease in energy efficiency program revenues ($10.4 million). Partially offsetting these decreases were increases in tracked electric distribution revenues related to federally-mandated congestion charges ($30.1 million), net metering revenues ($29.8 million) and revenues related to renewable energy requirements ($41.9 million).

Electric transmission revenues: The electric transmission segment revenues increased by $91.7 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Other: Other revenues decreased due primarily to the sale of Eversource's unregulated telecommunication business on December 31, 2016 ($20.0 million), partially offset by the addition of Aquarion revenues due to the acquisition on December 4, 2017 ($15.9 million).

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity and natural gas on behalf of our customers. These energy supply costs are recovered from customers in rates through commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased in 2017, as compared to 2016, due primarily to the following:

(Millions of Dollars)	**(Decrease)/Increase**	
Electric Distribution	$	(68.9)
Natural Gas Distribution		59.5
Transmission		43.9
Total Purchased Power, Fuel and Transmission	$	34.5

The decrease in purchased power expense at the electric distribution business in 2017, as compared to 2016, was driven primarily by lower prices associated with the procurement of energy supply and lower sales volumes. The increase in purchased power expense at the natural gas distribution business was due to higher average natural gas prices and higher sales volumes. The increase in transmission costs in 2017, as compared to 2016, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and Local Network Service charges, which reflect the cost of transmission service provided by Eversource over our local transmission network. This was partially offset by a decrease in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric and natural gas distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased in 2017, as compared to 2016, due primarily to the following:

(Millions of Dollars)		Increase/(Decrease)
Base Electric Distribution:		
Employee-related expenses, including labor and benefits	$	(46.8)
Bad debt expense		(14.5)
Shared corporate costs (including computer software depreciation at Eversource Service)		24.2
HEEC Boston Harbor distribution cable costs		16.0
Other non-tracked operations and maintenance		7.4
Total Base Electric Distribution		(13.7)
Base Natural Gas Distribution		4.3
Tracked costs (Electric Distribution, Electric Transmission and Natural Gas Distribution):		
Absence in 2017 of earnings benefit related to merger-related costs allowed for recovery through transmission rates		27.5
Other tracked operations and maintenance		(4.4)
Total Tracked costs (Electric Distribution, Electric Transmission and Natural Gas Distribution)		23.1
Other and eliminations:		
Merger-related costs allowed for recovery through NSTAR Electric distribution rates as a result of the November 30, 2017 DPU distribution rate case decision (earnings benefit)		(30.5)
Addition of Aquarion operations and maintenance expenses due to acquisition on December 4, 2017		6.9
Eversource Parent and Other Companies - other operations and maintenance		7.6
Eliminations		(32.8)
Total Operations and Maintenance	$	(35.1)

Depreciation expense increased in 2017, as compared to 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved tracking mechanisms, and the amortization of certain costs. The deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets, Net increased in 2017, as compared to 2016, due primarily to the deferral of energy supply and energy-related costs which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs at the electric and natural gas companies are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense decreased in 2017, as compared to 2016, due primarily to a State of Connecticut policy change impacting CL&P requiring the remittance of $25.4 million of 2017 energy efficiency funds to the State (resulting in these costs being classified as Taxes Other than Income Taxes), and the deferral adjustment at NSTAR Electric. The deferral adjustment reflects the actual costs of energy efficiency programs compared to the estimated amounts billed to customers. The deferral adjusts costs incurred to match energy efficiency revenue billed to customers and the timing of the recovery of energy efficiency costs. The costs for various state energy policy initiatives and expanded energy efficiency programs are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense increased in 2017, as compared to 2016, due primarily to a State of Connecticut policy change requiring $25.4 million of 2017 CL&P energy efficiency costs to be remitted to the State of Connecticut that is included in Taxes Other than Income Taxes, an increase in property taxes as a result of higher utility plant balances, partially offset by a decrease in gross earnings taxes. Gross earnings taxes are recovered from customers in rates and have no impact on earnings.

Interest Expense increased in 2017, as compared to 2016, due primarily to an increase in interest on long-term debt ($30.3 million) as a result of new debt issuances and an increase in interest on notes payable ($5.1 million), partially offset by a decrease in regulatory deferrals, primarily at NSTAR Electric, which decreased interest expense ($14.7 million) due primarily to the November 30, 2017 NSTAR Electric DPU distribution rate case decision which allowed for a higher rate on carrying charges for past storm costs.

Other Income, Net increased in 2017, as compared to 2016, due primarily to increased gains on investments ($27.2 million), primarily related to Eversource's investment in a renewable energy fund, an increase related to pension, SERP and PBOP non-service income components ($11.3 million), changes in the market value related to deferred compensation plans ($8.3 million) and higher AFUDC related to equity funds ($8.2 million). Partially offsetting these favorable impacts was the absence in 2017 of a gain on the sale of an unregulated business in 2016 ($11.8 million) and lower interest income ($3.3 million).

Income Tax Expense increased in 2017, as compared to 2016, due primarily to higher pre-tax earnings ($29.1 million), lower excess tax benefit ($16.2 million), the absence of tax credits in 2017 ($3.5 million), and the impact from federal tax rate change ($0.5 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($11.4 million), the sale of an unregulated business in 2016 ($10.2 million), and lower state taxes ($3.8 million).

EARNINGS SUMMARY

Regulated Companies: Our electric distribution segment earnings increased $34.6 million in 2017, as compared to 2016, due primarily to a lower effective tax rate, lower non-tracked operations and maintenance expense, higher lost base revenues at NSTAR Electric and higher distribution revenues at CL&P due in part to a higher rate base for the system resiliency program, partially offset by higher depreciation expense, lower sales volumes primarily driven by the mild summer weather in 2017, as compared to 2016 (primarily at NSTAR Electric), and higher property tax expense.

Our electric transmission segment earnings increased $21.1 million in 2017, as compared to 2016, due primarily to a higher transmission rate base as a result of our continued investment in our transmission infrastructure, partially offset by the absence in 2017 of the FERC-allowed recovery of certain previously expensed merger-related costs in 2016, and a lower benefit in the second quarter of 2017 related to the annual billing and cost reconciliation filing with the FERC.

Our natural gas distribution segment earnings decreased $3.1 million in 2017, as compared to 2016, due primarily to higher depreciation expense, lower demand revenues in Connecticut driven by lower peak usage in 2017, as compared to 2016, higher non-tracked operations and maintenance expense, and higher property tax expense, partially offset by higher sales volumes driven by colder winter weather in the fourth quarter of 2017, as compared to 2016.

Eversource Parent and Other Companies: Eversource parent and other companies, including our water business, earned $25.3 million in 2017, compared with $31.0 million in 2016. The decrease in earnings was due primarily to a higher effective tax rate, higher interest expense and the absence in 2017 of the earnings and gain on the sale of an unregulated business in 2016. These decreases were partially offset by the 2017 DPU-allowed recovery of certain previously expensed merger-related costs in NSTAR Electric's distribution rates, and increased gains on investments recorded in 2017.

LIQUIDITY

Cash flows provided by operating activities totaled $2.0 billion in 2017, compared with $2.2 billion in 2016. The decrease in operating cash flows was due primarily to the $166.3 million net unfavorable impact as a result of the change in income tax payments made, or refunds received, in 2017 when compared to 2016. This unfavorable impact was primarily the result of the December 2015 legislation, which extended the accelerated deduction of depreciation from 2015 to 2019. The legislation resulted in a significant refund of approximately $275 million, which we received in the first quarter of 2016. Additionally, there was an increase of $84.1 million in Pension and PBOP Plan cash contributions made in 2017, as compared to 2016, a decrease of $59.8 million related to the absence in 2017 of the Yankee Companies' DOE Damages received in 2016, and the unfavorable impact related to the timing of regulatory recoveries, which were significantly impacted by NSTAR Electric's timing of collections of purchased power and transmission costs. Partially offsetting these unfavorable impacts was the benefit related to the timing of collections and payments of our working capital items, including accounts payable.

RESULTS OF OPERATIONS –
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P, NSTAR Electric and PSNH for the years ended December 31, 2017 and 2016 included in this Annual Report on Form 10-K:

	For the Years Ended December 31,								
	CL&P			NSTAR Electric			PSNH		
(Millions of Dollars)	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)
Operating Revenues	$ 2,887.4	$ 2,806.0	$ 81.4	$ 2,980.6	$ 3,041.6	$ (61.0)	$ 981.6	$ 959.5	$ 22.1
Operating Expenses:									
Purchased Power, Fuel and Transmission	930.8	919.7	11.1	1,025.4	1,084.3	(58.9)	237.5	210.8	26.7
Operations and Maintenance	502.2	490.8	11.4	482.9	500.4	(17.5)	263.1	267.1	(4.0)
Depreciation	249.4	230.5	18.9	274.0	259.3	14.7	128.2	116.5	11.7
Amortization of Regulatory Assets/ (Liabilities), Net	83.2	38.8	44.4	33.8	34.3	(0.5)	(16.6)	11.2	(27.8)
Energy Efficiency Programs	114.7	154.0	(39.3)	294.1	321.8	(27.7)	13.8	14.2	(0.4)
Taxes Other Than Income Taxes	323.8	299.7	24.1	182.0	177.8	4.2	89.7	82.9	6.8
Total Operating Expenses	2,204.1	2,133.5	70.6	2,292.2	2,377.9	(85.7)	715.7	702.7	13.0
Operating Income	683.3	672.5	10.8	688.4	663.7	24.7	265.9	256.8	9.1
Interest Expense	143.0	144.1	(1.1)	105.7	108.4	(2.7)	51.0	50.0	1.0
Other Income, Net	23.0	14.2	8.8	34.1	21.3	12.8	9.8	7.5	2.3
Income Before Income Tax Expense	563.3	542.6	20.7	616.8	576.6	40.2	224.7	214.3	10.4
Income Tax Expense	186.6	208.3	(21.7)	242.1	225.8	16.3	88.7	82.3	6.4
Net Income	$ 376.7	$ 334.3	$ 42.4	$ 374.7	$ 350.8	$ 23.9	$ 136.0	$ 132.0	$ 4.0

Operating Revenues
A summary of our retail electric GWh sales volumes was as follows:

	Rate	For the Years Ended December 31,			
	Structure	2017	2016	Decrease	Percent
CL&P	Decoupled	20,950	21,617	(667)	(3.1)%
NSTAR Electric (eastern Massachusetts)	Traditional	20,097	20,619	(522)	(2.5)%
NSTAR Electric (western Massachusetts)	Decoupled	3,441	3,546	(105)	(3.0)%
PSNH	Traditional	7,758	7,860	(102)	(1.3)%

Fluctuations in retail electric sales volumes at certain of the electric utilities impact earnings ("Traditional" in the table above). For others, fluctuations in retail electric sales volumes do not impact earnings due to their regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table above). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized.

In 2017 and 2016, NSTAR Electric operated under two different rate structures based on its service territory geography. For customers that were served in eastern Massachusetts, including metropolitan Boston, Cape Cod and Martha's Vineyard, NSTAR Electric operated using traditional rates. For customers that were served in western Massachusetts, including the metropolitan Springfield region, NSTAR Electric operated using decoupled rates. Effective February 1, 2018, all of NSTAR Electric's distribution revenues were decoupled as a result of the DPU-approved rate decision. See "Regulatory Developments and Rate Matters - Massachusetts - NSTAR Electric Distribution Rate Case Decision" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

CL&P and NSTAR Electric (for its western Massachusetts customer rates) reconcile their annual base distribution rate recovery amounts to their pre-established levels of baseline distribution delivery service revenues of $1.059 billion and $132.4 million, respectively, through December 31, 2017. Effective February 1, 2018, NSTAR Electric, operating entirely under decoupled rates, will reconcile its annual base distribution rate recovery to its new baseline of $974.8 million. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased/(decreased) in 2017, as compared to 2016 as follows:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Operating Revenues	$ 81.4	$ (61.0)	$ 22.1

Base Distribution Revenues, with changes that impact earnings:

- NSTAR Electric's base distribution revenues, excluding LBR, decreased $10.8 million in 2017, as compared to 2016, as a result of lower sales volumes driven by the mild summer weather in 2017. LBR increased $13.0 million in 2017, as compared to 2016. Effective February 1, 2018, NSTAR Electric no longer has an LBR mechanism.
- PSNH's base distribution revenues decreased $1.5 million in 2017, as compared to 2016, as a result of lower sales volumes driven by the mild summer weather in 2017.

Tracked Revenues: Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through commission-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked revenues increased/(decreased) in 2017, as compared to 2016, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Energy supply procurement	$ 18.8	$ (50.8)	$ 10.3
All other distribution tracking mechanisms	35.0	(33.7)	(12.7)

Transmission Revenues: Transmission revenues increased by $34.2 million, $31.0 million and $26.5 million at CL&P, NSTAR Electric and PSNH, respectively, due primarily to higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P, NSTAR Electric and PSNH's customers. For PSNH, these costs also include PSNH's generation of electricity. These energy supply costs are recovered from customers in commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased/(decreased) in 2017, as compared to 2016, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Purchased Power Costs	$ (41.4)	$ (27.9)	$ 3.7
Transmission Costs	52.5	(31.0)	23.0
Total Purchased Power, Fuel and Transmission	$ 11.1	$ (58.9)	$ 26.7

Purchased Power Costs: Included in purchased power costs are the costs associated with certain energy supply tracking mechanisms and deferred energy supply costs. Energy supply tracking mechanisms recover energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. In order to meet the demand of customers who have not migrated to third party suppliers, PSNH procures power through power supply contracts and spot purchases in the competitive New England wholesale power market and/or produces power through its own generation. The increase/(decrease) in purchased power costs in 2017, as compared to 2016, was due primarily to the following:

- The decrease at CL&P was due primarily to a decrease in the price of standard offer supply associated with the GSC.
- The decrease at NSTAR Electric was due primarily to lower prices associated with the procurement of energy supply, lower sales volumes and the expiration of certain purchase power agreements.
- The increase at PSNH was due primarily to higher purchased power energy expenses that are recovered as a component of the Energy Service rate, and Regional Greenhouse Gas Initiative related expenses recovered in the SCRC.

Transmission Costs: Included in transmission costs are charges that recover the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market. The increase/(decrease) in transmission costs in 2017, as compared to 2016, was due primarily to the following:

- The increase at CL&P was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, Local Network Service charges, which reflect the cost of transmission service, and the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers.
- The decrease at NSTAR Electric was primarily the result of a decrease in the retail transmission cost deferral. This was partially offset by an increase in costs billed by ISO-NE.
- The increase at PSNH was primarily the result of increases in costs billed by ISO-NE, Local Network Service charges, and the retail transmission cost deferral.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) in 2017, as compared to 2016, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Base Electric Distribution (Non-Tracked Costs):			
Employee-related expenses, including labor and benefits	$ (4.0)	$ (36.6)	$ (6.2)
Bad debt expense	(6.8)	(7.5)	(0.2)
Shared corporate costs (including computer software depreciation at Eversource Service)	7.8	12.6	3.8
HEEC Boston Harbor distribution cable costs	—	16.0	—
Other non-tracked operations and maintenance	8.8	0.6	(2.0)
Total Base Electric Distribution (Non-Tracked Costs)	5.8	(14.9)	(4.6)
Tracked Costs:			
Employee-related expenses, including labor and benefits	1.9	(7.5)	(1.0)
Other tracked operations and maintenance	3.7	4.9	1.6
Total Tracked Costs	5.6	(2.6)	0.6
Total Operations and Maintenance	$ 11.4	$ (17.5)	$ (4.0)

Depreciation increased at CL&P, NSTAR Electric and PSNH in 2017, as compared to 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets/(Liabilities), Net expense includes the deferral of energy supply and energy-related costs and the amortization of storm and other costs. Amortization of Regulatory Assets/(Liabilities), Net increased at CL&P and decreased for both NSTAR Electric and PSNH in 2017, as compared to 2016, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. The deferral adjusts expense to match the corresponding revenues. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense includes costs for various state policy initiatives and are recovered from customers in rates and have no impact on earnings. Energy Efficiency Programs expense decreased in 2017, as compared to 2016, due primarily to the following:

- The decrease at CL&P is due primarily to a State of Connecticut policy change requiring the remittance of $25.4 million of 2017 energy efficiency funds to the State. These amounts collected from customers were reclassified to Taxes Other than Income Taxes.
- The decrease at NSTAR Electric is due to the deferral adjustment, which reflects the actual cost of energy efficiency programs compared to the estimated amounts billed to customers and the timing of the recovery of energy efficiency costs. The deferral adjusts costs to match energy efficiency revenue billed to customers.

Taxes Other Than Income Taxes increased in 2017, as compared to 2016, due primarily to the following:

- The increase at CL&P is due primarily to a State of Connecticut policy change requiring the remittance of $25.4 million of 2017 energy efficiency funds to the State and higher utility plant balances, partially offset by a decrease in gross earnings taxes. Gross earnings taxes are recovered from customers in rates and have no impact on earnings.
- The increase at NSTAR Electric is due primarily to higher property taxes resulting from disallowed costs in the November 30, 2017 NSTAR Electric DPU distribution rate case decision and higher employee-related payroll taxes, partially offset by a decrease in property tax rates in Boston.
- The increase at PSNH is due to an increase in property taxes as a result of higher utility plant balances.

Interest Expense at NSTAR Electric decreased in 2017, as compared to 2016, due primarily to lower deferred regulatory interest expense ($14.0 million), primarily as a result of the November 30, 2017 NSTAR Electric DPU distribution rate case decision, which allowed for a higher interest rate on carrying charges for past storm costs, partially offset by an increase in interest on long-term debt ($9.6 million).

Other Income, Net increased in 2017, as compared to 2016, due primarily to the following:

- The increase at CL&P is due to higher AFUDC related to equity funds ($5.9 million) and market value changes related to the deferred compensation plans ($6.3 million), partially offset by lower interest income ($4.4 million).
- The increase at NSTAR Electric is due to an increase related to pension, SERP and PBOP non-service income components ($8.7 million), market value changes related to the deferred compensation plans ($1.6 million), an increase in amounts related to officer life insurance policies ($1.3 million) and an increase in interest income ($1.2 million).
- The increase at PSNH is due to market value changes related to the deferred compensation plans ($1.5 million).

Income Tax Expense increased/(decreased) in 2017, as compared to 2016, due primarily to the following:

- The decrease at CL&P is due primarily to the tax reform impacts on the federal tax effect of state reserves and credits ($10.7 million), items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($10.1 million), the true up of the return to provision impacts ($2.6 million), and lower state taxes ($5.5 million), partially offset by higher pre-tax earnings ($7.2 million).
- The increase at NSTAR Electric is due primarily to higher pre-tax earnings ($14.5 million), higher state taxes ($2.4 million), partially offset by items that impact our tax rate as a result of flow-through items and permanent differences ($0.6 million).
- The increase at PSNH is due primarily to higher pre-tax earnings ($3.6 million) and the absence of tax credits in 2017 ($3.5 million), partially offset by items that impact our tax rate as a result of flow-through items and permanent differences ($0.7 million).

EARNINGS SUMMARY

CL&P's earnings increased $42.4 million in 2017, as compared to 2016, due primarily to a lower effective tax rate, an increase in transmission earnings driven by a higher transmission rate base, and higher distribution revenues due in part to a higher rate base for the system resiliency program. These favorable earnings impacts were partially offset by higher depreciation expense, higher operations and maintenance expense, and higher property tax expense.

NSTAR Electric's earnings increased $23.9 million in 2017, as compared to 2016, due primarily to higher distribution revenues related to lost base revenues, net metering and the PAM, lower operations and maintenance expense, lower interest expense as a result of the November 30, 2017 NSTAR Electric distribution rate case decision, and an increase in transmission earnings driven by a higher transmission rate base. These favorable earnings impacts were partially offset by lower sales volumes driven by the mild summer weather in 2017, higher depreciation expense, and higher property tax expense.

PSNH's earnings increased $4.0 million in 2017, as compared to 2016, due primarily to an increase in transmission earnings driven by a higher transmission rate base and lower operations and maintenance expense. These favorable earnings impacts were partially offset by lower generation earnings, higher depreciation expense, higher property tax expense, lower sales volumes driven by the mild summer weather in 2017, and a higher effective tax rate.

LIQUIDITY

Cash Flows: CL&P had cash flows provided by operating activities of $806.3 million in 2017, compared with $812.2 million in 2016. The decrease in operating cash flows was due primarily to income tax payments of $68.8 million made in 2017, compared to the income tax refunds of $73.9 million received in 2016. Partially offsetting this decrease was the timing of regulatory recoveries, an increase in distribution rates due to higher rate base, and the timing of collections and payments related to our working capital items.

NSTAR Electric had cash flows provided by operating activities of $639.3 million in 2017, as compared to $812.1 million in 2016. The decrease in operating cash flows was due primarily to a decrease in regulatory recoveries, which were significantly impacted by the timing of collections of purchased power and transmission costs, an increase of $53.4 million in Pension and PBOP Plan cash contributions and an increase of $29.5 million in income tax payments made in 2017, compared to 2016. Also contributing to the decrease was the timing of working capital items, including accounts payable and inventory.

PSNH had cash flows provided by operating activities of $300.9 million in 2017, as compared to $360.7 million in 2016. The decrease in operating cash flows was due primarily to the income tax payments of $26.1 million made in 2017, compared to the income tax refunds of $36.0 million received in 2016 and the unfavorable impacts related to the timing of regulatory recoveries. Partially offsetting these decreases were the timing of collections and payments of our working capital items, including accounts payable and inventory, and a $16.3 million decrease in Pension Plan cash contributions.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risk Information

Commodity Price Risk Management: Our regulated companies enter into energy contracts to serve our customers and the economic impacts of those contracts are passed on to our customers. Accordingly, the regulated companies have no exposure to loss of future earnings or fair values due to these market risk-sensitive instruments. Eversource's Energy Supply Risk Committee, comprised of senior officers, reviews and approves all large-scale energy related transactions entered into by its regulated companies.

Other Risk Management Activities

We have an Enterprise Risk Management (ERM) program for identifying the principal risks of the Company. Our ERM program involves the application of a well-defined, enterprise-wide methodology designed to allow our Risk Committee, comprised of our senior officers and directors of the Company, to identify, categorize, prioritize, and mitigate the principal risks to the Company. The ERM program is integrated with other assurance functions throughout the Company including Compliance, Auditing, and Insurance to ensure appropriate coverage of risks that could impact the Company. In addition to known risks, ERM identifies emerging risks to the Company, through participation in industry groups, discussions with management and in consultation with outside advisers. Our management then analyzes risks to determine materiality, likelihood and impact, and develops mitigation strategies. Management broadly considers our business model, the utility industry, the global economy and the current environment to identify risks. The Finance Committee of the Board of Trustees is responsible for oversight of the Company's ERM program and enterprise-wide risks as well as specific risks associated with insurance, credit, financing, investments, pensions and overall system security including cyber security. The findings of the ERM process are periodically discussed with the Finance Committee of our Board of Trustees, as well as with other Board Committees or the full Board of Trustees, as appropriate, including reporting on how these issues are being measured and managed. However, there can be no assurances that the ERM process will identify or manage every risk or event that could impact our financial position, results of operations or cash flows.

Interest Rate Risk Management: We manage our interest rate risk exposure in accordance with our written policies and procedures by maintaining a mix of fixed and variable rate long-term debt. As of December 31, 2018, all of our long-term debt except for $39.5 million of fees and interest due for CYAPC's spent nuclear fuel disposal costs, was at a fixed interest rate.

Credit Risk Management: Credit risk relates to the risk of loss that we would incur as a result of non-performance by counterparties pursuant to the terms of our contractual obligations. We serve a wide variety of customers and transact with suppliers that include IPPs, industrial companies, natural gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and we realize interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms that, in turn, require us to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by our risk management process.

Our regulated companies are subject to credit risk from certain long-term or high-volume supply contracts with energy marketing companies. Our regulated companies manage the credit risk with these counterparties in accordance with established credit risk practices and monitor contracting risks, including credit risk. As of December 31, 2018, our regulated companies did not hold collateral (letters of credit) from counterparties related to our standard service contracts. As of December 31, 2018, Eversource had $24.8 million of cash posted with ISO-NE related to energy transactions.

For further information on cash collateral deposited and posted with counterparties, see Note 1P, "Summary of Significant Accounting Policies - Supplemental Cash Flow Information," to the financial statements.

If the respective unsecured debt ratings of Eversource or its subsidiaries were reduced to below investment grade by either Moody's or S&P, certain of Eversource's contracts would require additional collateral in the form of cash to be provided to counterparties and independent system operators. Eversource would have been and remains able to provide that collateral.

Item 8. Financial Statements and Supplementary Data

Company Report on Internal Controls Over Financial Reporting

Eversource Energy

Management is responsible for the preparation, integrity, and fair presentation of the accompanying consolidated financial statements of Eversource Energy and subsidiaries (Eversource or the Company) and of other sections of this annual report. Eversource's internal controls over financial reporting were audited by Deloitte & Touche LLP.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment.

Under the supervision and with the participation of the principal executive officer and principal financial officer, Eversource conducted an evaluation of the effectiveness of internal controls over financial reporting based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting were effective as of December 31, 2018.

February 26, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of Eversource Energy:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Eversource Energy and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, common shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedules listed in the Index at Item 15 of Part IV (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Company Report on Internal Controls Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 26, 2019

We have served as the Company's auditor since 2002.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)	As of December 31, 2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 108,068	$ 38,165
Receivables, Net	994,055	925,083
Unbilled Revenues	176,285	201,361
Fuel, Materials, Supplies and Inventory	238,042	223,063
Regulatory Assets	514,779	741,868
Prepayments and Other Current Assets	260,995	138,009
Assets Held for Sale	—	219,550
Total Current Assets	2,292,224	2,487,099
Property, Plant and Equipment, Net	25,610,428	23,617,463
Deferred Debits and Other Assets:		
Regulatory Assets	4,631,137	4,497,447
Goodwill	4,427,266	4,427,266
Marketable Securities	417,508	585,419
Other Long-Term Assets	862,693	605,692
Total Deferred Debits and Other Assets	10,338,604	10,115,824
Total Assets	$ 38,241,256	$ 36,220,386
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 910,000	$ 1,088,087
Long-Term Debt – Current Portion	837,319	549,631
Rate Reduction Bonds – Current Portion	52,332	—
Accounts Payable	1,119,995	1,085,034
Regulatory Liabilities	370,230	128,071
Other Current Liabilities	823,006	738,222
Total Current Liabilities	4,112,882	3,589,045
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	3,506,030	3,297,518
Regulatory Liabilities	3,609,475	3,637,273
Derivative Liabilities	379,562	377,257
Accrued Pension, SERP and PBOP	962,510	1,228,091
Other Long-Term Liabilities	1,196,336	1,073,501
Total Deferred Credits and Other Liabilities	9,653,913	9,613,640
Long-Term Debt	12,248,743	11,775,889
Rate Reduction Bonds	583,331	—
Noncontrolling Interest - Preferred Stock of Subsidiaries	155,570	155,570
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid In	6,241,222	6,239,940
Retained Earnings	3,953,974	3,561,084
Accumulated Other Comprehensive Loss	(60,000)	(66,403)
Treasury Stock	(317,771)	(317,771)
Common Shareholders' Equity	11,486,817	11,086,242
Commitments and Contingencies (Note 12)		
Total Liabilities and Capitalization	$ 38,241,256	$ 36,220,386

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the Years Ended December 31,		
(Thousands of Dollars, Except Share Information)	2018	2017	2016
Operating Revenues	$ 8,448,201	$ 7,751,952	$ 7,639,129
Operating Expenses:			
Purchased Power, Fuel and Transmission	3,138,969	2,535,271	2,500,828
Operations and Maintenance	1,335,213	1,307,052	1,342,134
Depreciation	819,930	773,802	715,466
Amortization	252,026	89,986	71,696
Energy Efficiency Programs	472,380	480,835	533,659
Taxes Other Than Income Taxes	729,753	676,757	634,072
Total Operating Expenses	6,748,271	5,863,703	5,797,855
Operating Income	1,699,930	1,888,249	1,841,274
Interest Expense	498,805	421,755	400,961
Other Income, Net	128,366	107,913	64,505
Income Before Income Tax Expense	1,329,491	1,574,407	1,504,818
Income Tax Expense	288,972	578,892	554,997
Net Income	1,040,519	995,515	949,821
Net Income Attributable to Noncontrolling Interests	7,519	7,519	7,519
Net Income Attributable to Common Shareholders	$ 1,033,000	$ 987,996	$ 942,302
Basic Earnings Per Common Share	$ 3.25	$ 3.11	$ 2.97
Diluted Earnings Per Common Share	$ 3.25	$ 3.11	$ 2.96
Weighted Average Common Shares Outstanding:			
Basic	317,370,369	317,411,097	317,650,180
Diluted	317,993,934	318,031,580	318,454,239

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Years Ended December 31,		
(Thousands of Dollars, Except Share Information)	2018	2017	2016
Net Income	$ 1,040,519	$ 995,515	$ 949,821
Other Comprehensive Income/(Loss), Net of Tax:			
Qualified Cash Flow Hedging Instruments	1,756	1,974	2,137
Changes in Unrealized (Losses)/Gains on Marketable Securities	(547)	(350)	2,294
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	5,194	(2,745)	(2,869)
Other Comprehensive Income/(Loss), Net of Tax	6,403	(1,121)	1,562
Comprehensive Income Attributable to Noncontrolling Interests	(7,519)	(7,519)	(7,519)
Comprehensive Income Attributable to Common Shareholders	$ 1,039,403	$ 986,875	$ 943,864

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

	Common Shares						
(Thousands of Dollars, Except Share Information)	Shares	Amount	Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Common Shareholders' Equity
Balance as of January 1, 2016	317,191,249	$ 1,669,313	$ 6,262,368	$ 2,797,355	$ (66,844)	$ (309,977)	$ 10,352,215
Net Income				949,821			949,821
Dividends on Common Shares - $1.78 Per Share				(564,486)			(564,486)
Dividends on Preferred Stock				(7,519)			(7,519)
Issuance of Common Shares, $5 Par Value	15,787	79	(5,639)				(5,560)
Long-Term Incentive Plan Activity			(6,056)				(6,056)
Increase in Treasury Shares	(321,228)					(7,794)	(7,794)
Other Changes in Shareholders' Equity			(449)				(449)
Other Comprehensive Income					1,562		1,562
Balance as of December 31, 2016	316,885,808	1,669,392	6,250,224	3,175,171	(65,282)	(317,771)	10,711,734
Net Income				995,515			995,515
Dividends on Common Shares - $1.90 Per Share				(602,083)			(602,083)
Dividends on Preferred Stock				(7,519)			(7,519)
Long-Term Incentive Plan Activity			(10,834)				(10,834)
Other Changes in Shareholders' Equity			550				550
Other Comprehensive Loss					(1,121)		(1,121)
Balance as of December 31, 2017	316,885,808	1,669,392	6,239,940	3,561,084	(66,403)	(317,771)	11,086,242
Net Income				1,040,519			1,040,519
Dividends on Common Shares - $2.02 Per Share				(640,110)			(640,110)
Dividends on Preferred Stock				(7,519)			(7,519)
Long-Term Incentive Plan Activity			(543)				(543)
Other Changes in Shareholders' Equity			1,825				1,825
Other Comprehensive Income					6,403		6,403
Balance as of December 31, 2018	316,885,808	$ 1,669,392	$ 6,241,222	$ 3,953,974	$ (60,000)	$ (317,771)	$ 11,486,817

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Operating Activities:			
Net Income	$ 1,040,519	$ 995,515	$ 949,821
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:			
Depreciation	819,930	773,802	715,466
Deferred Income Taxes	174,812	491,630	466,463
Bad Debt Expense	61,337	44,453	69,466
Pension, SERP and PBOP Expense, Net	5,498	22,454	39,912
Pension and PBOP Contributions	(194,947)	(242,800)	(158,741)
Regulatory Over/(Under) Recoveries, Net	34,920	(47,935)	13,340
Amortization	252,026	89,986	71,696
(Payments)/Refunds Related to Spent Nuclear Fuel, Net	(145,000)	—	59,804
Other	(111,225)	(204,421)	(118,195)
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(141,433)	(117,155)	(142,699)
Fuel, Materials, Supplies and Inventory	(831)	(9,223)	7,755
Taxes Receivable/Accrued, Net	(67,770)	52,284	234,543
Accounts Payable	(22,084)	56,067	(14,126)
Other Current Assets and Liabilities, Net	78,226	91,545	13,737
Net Cash Flows Provided by Operating Activities	1,783,978	1,996,202	2,208,242
Investing Activities:			
Investments in Property, Plant and Equipment	(2,523,371)	(2,348,105)	(1,976,867)
Proceeds from Sales of Marketable Securities	900,749	832,903	659,338
Proceeds from Sales of Marketable Securities Used to Pay Spent Nuclear Fuel Obligation	145,000	—	—
Purchases of Marketable Securities	(908,387)	(810,507)	(681,272)
Acquisition of Aquarion	—	(877,652)	—
Payments to Acquire Investments	(205,150)	(32,634)	(188,958)
Proceeds from the Sale of PSNH Generation Assets	193,924	—	—
Other Investing Activities	6,754	5,479	36,211
Net Cash Flows Used in Investing Activities	(2,390,481)	(3,230,516)	(2,151,548)
Financing Activities:			
Cash Dividends on Common Shares	(640,110)	(602,083)	(564,486)
Cash Dividends on Preferred Stock	(7,519)	(7,519)	(7,519)
(Decrease)/Increase in Notes Payable	(379,310)	72,810	(12,453)
Issuance of Rate Reduction Bonds	635,663	—	—
Issuance of Long-Term Debt	2,200,000	2,500,000	800,000
Retirements of Long-Term Debt	(1,050,330)	(745,000)	(200,000)
Other Financing Activities	(28,457)	(4,754)	(33,482)
Net Cash Flows Provided by/(Used in) Financing Activities	729,937	1,213,454	(17,940)
Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	123,434	(20,860)	38,754
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	85,890	106,750	67,996
Cash, Cash Equivalents and Restricted Cash - End of Year	$ 209,324	$ 85,890	$ 106,750

The accompanying notes are an integral part of these consolidated financial statements.

Company Report on Internal Controls Over Financial Reporting

The Connecticut Light and Power Company

Management is responsible for the preparation, integrity, and fair presentation of the accompanying financial statements of The Connecticut Light and Power Company (CL&P or the Company) and of other sections of this annual report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment.

Under the supervision and with the participation of the principal executive officer and principal financial officer, CL&P conducted an evaluation of the effectiveness of internal controls over financial reporting based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting were effective as of December 31, 2018.

February 26, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of The Connecticut Light and Power Company:

Opinion on the Financial Statements

We have audited the accompanying balance sheets of The Connecticut Light and Power Company (the "Company") as of December 31, 2018 and 2017, the related statements of income, comprehensive income, common stockholder's equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedule listed in the Index at Item 15 of Part IV (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 26, 2019

We have served as the Company's auditor since 2002.

THE CONNECTICUT LIGHT AND POWER COMPANY
BALANCE SHEETS

(Thousands of Dollars)	As of December 31, 2018	2017
ASSETS		
Current Assets:		
Cash	$ 87,721	$ 6,028
Receivables, Net	397,026	370,676
Accounts Receivable from Affiliated Companies	23,082	28,181
Unbilled Revenues	56,971	54,154
Materials, Supplies and Inventory	44,529	48,438
Regulatory Assets	125,155	200,281
Prepayments and Other Current Assets	60,279	46,926
Total Current Assets	794,763	754,684
Property, Plant and Equipment, Net	8,909,701	8,271,030
Deferred Debits and Other Assets:		
Regulatory Assets	1,505,488	1,444,935
Other Long-Term Assets	199,767	159,597
Total Deferred Debits and Other Assets	1,705,255	1,604,532
Total Assets	$ 11,409,719	$ 10,630,246
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ —	$ 69,500
Long-Term Debt – Current Portion	250,000	300,000
Accounts Payable	324,983	367,605
Accounts Payable to Affiliated Companies	26,452	82,201
Obligations to Third Party Suppliers	56,248	52,860
Regulatory Liabilities	109,614	38,967
Derivative Liabilities	55,058	54,392
Other Current Liabilities	161,088	127,234
Total Current Liabilities	983,443	1,092,759
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,166,784	1,103,367
Regulatory Liabilities	1,122,157	1,112,136
Derivative Liabilities	379,536	376,918
Accrued Pension, SERP and PBOP	282,771	354,469
Other Long-Term Liabilities	155,495	128,135
Total Deferred Credits and Other Liabilities	3,106,743	3,075,025
Long-Term Debt	3,004,016	2,759,135
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	2,410,765	2,110,765
Retained Earnings	1,727,899	1,415,741
Accumulated Other Comprehensive Income	301	269
Common Stockholder's Equity	4,199,317	3,587,127
Commitments and Contingencies (Note 12)		
Total Liabilities and Capitalization	$ 11,409,719	$ 10,630,246

The accompanying notes are an integral part of these financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
STATEMENTS OF INCOME

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Operating Revenues	$ 3,096,174	$ 2,887,359	$ 2,805,955
Operating Expenses:			
Purchased Power and Transmission	1,095,187	930,780	919,723
Operations and Maintenance	506,448	502,107	490,810
Depreciation	278,557	249,352	230,489
Amortization of Regulatory Assets, Net	129,021	83,166	38,765
Energy Efficiency Programs	93,977	114,713	154,015
Taxes Other Than Income Taxes	357,147	323,887	299,719
Total Operating Expenses	2,460,337	2,204,005	2,133,521
Operating Income	635,837	683,354	672,434
Interest Expense	151,727	142,973	144,110
Other Income, Net	22,663	22,991	14,238
Income Before Income Tax Expense	506,773	563,372	542,562
Income Tax Expense	129,056	186,646	208,308
Net Income	$ 377,717	$ 376,726	$ 334,254

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Net Income	$ 377,717	$ 376,726	$ 334,254
Other Comprehensive Income, Net of Tax:			
Qualified Cash Flow Hedging Instruments	51	334	444
Changes in Unrealized (Losses)/Gains on Marketable Securities	(19)	(12)	79
Other Comprehensive Income, Net of Tax	32	322	523
Comprehensive Income	$ 377,749	$ 377,048	$ 334,777

The accompanying notes are an integral part of these financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Common Stock		Capital		Accumulated	Total
(Thousands of Dollars, Except Stock Information)	Stock	Amount	Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive (Loss)/Income	Total Common Stockholder's Equity
Balance as of January 1, 2016	6,035,205	$ 60,352	$ 1,910,663	$ 1,170,278	$ (576)	$ 3,140,717
Net Income				334,254		334,254
Dividends on Preferred Stock				(5,559)		(5,559)
Dividends on Common Stock				(199,599)		(199,599)
Capital Stock Expenses, Net			51			51
Capital Contributions from Eversource Parent			200,000			200,000
Other Comprehensive Income					523	523
Balance as of December 31, 2016	6,035,205	60,352	2,110,714	1,299,374	(53)	3,470,387
Net Income				376,726		376,726
Dividends on Preferred Stock				(5,559)		(5,559)
Dividends on Common Stock				(254,800)		(254,800)
Capital Stock Expenses, Net			51			51
Other Comprehensive Income					322	322
Balance as of December 31, 2017	6,035,205	60,352	2,110,765	1,415,741	269	3,587,127
Net Income				377,717		377,717
Dividends on Preferred Stock				(5,559)		(5,559)
Dividends on Common Stock				(60,000)		(60,000)
Capital Contributions from Eversource Parent			300,000			300,000
Other Comprehensive Income					32	32
Balance as of December 31, 2018	6,035,205	$ 60,352	$ 2,410,765	$ 1,727,899	$ 301	$ 4,199,317

The accompanying notes are an integral part of these financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Operating Activities:			
Net Income	$ 377,717	$ 376,726	$ 334,254
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:			
Depreciation	278,557	249,352	230,489
Deferred Income Taxes	54,859	119,295	168,919
Bad Debt Expense	15,831	5,312	17,572
Pension, SERP and PBOP Expense	8,943	9,909	7,328
Pension Contributions	(41,150)	(2,500)	(380)
Regulatory Underrecoveries, Net	(53,372)	(8,017)	(68,730)
Amortization of Regulatory Assets, Net	129,021	83,166	38,765
Other	(69,786)	(42,973)	(36,245)
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(67,334)	(47,768)	3,229
Materials, Supplies and Inventory	3,909	3,612	(8,926)
Taxes Receivable/Accrued, Net	8,954	(9,688)	123,692
Accounts Payable	(76,924)	48,032	3,252
Other Current Assets and Liabilities, Net	18,846	21,860	(1,065)
Net Cash Flows Provided by Operating Activities	588,071	806,318	812,154
Investing Activities:			
Investments in Property, Plant and Equipment	(864,136)	(824,383)	(611,984)
Proceeds from the Sale of Property, Plant and Equipment	—	—	9,047
Other Investing Activities	209	236	296
Net Cash Flows Used in Investing Activities	(863,927)	(824,147)	(602,641)
Financing Activities:			
Cash Dividends on Common Stock	(60,000)	(254,800)	(199,599)
Cash Dividends on Preferred Stock	(5,559)	(5,559)	(5,559)
Decrease in Notes Payable to Eversource Parent	(69,500)	(10,600)	(197,300)
Issuance of Long-Term Debt	500,000	525,000	—
Retirements of Long-Term Debt	(300,000)	(250,000)	—
Capital Contributions from Eversource Parent	300,000	—	200,000
Other Financing Activities	(7,091)	15,004	(857)
Net Cash Flows Provided by/(Used in) Financing Activities	357,850	19,045	(203,315)
Net Increase in Cash and Restricted Cash	81,994	1,216	6,198
Cash and Restricted Cash - Beginning of Year	9,619	8,403	2,205
Cash and Restricted Cash - End of Year	$ 91,613	$ 9,619	$ 8,403

The accompanying notes are an integral part of these financial statements.

Company Report on Internal Controls Over Financial Reporting

NSTAR Electric Company

Management is responsible for the preparation, integrity, and fair presentation of the accompanying consolidated financial statements of NSTAR Electric Company and subsidiary (NSTAR Electric or the Company) and of other sections of this annual report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment.

Under the supervision and with the participation of the principal executive officer and principal financial officer, NSTAR Electric conducted an evaluation of the effectiveness of internal controls over financial reporting based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting were effective as of December 31, 2018.

February 26, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of NSTAR Electric Company:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NSTAR Electric Company and subsidiary (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, common stockholder's equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedule listed in the Index at Item 15 of Part IV (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 26, 2019

We have served as the Company's auditor since 2012.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)	As of December 31, 2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,606	$ 1,763
Receivables, Net	361,296	341,341
Accounts Receivable from Affiliated Companies	31,344	40,723
Unbilled Revenues	34,518	49,865
Materials, Supplies and Inventory	114,202	95,517
Regulatory Assets	241,747	333,882
Prepayments and Other Current Assets	51,960	24,499
Total Current Assets	836,673	887,590
Property, Plant and Equipment, Net	8,794,700	8,246,494
Deferred Debits and Other Assets:		
Regulatory Assets	1,196,512	1,190,575
Prepaid PBOP	132,810	126,948
Other Long-Term Assets	109,764	84,766
Total Deferred Debits and Other Assets	1,439,086	1,402,289
Total Assets	$ 11,070,459	$ 10,536,373
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 278,500	$ 234,000
Accounts Payable	384,398	340,115
Accounts Payable to Affiliated Companies	89,636	91,260
Obligations to Third Party Suppliers	109,547	88,721
Renewable Portfolio Standards Compliance Obligations	139,898	111,524
Regulatory Liabilities	190,620	79,562
Other Current Liabilities	74,872	79,916
Total Current Liabilities	1,267,471	1,025,098
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,294,467	1,275,814
Regulatory Liabilities	1,513,279	1,514,451
Accrued Pension and SERP	14,145	89,995
Other Long-Term Liabilities	263,096	198,176
Total Deferred Credits and Other Liabilities	3,084,987	3,078,436
Long-Term Debt	2,944,846	2,943,759
Preferred Stock Not Subject to Mandatory Redemption	43,000	43,000
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	1,633,442	1,502,942
Retained Earnings	2,098,091	1,944,961
Accumulated Other Comprehensive Loss	(1,378)	(1,823)
Common Stockholder's Equity	3,730,155	3,446,080
Commitments and Contingencies (Note 12)		
Total Liabilities and Capitalization	$ 11,070,459	$ 10,536,373

The accompanying notes are an integral part of these consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Operating Revenues	$ 3,112,926	$ 2,980,629	$ 3,041,588
Operating Expenses:			
Purchased Power and Transmission	1,257,073	1,025,414	1,084,324
Operations and Maintenance	462,100	482,924	500,315
Depreciation	276,372	274,008	259,262
Amortization of Regulatory Assets, Net	46,654	33,831	34,332
Energy Efficiency Programs	292,288	294,053	321,787
Taxes Other Than Income Taxes	194,316	181,959	177,837
Total Operating Expenses	2,528,803	2,292,189	2,377,857
Operating Income	584,123	688,440	663,731
Interest Expense	105,193	105,729	108,428
Other Income, Net	53,066	34,100	21,263
Income Before Income Tax Expense	531,996	616,811	576,566
Income Tax Expense	148,906	242,085	225,789
Net Income	$ 383,090	$ 374,726	$ 350,777

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Net Income	$ 383,090	$ 374,726	$ 350,777
Other Comprehensive Income, Net of Tax:			
Changes in Funded Status of SERP Benefit Plan	13	(264)	(177)
Qualified Cash Flow Hedging Instruments	437	438	437
Changes in Unrealized (Losses)/Gains on Marketable Securities	(5)	(3)	22
Other Comprehensive Income, Net of Tax	445	171	282
Comprehensive Income	$ 383,535	$ 374,897	$ 351,059

The accompanying notes are an integral part of these consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Common Stock		Capital		Accumulated	Total
(Thousands of Dollars, Except Stock Information)	Stock	Amount	Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stockholder's Equity
Balance as of January 1, 2016	200	$ —	$ 1,397,642	$ 1,811,678	$ (2,276)	$ 3,207,044
Net Income				350,777		350,777
Dividends on Preferred Stock				(1,960)		(1,960)
Dividends on Common Stock				(316,300)		(316,300)
Capital Contributions from Eversource Parent			103,000			103,000
Other Comprehensive Income					282	282
Balance as of December 31, 2016	200	—	1,500,642	1,844,195	(1,994)	3,342,843
Net Income				374,726		374,726
Dividends on Preferred Stock				(1,960)		(1,960)
Dividends on Common Stock				(272,000)		(272,000)
Capital Contributions from Eversource Parent			2,300			2,300
Other Comprehensive Income					171	171
Balance as of December 31, 2017	200	—	1,502,942	1,944,961	(1,823)	3,446,080
Net Income				383,090		383,090
Dividends on Preferred Stock				(1,960)		(1,960)
Dividends on Common Stock				(228,000)		(228,000)
Capital Contributions from Eversource Parent			130,500			130,500
Other Comprehensive Income					445	445
Balance as of December 31, 2018	200	$ —	$ 1,633,442	$ 2,098,091	$ (1,378)	$ 3,730,155

The accompanying notes are an integral part of these consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Operating Activities:			
Net Income	$ 383,090	$ 374,726	$ 350,777
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:			
Depreciation	276,372	274,008	259,262
Deferred Income Taxes	41,438	110,499	101,698
Pension, SERP and PBOP Income	(21,521)	(9,509)	(771)
Pension and PBOP Contributions	(61,751)	(90,721)	(37,305)
Regulatory Over/(Under) Recoveries, Net	149,647	(20,009)	118,385
Amortization of Regulatory Assets, Net	46,654	33,831	34,332
Bad Debt Expense	22,279	21,252	31,728
Other	(65,523)	(24,872)	(50,831)
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(26,403)	(50,896)	(70,302)
Materials, Supplies and Inventory	(18,685)	(24,610)	10,571
Taxes Receivable/Accrued, Net	(33,900)	39,205	60,774
Accounts Payable	37,140	(20,421)	18,000
Other Current Assets and Liabilities, Net	51,674	26,849	(14,227)
Net Cash Flows Provided by Operating Activities	780,511	639,332	812,091
Investing Activities:			
Investments in Property, Plant and Equipment	(725,766)	(719,623)	(664,932)
Other Investing Activities	58	(3,552)	53
Net Cash Flows Used in Investing Activities	(725,708)	(723,175)	(664,879)
Financing Activities:			
Cash Dividends on Common Stock	(228,000)	(272,000)	(316,300)
Cash Dividends on Preferred Stock	(1,960)	(1,960)	(1,960)
Increase/(Decrease) in Short-Term Debt	44,500	56,500	(28,400)
Capital Contributions from Eversource Parent	130,500	2,300	103,000
Issuance of Long-Term Debt	—	700,000	300,000
Retirements of Long-Term Debt	—	(400,000)	(200,000)
Other Financing Activities	108	(1,796)	(866)
Net Cash Flows (Used in)/Provided by Financing Activities	(54,852)	83,044	(144,526)
Net (Decrease)/Increase in Cash, Cash Equivalents and Restricted Cash	(49)	(799)	2,686
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	14,708	15,507	12,821
Cash, Cash Equivalents and Restricted Cash - End of Year	$ 14,659	$ 14,708	$ 15,507

The accompanying notes are an integral part of these consolidated financial statements.

Company Report on Internal Controls Over Financial Reporting

Public Service Company of New Hampshire

Management is responsible for the preparation, integrity, and fair presentation of the accompanying consolidated financial statements of Public Service Company of New Hampshire and subsidiaries (PSNH or the Company) and of other sections of this annual report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment.

Under the supervision and with the participation of the principal executive officer and principal financial officer, PSNH conducted an evaluation of the effectiveness of internal controls over financial reporting based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting were effective as of December 31, 2018.

February 26, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of Public Service Company of New Hampshire:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Public Service Company of New Hampshire and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, common stockholder's equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the schedule listed in the Index at Item 15 of Part IV (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 26, 2019

We have served as the Company's auditor since 2002.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)	As of December 31, 2018	2017
ASSETS		
Current Assets:		
Cash	$ 1,439	$ 900
Receivables, Net	104,854	92,774
Accounts Receivable from Affiliated Companies	8,444	5,297
Unbilled Revenues	47,145	49,448
Taxes Receivable	25,913	5,838
Materials, Supplies and Inventory	37,504	40,285
Regulatory Assets	67,228	130,134
Special Deposits	47,498	728
Prepayments and Other Current Assets	17,564	22,365
Assets Held for Sale	—	219,550
Total Current Assets	357,589	567,319
Property, Plant and Equipment, Net	2,880,073	2,642,274
Deferred Debits and Other Assets:		
Regulatory Assets	862,288	810,677
Other Long-Term Assets	27,406	42,391
Total Deferred Debits and Other Assets	889,694	853,068
Total Assets	$ 4,127,356	$ 4,062,661
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 57,000	$ 262,900
Long-Term Debt – Current Portion	150,000	110,000
Rate Reduction Bonds – Current Portion	52,332	—
Accounts Payable	111,292	128,685
Accounts Payable to Affiliated Companies	26,029	24,676
Dividends Payable to Eversource Parent	—	150,000
Regulatory Liabilities	55,526	6,251
Other Current Liabilities	64,046	67,924
Total Current Liabilities	516,225	750,436
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	481,221	443,468
Regulatory Liabilities	428,069	444,397
Accrued Pension, SERP and PBOP	124,457	124,639
Other Long-Term Liabilities	36,339	56,689
Total Deferred Credits and Other Liabilities	1,070,086	1,069,193
Long-Term Debt	655,173	892,438
Rate Reduction Bonds	583,331	—
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	678,134	843,134
Retained Earnings	627,258	511,382
Accumulated Other Comprehensive Loss	(2,851)	(3,922)
Common Stockholder's Equity	1,302,541	1,350,594
Commitments and Contingencies (Note 12)		
Total Liabilities and Capitalization	$ 4,127,356	$ 4,062,661

The accompanying notes are an integral part of these consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Operating Revenues	$ 1,047,619	$ 981,624	$ 959,482
Operating Expenses:			
Purchased Power, Fuel and Transmission	370,246	237,478	210,786
Operations and Maintenance	210,541	263,110	267,013
Depreciation	92,055	128,192	116,519
Amortization of Regulatory Assets/(Liabilities), Net	80,978	(16,577)	11,170
Energy Efficiency Programs	20,105	13,788	14,204
Taxes Other Than Income Taxes	77,280	89,760	82,964
Total Operating Expenses	851,205	715,751	702,656
Operating Income	196,414	265,873	256,826
Interest Expense	60,634	51,007	50,040
Other Income, Net	27,672	9,805	7,563
Income Before Income Tax Expense	163,452	224,671	214,349
Income Tax Expense	47,576	88,675	82,364
Net Income	$ 115,876	$ 135,996	$ 131,985

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Net Income	$ 115,876	$ 135,996	$ 131,985
Other Comprehensive Income, Net of Tax:			
Qualified Cash Flow Hedging Instruments	1,104	1,162	1,162
Changes in Unrealized (Losses)/Gains on Marketable Securities	(33)	(21)	136
Other Comprehensive Income, Net of Tax	1,071	1,141	1,298
Comprehensive Income	$ 116,947	$ 137,137	$ 133,283

The accompanying notes are an integral part of these consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Common Stock					
(Thousands of Dollars, Except Stock Information)	Stock	Amount	Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stockholder's Equity
Balance as of January 1, 2016	301	$ —	$ 748,634	$ 494,901	$ (6,361)	$ 1,237,174
Net Income				131,985		131,985
Dividends on Common Stock				(77,600)		(77,600)
Capital Contributions from Eversource Parent			94,500			94,500
Other Comprehensive Income					1,298	1,298
Balance as of December 31, 2016	301	—	843,134	549,286	(5,063)	1,387,357
Net Income				135,996		135,996
Dividends on Common Stock				(173,900)		(173,900)
Other Comprehensive Income					1,141	1,141
Balance as of December 31, 2017	301	—	843,134	511,382	(3,922)	1,350,594
Net Income				115,876		115,876
Return of Capital			(530,000)			(530,000)
Capital Contributions from Eversource Parent			365,000			365,000
Other Comprehensive Income					1,071	1,071
Balance as of December 31, 2018	301	$ —	$ 678,134	$ 627,258	$ (2,851)	$ 1,302,541

The accompanying notes are an integral part of these consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31, 2018	2017	2016
Operating Activities:			
Net Income	$ 115,876	$ 135,996	$ 131,985
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:			
Depreciation	92,055	128,192	116,519
Deferred Income Taxes	35,924	63,883	87,345
Bad Debt Expense	6,383	6,704	7,288
Pension, SERP and PBOP Expense	754	1,368	875
Pension Contributions	—	(800)	(17,078)
Regulatory Underrecoveries, Net	(27,264)	(30,788)	(4,491)
Amortization of Regulatory Assets/(Liabilities), Net	80,978	(16,577)	11,170
Other	(15,363)	(16,813)	3,108
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(19,307)	(22,055)	(18,822)
Fuel, Materials, Supplies and Inventory	16,928	5,519	(5,485)
Taxes Receivable/Accrued, Net	(19,970)	339	32,303
Accounts Payable	(56,712)	29,453	11,353
Other Current Assets and Liabilities, Net	3,028	16,463	4,654
Net Cash Flows Provided by Operating Activities	213,310	300,884	360,724
Investing Activities:			
Investments in Property, Plant and Equipment	(277,345)	(312,720)	(305,430)
Proceeds from the Sale of Generation Assets	193,924	—	—
Proceeds from the Sale of Property	4,782	—	—
Other Investing Activities	437	199	326
Net Cash Flows Used in Investing Activities	(78,202)	(312,521)	(305,104)
Financing Activities:			
Cash Dividends on Common Stock	(150,000)	(23,900)	(77,600)
(Decrease)/Increase in Notes Payable to Eversource Parent	(205,900)	102,000	(70,400)
Retirements of Long-Term Debt	(199,250)	(70,000)	—
Issuance of Rate Reduction Bonds	635,663	—	—
Return of Capital	(530,000)	—	—
Capital Contributions from Eversource Parent	365,000	—	94,500
Other Financing Activities	(89)	(225)	(255)
Net Cash Flows (Used in)/Provided by Financing Activities	(84,576)	7,875	(53,755)
Net Increase/(Decrease) in Cash and Restricted Cash	50,532	(3,762)	1,865
Cash and Restricted Cash - Beginning of Year	2,191	5,953	4,088
Cash and Restricted Cash - End of Year	$ 52,723	$ 2,191	$ 5,953

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

COMBINED NOTES TO FINANCIAL STATEMENTS

Refer to the Glossary of Terms included in this combined Annual Report on Form 10-K for abbreviations and acronyms used throughout the combined notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. About Eversource, CL&P, NSTAR Electric and PSNH

Eversource Energy is a public utility holding company primarily engaged, through its wholly-owned regulated utility subsidiaries, in the energy delivery business. Eversource Energy's wholly-owned regulated utility subsidiaries consist of CL&P, NSTAR Electric and PSNH (electric utilities), Yankee Gas and NSTAR Gas (natural gas utilities) and Aquarion (water utilities). Eversource provides energy delivery and/or water service to approximately four million electric, natural gas and water customers through eight regulated utilities in Connecticut, Massachusetts and New Hampshire.

Eversource, CL&P, NSTAR Electric and PSNH are reporting companies under the Securities Exchange Act of 1934. Eversource Energy is a public utility holding company under the Public Utility Holding Company Act of 2005. Arrangements among the regulated electric companies and other Eversource companies, outside agencies and other utilities covering interconnections, interchange of electric power and sales of utility property are subject to regulation by the FERC. Eversource's regulated companies are subject to regulation of rates, accounting and other matters by the FERC and/or applicable state regulatory commissions (the PURA for CL&P, Yankee Gas and Aquarion, the DPU for NSTAR Electric, NSTAR Gas and Aquarion, and the NHPUC for PSNH and Aquarion).

CL&P, NSTAR Electric and PSNH furnish franchised retail electric service in Connecticut, Massachusetts and New Hampshire. Yankee Gas and NSTAR Gas are engaged in the distribution and sale of natural gas to customers within Connecticut and Massachusetts, respectively. Aquarion is engaged in the collection, treatment and distribution of water in Connecticut, Massachusetts and New Hampshire. CL&P, NSTAR Electric and PSNH's results include the operations of their respective distribution and transmission businesses. The distribution business also includes the results of NSTAR Electric's solar power facilities and PSNH's generation facilities prior to sale in 2018. PSNH completed the sales of its thermal generation assets on January 10, 2018 and its hydroelectric generation assets on August 26, 2018. As of December 31, 2018, PSNH does not own any electric generation facilities. See Note 13, "Generation Asset Sale," for further information.

Eversource also has a regulated subsidiary, NPT, which was formed to construct, own and operate the Northern Pass line, a HVDC transmission line from Québec to New Hampshire under development that will interconnect with a new HVDC transmission line being developed by a transmission subsidiary of HQ.

Eversource Service, Eversource's service company, and several wholly-owned real estate subsidiaries of Eversource, provide support services to Eversource, including its regulated companies. Eversource holds several equity ownership interests, which are accounted for under the equity method. Eversource also consolidates the operations of CYAPC and YAEC, both of which are inactive regional nuclear generation companies engaged in the long-term storage of their spent nuclear fuel.

B. Basis of Presentation

The consolidated financial statements of Eversource, NSTAR Electric and PSNH include the accounts of each of their respective subsidiaries. Intercompany transactions have been eliminated in consolidation. The accompanying consolidated financial statements of Eversource, NSTAR Electric and PSNH and the financial statements of CL&P are herein collectively referred to as the "financial statements."

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's and PSNH's combined ownership and voting interests in each of these entities is greater than 50 percent. Intercompany transactions between CL&P, NSTAR Electric, PSNH and the CYAPC and YAEC companies have been eliminated in consolidation of the Eversource financial statements.

Eversource's utility subsidiaries' electric, natural gas and water distribution and transmission businesses, are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for entities with rate-regulated operations, which considers the effect of regulation on the differences in the timing of the recognition of certain revenues and expenses from those of other businesses and industries. See Note 2, "Regulatory Accounting," for further information.

Eversource's consolidated financial information includes the results of Aquarion and its subsidiaries beginning from the date of the acquisition on December 4, 2017.

Certain reclassifications of prior year data were made in the accompanying financial statements to conform to the current year presentation.

In accordance with accounting guidance on noncontrolling interests in consolidated financial statements, the Preferred Stock of CL&P and the Preferred Stock of NSTAR Electric, which are not owned by Eversource or its consolidated subsidiaries and are not subject to mandatory redemption, have been presented as noncontrolling interests in the financial statements of Eversource. The Preferred Stock of CL&P and the Preferred Stock of NSTAR Electric are considered to be temporary equity and have been classified between liabilities and permanent shareholders' equity on the balance sheets of Eversource, CL&P and NSTAR Electric due to a provision in the preferred stock agreements of both CL&P and NSTAR Electric that grant preferred stockholders the right to elect a majority of the CL&P and NSTAR Electric Boards of Directors, respectively, should certain conditions exist, such as if preferred dividends are in arrears for a specified amount of time. The Net Income reported in the statements of income and cash flows represents net income prior to apportionment to noncontrolling interests, which is represented by dividends on preferred stock of CL&P and NSTAR Electric.

As of both December 31, 2018 and 2017, Eversource's carrying amount of goodwill was approximately $4.4 billion. Eversource performs an assessment for possible impairment of its goodwill at least annually. Eversource completed its annual goodwill impairment test for each of its reporting units as of October 1, 2018 and determined that no impairment exists. See Note 24B, "Acquisition of Aquarion and Goodwill - Goodwill," for further information.

C. Accounting Standards

Accounting Standards Issued but Not Yet Effective: In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which changes existing lease accounting guidance and is required to be applied in the first quarter of 2019. The requirements of the new leases standard include balance sheet recognition of leases deemed to be operating leases and additional disclosure requirements. The recognition, measurement and presentation of expenses and cash flows are not significantly changed. The Company implemented the new leases standard in the first quarter of 2019 and applied the Topic 842 lease criteria to new leases and lease renewals entered into effective on or after January 1, 2019.

In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) - Targeted Improvements*, allowing a transition method to adopt the new leases standard on a prospective basis as of the adoption date, with prior periods presented in the financial statements continuing to follow existing lease accounting guidance under Topic 840 (Leases) in the accounting literature. The Company adopted the prospective transition method allowed in ASU 2018-11.

The Company has decided to elect the practical expedient package whereby it does not need to reassess whether or not an existing contract is or contains a lease or whether a lease is an operating or capital lease, and it does not need to reassess initial direct costs for leases. The Company has also elected the practical expedient to not reevaluate land easements existing at adoption if they were not previously accounted for as leases.

The Company determined the impact the ASUs will have on its financial statements by reviewing its lease population and identifying lease data needed for the disclosure requirements. The Company implemented a new lease accounting system in 2019 to ensure ongoing compliance with the ASU's requirements. Eversource recognized approximately $60 million, which includes approximately $25 million at NSTAR Electric, approximately $1 million at CL&P and approximately $1 million at PSNH, of operating lease liabilities and right-of-use assets on their respective balance sheets upon transition at January 1, 2019. Implementation of the new guidance will not have an impact on each company's results of operations and cash flows.

Accounting Standards Recently Adopted: On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted ASU 2014-09, *Revenue from Contracts with Customers*, which amended existing revenue recognition guidance, using the modified retrospective method (cumulatively at the date of initial application) applying it only to contracts that were not complete at January 1, 2018. Under this method of adoption, prior year reported results were not restated. Implementation of the ASU did not have a material effect on the results of operations, financial position or cash flows of Eversource, CL&P, NSTAR Electric or PSNH. See Note 22, "Revenues," for further information.

The Company identified an item that was accounted for differently under the new revenue guidance, as compared to the previously existing guidance. As a result of applying guidance on the unit of account under the new standard, purchases of power from and sales of power to ISO-New England are now accounted for net by the hour, rather than net by the month. This change increased Operating Revenues and Purchased Power, Fuel and Transmission by $22.8 million for the year ended December 31, 2018, with no impact on net income.

On January 1, 2018, Eversource adopted ASU 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Liabilities*. The ASU removed the available-for-sale designation for equity securities, whereby changes in fair value were previously recorded in accumulated other comprehensive income within shareholders' equity, and required changes in fair value of all equity securities to be recorded in earnings effective January 1, 2018. There was no cumulative effect of adoption. Unrealized losses recorded in Other Income, Net were $4.3 million for the year ended December 31, 2018. For further information, see Note 5, "Marketable Securities," to the financial statements.

On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted ASU 2017-07, *Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The ASU required separate presentation of service cost from other components of net pension, SERP and PBOP costs, with the other components presented as non-operating income and not subject to capitalization. The ASU has been applied retrospectively for the separate presentation in the income statement of service costs and other components and prospectively in the balance sheet for the capitalization of only the service cost component. As of December 31, 2018, the non-service cost components of net pension, SERP and PBOP costs that were not capitalized in plant were recorded as an increase to regulatory liabilities of $39.8 million, as these amounts continue to be included in rates. See Note 1N, "Summary of Significant Accounting Policies - Other Income, Net," to the financial statements for the portion of pension, SERP and PBOP costs that are presented as non-operating income for the years ended December 31, 2018, 2017 and 2016. For the year ended December 31, 2017, the amounts, which were previously presented within Operations and Maintenance expense on the statements of income, totaled $29.9 million at Eversource, $1.8 million at CL&P, $19.2 million at NSTAR Electric and $5.9 million at PSNH, and have been retrospectively presented within Other Income, Net. For the year ended December 31, 2016, these amounts were $18.6 million at Eversource, $0.7 million at CL&P, $10.5 million at NSTAR Electric and $6.2 million at PSNH.

On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted two accounting standards relating to the statement of cash flows; ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments,* and ASU 2016-18, *Restricted Cash.* As a result of implementing ASU 2016-15, dividends from equity method investments of $19.1 million, $20.0 million, and $0.7 million for the years ended December 31, 2018, 2017, and 2016, respectively, are presented in operating activities at Eversource, for which the 2017 and 2016 amounts were previously classified in investing activities. ASU 2016-18 required that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. Both standards were applied retrospectively, as required, and neither had a material impact on Eversource's, CL&P's, NSTAR Electric's or PSNH's statements of cash flows. See Note 1P, "Summary of Significant Accounting Policies - Supplemental Cash Flow Information," to the financial statements for a reconciliation of cash and cash equivalents as reported on the balance sheet to the statement of cash flows, which includes amounts described as restricted cash and restricted cash equivalents.

D. Northern Pass

Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire. As of December 31, 2018, our capitalized Northern Pass project costs were approximately $307 million.

In March 2018, the New Hampshire Site Evaluation Committee ("NHSEC") issued a written decision denying Northern Pass' siting application after which the Massachusetts EDCs terminated the selection of, and subsequent contract negotiations with, Northern Pass under the Massachusetts Clean Energy RFP. On April 27, 2018, NPT filed a motion for rehearing with the NHSEC, and on July 12, 2018, the NHSEC issued its written decision denying Northern Pass' motion for rehearing. On August 10, 2018, NPT filed an appeal to the New Hampshire Supreme Court, alleging that the NHSEC failed to follow applicable law in its review of the project. On October 12, 2018, the New Hampshire Supreme Court accepted this appeal. Subsequently, the NHSEC transmitted the record of its proceedings to the New Hampshire Supreme Court on December 11, 2018. Briefing of the appeal began on February 4, 2019. The New Hampshire Supreme Court has not set a date for oral argument. NPT intends to continue to pursue NHSEC approval to construct this project.

The March 2018 NHSEC decision denying Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs in the first quarter of 2018. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount was recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs were recoverable as of March 31, 2018, based on our expectation that the Northern Pass project remains probable of being placed in service.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. If as a result of future events and changes in circumstances a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass' project costs to the estimated fair value, which could result in most of our $307 million of capitalized project costs being impaired. Such an impairment could have a material adverse effect on our financial position and results of operations.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term cash investments that are highly liquid in nature and have original maturities of three months or less. At the end of each reporting period, any overdraft amounts are reclassified from Cash and Cash Equivalents to Accounts Payable on the balance sheets.

F. Provision for Uncollectible Accounts

Eversource, including CL&P, NSTAR Electric and PSNH, presents its receivables at estimated net realizable value by maintaining a provision for uncollectible accounts. This provision is determined based upon a variety of judgments and factors, including the application of an estimated uncollectible percentage to each receivable aging category. The estimate is based upon historical collection and write-off experience and management's assessment of collectability from customers. Management continuously assesses the collectability of receivables and adjusts collectability estimates based on actual experience. Receivable balances are written off against the provision for uncollectible accounts when the customer accounts are terminated and these balances are deemed to be uncollectible.

The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows NSTAR Electric and NSTAR Gas to recover in rates, amounts associated with certain uncollectible hardship accounts receivable. These uncollectible hardship customer account balances are included in Regulatory Assets or Other Long-Term Assets on the balance sheets.

The total provision for both uncollectible accounts and for uncollectible hardship accounts (the uncollectible hardship balance is included in the total provision) is included in Receivables, Net on the balance sheets, and is as follows:

	Total Provision for Uncollectible Accounts As of December 31,		Uncollectible Hardship As of December 31,	
(Millions of Dollars)	2018	2017	2018	2017
Eversource	$ 212.7	$ 195.7	$ 131.5	$ 122.5
CL&P	88.0	78.9	71.9	65.5
NSTAR Electric	74.5	69.7	42.5	40.3
PSNH	11.1	10.5	—	—

In accordance with new revenue accounting guidance, uncollectible expense associated with customers' accounts receivable included in Operations and Maintenance expense on the statements of income is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2018	2017	2016
Eversource	$ 61.3	$ 44.5	$ 69.5
CL&P	15.8	5.3	17.6
NSTAR Electric	22.3	21.3	31.7
PSNH	6.4	6.7	7.3

G. CL&P Energy Efficiency Loans

In December 2018, CL&P transferred $41.3 million of its energy efficiency customer loan portfolio to two outside lenders in order to make additional loans to customers. CL&P remains the servicer of the loans and will transmit customer payments to the lenders. Under a three-year agreement with the lenders, additional energy efficiency loans will also be transferred with a maximum amount outstanding under this program of $55 million. The transaction did not qualify as a sale for accounting purposes, and the amounts of the loans ($18.5 million and $22.8 million as of December 31, 2018 in current and long-term, respectively), included in Accounts Receivable, Net and Other Long-Term Assets, are offset by Other Current Liabilities and Other Long-Term Liabilities on CL&P's balance sheet.

H. Fuel, Materials, Supplies and Inventory

Fuel, Materials, Supplies and Inventory include natural gas inventory, materials and supplies purchased primarily for construction or operation and maintenance purposes, and RECs. Inventory is valued at the lower of cost or net realizable value. RECs are purchased from suppliers of renewable sources of generation and are used to meet state mandated Renewable Portfolio Standards requirements. The carrying amounts of fuel, materials and supplies, and RECs, which are included in Current Assets on the balance sheets, were as follows:

	As of December 31,							
	2018				2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Fuel	$ 33.1	$ —	$ —	$ —	$ 29.7	$ —	$ —	$ —
Materials and Supplies	126.1	44.5	48.6	24.3	117.1	44.4	45.1	18.5
RECs	78.8	—	65.6	13.2	76.3	4.0	50.4	21.8
Total - Current	$ 238.0	$ 44.5	$ 114.2	$ 37.5	$ 223.1	$ 48.4	$ 95.5	$ 40.3

I. Fair Value Measurements

Fair value measurement guidance is applied to derivative contracts that are not elected or designated as "normal purchases" or "normal sales" ("normal") and to the marketable securities held in trusts. Fair value measurement guidance is also applied to valuations of the investments used to calculate the funded status of pension and PBOP plans, the nonrecurring fair value measurements of nonfinancial assets such as goodwill and AROs, and the estimated fair value of preferred stock, long-term debt and RRBs.

Fair Value Hierarchy: In measuring fair value, Eversource uses observable market data when available in order to minimize the use of unobservable inputs. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. Eversource evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and Eversource's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy-related products.

Uncategorized - Investments that are measured at net asset value are not categorized within the fair value hierarchy.

Determination of Fair Value: The valuation techniques and inputs used in Eversource's fair value measurements are described in Note 4, "Derivative Instruments," Note 5, "Marketable Securities," Note 6, "Asset Retirement Obligations," Note 10A, "Employee Benefits – Pension Benefits and Postretirement Benefits Other Than Pension," Note 15, "Fair Value of Financial Instruments" and Note 24B, "Acquisition of Aquarion and Goodwill - Goodwill" to the financial statements.

J. Derivative Accounting

Many of the electric and natural gas companies' contracts for the purchase and sale of energy or energy-related products are derivatives. The accounting treatment for energy contracts entered into varies and depends on the intended use of the particular contract and on whether or not the contract is a derivative. For the regulated companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivative contracts related to energy and energy-related products, as contract settlements are recovered from, or refunded to, customers in future rates.

The application of derivative accounting is complex and requires management judgment in the following respects: identification of derivatives and embedded derivatives, election and designation of a contract as normal, and determination of the fair value of derivative contracts. All of these judgments can have a significant impact on the financial statements.

The judgment applied in the election of a contract as normal (and resulting accrual accounting) includes the conclusion that it is probable at the inception of the contract and throughout its term that it will result in physical delivery of the underlying product and that the quantities will be used or sold by the business in the normal course of business. If facts and circumstances change and management can no longer support this conclusion, then a contract cannot be considered normal, accrual accounting is terminated, and fair value accounting is applied prospectively.

The fair value of derivative contracts is based upon the contract terms and conditions and the underlying market price or fair value per unit. When quantities are not specified in the contract, the Company determines whether the contract has a determinable quantity by using amounts referenced in default provisions and other relevant sections of the contract. The fair value of derivative assets and liabilities with the same counterparty are offset and recorded as a net derivative asset or liability on the balance sheets.

All changes in the fair value of derivative contracts are recorded as regulatory assets or liabilities and do not impact net income.

For further information regarding derivative contracts, see Note 4, "Derivative Instruments," to the financial statements.

K. Investments

Investments are included in Other Long-Term Assets on the balance sheets and earnings impacts from these equity investments are included in Other Income, Net on the statements of income.

Strategic, Infrastructure and Other Investments: As of December 31, 2018 and 2017, Eversource had investments totaling $463.7 million and $277.6 million, respectively. As of December 31, 2018 and 2017, Eversource's investments included a 50 percent ownership in Bay State Wind, an offshore wind project of $234.3 million and $30.2 million, respectively, a 15 percent ownership interest in a FERC-regulated natural gas transmission business of $155.0 million and $159.6 million, respectively, a 37.2 percent (14.5 percent of which related to NSTAR Electric) ownership interest in two companies that transmit hydro-electricity imported from the Hydro-Quebec system in Canada of $19.5 million and $17.7 million, respectively, other investments totaling $54.9 million and $38.8 million, respectively, and a 40 percent ownership interest in Access Northeast of $31.3 million as of December 31, 2017. NSTAR Electric's investments totaled $7.6 million and $6.9 million, respectively, as of December 31, 2018 and 2017.

Impairment of Access Northeast: Access Northeast is a natural gas pipeline and storage project jointly owned by Eversource, Enbridge, Inc. ("Enbridge") and National Grid plc ("National Grid"), through Algonquin Gas Transmission, LLC ("AGT"). Equity method investments are assessed for impairment when conditions exist that indicate that the fair value of the investment is less than book value. If the decline in value is considered to be other-than-temporary, the investment is written down to its estimated fair value, which establishes a new cost basis in the investment. Impairment evaluations involve a significant degree of judgment and estimation, including identifying circumstances that indicate an impairment may exist and developing undiscounted future cash flows.

In 2015 and 2016, AGT sought to secure long-term natural gas pipeline capacity contracts with EDCs in Massachusetts, Connecticut, New Hampshire, Maine, and Rhode Island. Subsequently, in 2016, the Massachusetts Supreme Judicial Court and the NHPUC each ruled that state statutes precluded the state regulatory agencies from approving those contracts in Massachusetts and New Hampshire, respectively. The New Hampshire Supreme Court overruled the NHPUC decision in May 2018. Legislative changes are needed in Massachusetts to allow the DPU to approve natural gas pipeline capacity contracts. No such changes have occurred during any legislative session to date.

In September 2018, a series of non-Eversource natural gas explosions in eastern Massachusetts resulted in widespread property and system damage, personal injuries, and a fatality. As a result of these events, compounded by the failure to secure Massachusetts legislation to date, we believe there is significant uncertainty around the future timing of, and ability to secure, needed legislative change affecting the natural gas industry and pipeline expansion, which may significantly delay the completion of the Access Northeast project.

Eversource identified the September 2018 natural gas series of explosions, compounded by the adverse legislative environment, as negative evidence that indicated potential impairment. Our impairment assessment used a discounted cash flow approach, including consideration of the severity and duration of any decline in fair value of our investment in the project, and involved significant management judgment and estimation, including projections of the project's discounted cash flows and assumptions about exit price. In the third quarter of 2018, management determined that the future cash flows of the Access Northeast project were uncertain and could no longer be reasonably estimated and that the book value of our equity method investment was not recoverable. As a result, Eversource recorded an other-than-temporary impairment of $32.9 million within Other Income, Net on our statement of income in 2018, which represented the full carrying value of our equity method investment.

Regional Decommissioned Nuclear Companies: CL&P, NSTAR Electric and PSNH own common stock in three regional nuclear generation companies (CYAPC, YAEC and MYAPC, collectively referred to as the "Yankee Companies"), each of which owned a single nuclear generating facility that has been decommissioned. For CL&P, NSTAR Electric and PSNH, the respective investments in CYAPC, YAEC and MYAPC are accounted for under the equity method and are included in Other Long-Term Assets on their respective balance sheets. For CL&P, NSTAR Electric and PSNH, these investments totaled $1.3 million, $0.9 million and $0.3 million as of both December 31, 2018 and 2017. Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's and PSNH's combined ownership and voting interests in each of these entities is greater than 50 percent. For further information on the Yankee Companies, see Note 12C, "Commitments and Contingencies – Spent Nuclear Fuel Obligations – Yankee Companies," to the financial statements.

Equity in Earnings and Dividends from Equity Method Investments: For the years ended December 31, 2018, 2017 and 2016, Eversource had equity in earnings, net of impairment, of unconsolidated affiliates of $3.8 million, $27.4 million, and $0.2 million, respectively. Eversource received dividends from its equity method investees of $22.3 million, $20.0 million and $0.1 million, respectively, for the years ended December 31, 2018, 2017 and 2016.

2019 Investment - Revolution Wind and South Fork Wind: On February 8, 2019, Eversource and Ørsted entered into a 50-50 partnership for key offshore wind assets in the Northeast. Eversource paid approximately $225 million for a 50 percent interest in Ørsted's Revolution Wind and South Fork Wind power projects, as well as the 257-square-mile tract off the coasts of Massachusetts and Rhode Island, owned by North East Offshore LLC. Upon execution of the transaction, Eversource parent issued a guaranty on behalf of its subsidiary, Eversource Investment LLC. Eversource parent will guarantee, as a primary obligor, the financial obligations, primarily all post-Closing payment obligations of Eversource Investment LLC, under the Sale and Purchase Agreement and an Irrevocable Equity Commitment Letter with Ørsted in an amount not to exceed $127.6 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations.

L. Operating Expenses

Costs related to fuel and natural gas included in Purchased Power, Fuel and Transmission on the statements of income were as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2018	2017	2016
Eversource - Natural Gas and Fuel	$ 442.6	$ 432.5	$ 372.2
PSNH - Fuel	7.9	43.4	45.0

PSNH completed the sale of its generation assets in 2018.

M. Allowance for Funds Used During Construction

AFUDC represents the cost of borrowed and equity funds used to finance construction and is included in the cost of the electric, natural gas and water companies' utility plant on the balance sheet. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of Interest Expense, and the AFUDC related to equity funds is recorded as Other Income, Net on the statements of income. AFUDC costs are recovered from customers over the service life of the related plant in the form of increased revenue collected as a result of higher depreciation expense.

The average AFUDC rate is based on a FERC-prescribed formula using the cost of a company's short-term financings and capitalization (preferred stock, long-term debt and common equity), as appropriate. The average rate is applied to average eligible CWIP amounts to calculate AFUDC.

AFUDC costs and the weighted-average AFUDC rates were as follows:

Eversource	For the Years Ended December 31,		
(Millions of Dollars, except percentages)	2018	2017	2016
Borrowed Funds	$ 19.7	$ 12.5	$ 10.8
Equity Funds	44.0	34.4	26.2
Total AFUDC	$ 63.7	$ 46.9	$ 37.0
Average AFUDC Rate	4.9%	5.1%	4.4%

	For the Years Ended December 31,								
	2018			2017			2016		
(Millions of Dollars, except percentages)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Borrowed Funds	$ 6.3	$ 7.8	$ 1.3	$ 5.1	$ 4.8	$ 0.7	$ 3.3	$ 5.3	$ 0.8
Equity Funds	12.2	15.6	—	12.1	10.2	—	6.3	10.2	0.3
Total AFUDC	$ 18.5	$ 23.4	$ 1.3	$ 17.2	$ 15.0	$ 0.7	$ 9.6	$ 15.5	$ 1.1
Average AFUDC Rate	5.8%	5.0%	0.7%	6.2%	5.0%	0.7%	4.7%	3.2%	1.0%

N. Other Income, Net

The components of Other Income, Net on the statements of income were as follows:

Eversource	For the Years Ended December 31,		
(Millions of Dollars)	2018	2017	2016
Pension, SERP and PBOP Non-Service Income Components [(1)]	$ 60.8	$ 29.9	$ 18.6
AFUDC Equity	44.0	34.4	26.2
Equity in Earnings, Net of Impairment [(2)]	3.8	27.4	0.2
Investment Income/(Loss)	(4.0)	7.5	8.5
Interest Income [(3)]	18.1	8.3	11.0
Gains on Sales of Property	5.1	—	—
Other	0.6	0.4	—
Total Other Income, Net [(1)]	$ 128.4	$ 107.9	$ 64.5

	For the Years Ended December 31,								
	2018			2017			2016		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Pension, SERP and PBOP Non-Service Income Components [(1)]	$ 9.5	$ 36.0	$ 9.9	$ 1.8	$ 19.2	$ 5.9	$ 0.7	$ 10.5	$ 6.2
AFUDC Equity	12.2	15.6	—	12.1	10.2	—	6.3	10.2	0.3
Equity in Earnings	0.1	0.7	—	—	0.3	—	0.1	0.3	—
Investment Income/(Loss)	(3.0)	(0.5)	(0.8)	4.5	2.6	1.6	(1.5)	(0.3)	(0.7)
Interest Income [(3)]	3.7	0.8	14.1	4.6	1.8	2.2	8.6	0.6	1.8
Gain on Sale of Property	—	0.5	4.4	—	—	—	—	—	—
Other	0.2	—	0.1	—	—	0.1	—	—	—
Total Other Income, Net [(1)]	$ 22.7	$ 53.1	$ 27.7	$ 23.0	$ 34.1	$ 9.8	$ 14.2	$ 21.3	$ 7.6

(1) As a result of the adoption of new accounting guidance, the non-service related components of pension, SERP and PBOP benefit costs are presented as non-operating income and recorded in Other Income, Net on the statements of income. The 2017 and 2016 amounts, which were previously presented within Operations and Maintenance expense on the statements of income, have been retrospectively presented within Other Income, Net for the years ended December 31, 2017 and 2016. Eversource elected the practical expedient in the accounting guidance that allows the Company to use the amounts disclosed in its Pension Benefits and Postretirement Benefits Other Than Pension footnote for the prior period presentations as the estimation basis for applying the retrospective presentation requirements.

(2) For the year ended December 31, 2018, equity in earnings, net of impairment, of unconsolidated affiliates includes an other-than-temporary impairment of $32.9 million in the Access Northeast project investment. See Note 1K, "Summary of Significant Accounting Policies - Investments," for further information. Equity in earnings includes $17.6 million and $9.7 million of unrealized gains in 2018 and 2017, respectively, and $1.7 million of unrealized losses in 2016 associated with an equity method investment in a renewable energy fund.

(3) See Note 2, "Regulatory Accounting," for interest income recognized in 2018 for the equity return component of carrying charges on storm costs at PSNH.

O. Other Taxes

Eversource's companies that serve customers in Connecticut collect gross receipts taxes levied by the state of Connecticut from their customers. These gross receipts taxes are recorded separately with collections in Operating Revenues and with payments in Taxes Other Than Income Taxes on the statements of income as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2018	2017	2016
Eversource	$ 161.9	$ 157.4	$ 162.7
CL&P	141.4	137.5	145.2

As agents for state and local governments, Eversource's companies that serve customers in Connecticut and Massachusetts collect certain sales taxes that are recorded on a net basis with no impact on the statements of income.

Separate from the amounts above are $46.8 million and $25.4 million of amounts recorded as Taxes Other than Income Taxes in 2018 and 2017, respectively, related to the future remittance to the State of Connecticut of energy efficiency funds collected from customers in Operating Revenues. These amounts are recorded separately with collections in Operating Revenues and expenses in Taxes Other than Income Taxes on the Eversource and CL&P statements of income.

P. Supplemental Cash Flow Information

Eversource *(Millions of Dollars)*	**As of and For the Years Ended December 31,** 2018	2017	2016
Cash Paid/(Received) During the Year for:			
Interest, Net of Amounts Capitalized	$ 503.2	$ 419.1	$ 398.1
Income Taxes	158.8	30.8	(135.5)
Non-Cash Investing Activities:			
Plant Additions Included in Accounts Payable (As of)	435.9	379.5	301.5

	As of and For the Years Ended December 31,								
	2018			**2017**			**2016**		
(Millions of Dollars)	**CL&P**	**NSTAR Electric**	**PSNH**	**CL&P**	**NSTAR Electric**	**PSNH**	**CL&P**	**NSTAR Electric**	**PSNH**
Cash Paid/(Received) During the Year for:									
Interest, Net of Amounts Capitalized	$ 149.7	$ 122.1	$ 40.5	$ 144.6	$ 124.6	$ 45.9	$ 143.3	$ 112.9	$ 46.5
Income Taxes	66.1	120.0	27.3	68.8	95.5	26.1	(73.9)	66.0	(36.0)
Non-Cash Investing Activities:									
Plant Additions Included in Accounts Payable (As of)	106.1	116.5	81.7	132.5	116.5	44.4	116.2	87.0	37.9

In December 2018, CYAPC paid $145 million to the DOE to partially settle its pre-1983 spent nuclear fuel obligation. In 2016, as a result of damages awarded to the Yankee Companies for spent nuclear fuel lawsuits against the DOE described in Note 12C, "Commitments and Contingencies – Spent Nuclear Fuel Obligations – Yankee Companies," CYAPC and YAEC received total proceeds of $52.2 million, which were classified as operating activities on the Eversource consolidated statements of cash flows. CYAPC returned $6.8 million of these proceeds to its non-affiliated member companies. In addition, CL&P, NSTAR Electric and PSNH received a total distribution of $14.4 million from MYAPC as a result of DOE Phase III proceeds and a distribution from its spent nuclear fuel trust.

The following table reconciles cash and cash equivalents as reported on the balance sheets to the cash, cash equivalents, and restricted cash as reported on the statements of cash flows:

	As of December 31,							
	2018				**2017**			
(Millions of Dollars)	**Eversource**	**CL&P**	**NSTAR Electric**	**PSNH**	**Eversource**	**CL&P**	**NSTAR Electric**	**PSNH**
Cash and Cash Equivalents as reported on the Balance Sheets	$ 108.1	$ 87.7	$ 1.6	$ 1.4	$ 38.2	$ 6.0	$ 1.8	$ 0.9
Restricted cash included in:								
Prepayments and Other Current Assets	72.1	3.5	13.0	47.5	24.4	3.1	12.8	0.5
Marketable Securities	25.9	0.4	0.1	0.6	23.3	0.5	0.1	0.8
Other Long-Term Assets	3.2	—	—	3.2	—	—	—	—
Cash, Cash Equivalents, and Restricted Cash reported on the Statements of Cash Flows	$ 209.3	$ 91.6	$ 14.7	$ 52.7	$ 85.9	$ 9.6	$ 14.7	$ 2.2

Restricted cash included in Prepayments and Other Current Assets and Other Long-Term Assets, shown above, primarily represents cash collections related to the PSNH RRB customer charges that are held in trust and required ISO-NE cash deposits. Restricted cash included in Marketable Securities, shown above, represents money market funds held in trusts to fund certain non-qualified executive benefits and restricted trusts to fund CYAPC and YAEC's spent nuclear fuel storage facilities obligations.

As a result of implementing new accounting guidance for the statement of cash flows, the reclassification of the change in restricted cash balances, which was previously classified as operating activities, resulted in a decrease of $28.8 million in the total cash and restricted cash change for the year ended December 31, 2017 and an increase of $32.4 million in the total cash and restricted cash change for the year ended December 31, 2016.

Q. Related Parties

Eversource Service, Eversource's service company, provides centralized accounting, administrative, engineering, financial, information technology, legal, operational, planning, purchasing, and other services to Eversource's companies. The Rocky River Realty Company, Renewable Properties, Inc. and Properties, Inc., three other Eversource subsidiaries, construct, acquire or lease some of the property and facilities used by Eversource's companies.

As of both December 31, 2018 and 2017, CL&P, NSTAR Electric and PSNH had long-term receivables from Eversource Service in the amounts of $25.0 million, $5.5 million and $3.8 million, respectively, which were included in Other Long-Term Assets on the balance sheets. These amounts related to the funding of investments held in trust by Eversource Service in connection with certain postretirement benefits for CL&P, NSTAR Electric and PSNH employees and have been eliminated in consolidation on the Eversource financial statements.

Included in the CL&P, NSTAR Electric and PSNH balance sheets as of December 31, 2018 and 2017 were Accounts Receivable from Affiliated Companies and Accounts Payable to Affiliated Companies relating to transactions between CL&P, NSTAR Electric and PSNH and other subsidiaries that are wholly-owned by Eversource. These amounts have been eliminated in consolidation on the Eversource financial statements.

2. REGULATORY ACCOUNTING

Eversource's utility companies are subject to rate regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The regulated companies' financial statements reflect the effects of the rate-making process. The rates charged to the customers of Eversource's regulated companies are designed to collect each company's costs to provide service, including a return on investment.

Management believes it is probable that each of the regulated companies will recover its respective investments in long-lived assets, including regulatory assets. If management were to determine that it could no longer apply the accounting guidance applicable to rate-regulated enterprises to any of the regulated companies' operations, or if management could not conclude it is probable that costs would be recovered from customers in future rates, the costs would be charged to net income in the period in which the determination is made.

Regulatory Assets: The components of regulatory assets were as follows:

	As of December 31,							
	2018				2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Benefit Costs	$ 1,914.8	$ 424.7	$ 544.4	$ 169.6	$ 2,068.8	$ 469.2	$ 560.7	$ 212.3
Income Taxes, Net	728.6	454.4	105.9	8.3	768.9	453.8	113.2	21.7
Securitized Stranded Costs	608.4	—	—	608.4	—	—	—	—
Deferred Costs from Generation Asset Sale	—	—	—	—	516.1	—	—	516.1
Storm Restoration Costs, Net	576.0	302.6	212.9	60.5	404.8	216.7	146.6	41.5
Regulatory Tracker Mechanisms	316.0	33.2	169.1	67.3	509.9	85.3	273.0	116.4
Derivative Liabilities	356.5	356.5	—	—	367.2	362.3	—	—
Goodwill-related	348.4	—	299.1	—	365.2	—	313.6	—
Asset Retirement Obligations	89.2	32.3	42.2	3.3	101.0	30.3	39.0	17.0
Other Regulatory Assets	208.0	27.0	64.6	12.1	137.4	27.6	78.4	15.8
Total Regulatory Assets	5,145.9	1,630.7	1,438.2	929.5	5,239.3	1,645.2	1,524.5	940.8
Less: Current Portion	514.8	125.2	241.7	67.2	741.9	200.3	333.9	130.1
Total Long-Term Regulatory Assets	$ 4,631.1	$ 1,505.5	$ 1,196.5	$ 862.3	$ 4,497.4	$ 1,444.9	$ 1,190.6	$ 810.7

Benefit Costs: Eversource's Pension, SERP and PBOP Plans are accounted for in accordance with accounting guidance on defined benefit pension and other PBOP plans. The liability (or asset) recorded by the regulated companies to recognize the funded status of their retiree benefit plans is offset by a regulatory asset (or offset by a regulatory liability in the case of a benefit plan asset) in lieu of a charge to Accumulated Other Comprehensive Income/(Loss), reflecting ultimate recovery from customers through rates. The regulatory asset (or regulatory liability) is amortized as the actuarial gains and losses and prior service cost are amortized to net periodic benefit cost for the pension and PBOP plans. All amounts are remeasured annually. Regulatory accounting is also applied to the portions of Eversource's service company costs that support the regulated companies, as these amounts are also recoverable. As these regulatory assets or regulatory liabilities do not represent a cash outlay for the regulated companies, no carrying charge is recovered from customers. The decrease in the regulatory asset balance at PSNH as of December 31, 2018 was due in part to the generation divestiture and the securitization of remaining generation costs.

CL&P, NSTAR Electric and PSNH recover benefit costs related to their distribution and transmission operations from customers in rates as allowed by their applicable regulatory commissions. NSTAR Electric recovers qualified pension and PBOP expenses related to its distribution operations through a rate reconciling mechanism that fully tracks the change in net pension and PBOP expenses each year.

Income Taxes, Net: The tax effect of temporary book-tax differences (differences between the periods in which transactions affect income in the financial statements and the periods in which they affect the determination of taxable income, including those differences relating to uncertain tax positions) is accounted for in accordance with the rate-making treatment of the applicable regulatory commissions and accounting guidance for income taxes. Differences in income taxes between the accounting guidance and the rate-making treatment of the applicable regulatory commissions are recorded as regulatory assets. As these assets are offset by deferred income tax liabilities, no carrying charge is collected. The amortization period of these assets varies depending on the nature and/or remaining life of the underlying assets and liabilities. For further information regarding income taxes, see Note 11, "Income Taxes," to the financial statements.

Securitized Stranded Costs and Deferred Costs from Generation Asset Sale: On May 8, 2018, a subsidiary of PSNH issued $635.7 million of securitized RRBs to finance PSNH's unrecovered remaining costs associated with the divestiture of its generation assets. Securitized regulatory assets, which are not earning an equity return, are being recovered over the amortization period of the associated RRBs. The PSNH RRBs are expected to be repaid by February 1, 2033. The unrecovered costs related to the difference between the carrying value and the fair value less costs to sell PSNH's thermal generation assets, and were reflected as Deferred Costs from Generation Asset Sale in the table above as of December 31, 2017. As of December 31, 2018, these costs are reflected in the Securitized Stranded Costs balance. For further information, see Note 13, "Generation Asset Sale."

Storm Restoration Costs, Net: The storm restoration cost deferrals relate to costs incurred for storm events at CL&P, NSTAR Electric and PSNH that each company expects to recover from customers. A storm must meet certain criteria to qualify for deferral and recovery with the criteria specific to each state jurisdiction and utility company. Once a storm qualifies for recovery, all qualifying expenses incurred during storm restoration efforts are deferred and recovered from customers. Costs for storms that do not meet the specific criteria are expensed as incurred. In addition to storm restoration costs, CL&P and PSNH are each allowed to recover pre-staging storm costs. Management believes storm restoration costs deferred were prudently incurred and meet the criteria for specific cost recovery in Connecticut, Massachusetts and New Hampshire, and that recovery from customers is probable through the applicable regulatory recovery processes. Each electric utility company either recovers a carrying charge on its deferred storm restoration cost regulatory asset balance or the regulatory asset balance is included in rate base.

In 2018, several significant storms caused extensive damage to our electric distribution systems and significant customer outages across all three states. These storms resulted in deferred storm restoration costs of approximately $266 million ($148 million for CL&P, $94 million for NSTAR Electric, and $24 million for PSNH), which were reflected in Storm Restoration Costs, Net in the table above as of December 31, 2018.

On September 17, 2018, the NHPUC approved the recovery of $49 million, plus carrying charges, in storm costs incurred from August 2011 through March 2013 and the transfer of funding from PSNH's major storm reserve to offset those costs. The costs of these storms (excluding the equity return component of the carrying charges) were deferred as regulatory assets, and the funding reserve collected from customers was accrued as a regulatory liability. The storm cost deferral is separate from the major storm funding reserve that is being collected from customers. As a result of the duration of time between incurring storm costs in August 2011 through March 2013 and final approval from the NHPUC in 2018, PSNH recognized $8.7 million (pre-tax) for the equity return component of the carrying charges, which have been collected from customers, within Other Income, Net on our statement of income in 2018. Storm costs incurred from December 2013 through April 2016 have been audited by the NHPUC staff and are pending NHPUC approval.

Regulatory Tracker Mechanisms: The regulated companies' approved rates are designed to recover costs incurred to provide service to customers. The regulated companies recover certain of their costs on a fully-reconciling basis through regulatory commission-approved tracking mechanisms. The differences between the costs incurred (or the rate recovery allowed) and the actual revenues are recorded as regulatory assets (for undercollections) or as regulatory liabilities (for overcollections) to be included in future customer rates each year. Carrying charges are recovered in rates on all material regulatory tracker mechanisms.

CL&P, NSTAR Electric and PSNH each recover, on a fully reconciling basis, the costs associated with the procurement of energy, transmission related costs from FERC-approved transmission tariffs, energy efficiency programs, low income assistance programs, certain uncollectible accounts receivable for hardship customers, and restructuring and stranded costs as a result of deregulation, and additionally for the Massachusetts utilities, pension and PBOP benefits and net metering for distributed generation. Energy procurement costs at NSTAR Electric include the costs related to its solar power facilities.

CL&P, NSTAR Electric (effective February 1, 2018 as a result of a DPU-approved rate case decision), Yankee Gas (effective November 15, 2018 as a result of a PURA-approved rate case settlement agreement) and NSTAR Gas each have a regulatory commission approved revenue decoupling mechanism. Distribution revenues are decoupled from customer sales volumes, where applicable, which breaks the relationship between sales volumes and revenues recognized. Each company reconciles its annual base distribution rate recovery amount to the pre-established levels of baseline distribution delivery service revenues. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

Derivative Liabilities: Regulatory assets are recorded as an offset to derivative liabilities and relate to the fair value of contracts used to purchase energy and energy-related products that will be recovered from customers in future rates. These assets are excluded from rate base and are being recovered as the actual settlements occur over the duration of the contracts. See Note 4, "Derivative Instruments," to the financial statements for further information on these contracts.

Goodwill-related: The goodwill regulatory asset originated from a 1999 transaction, and the DPU allowed its recovery in NSTAR Electric and NSTAR Gas rates. This regulatory asset is currently being amortized and recovered from customers in rates without a carrying charge over a 40-year period, and as of December 31, 2018, there were 21 years of amortization remaining.

Asset Retirement Obligations: The costs associated with the depreciation of the regulated companies' ARO assets and accretion of the ARO liabilities are recorded as regulatory assets in accordance with regulatory accounting guidance. The regulated companies' ARO assets, regulatory assets and liabilities offset and are excluded from rate base. These costs are being recovered over the life of the underlying property, plant and equipment.

Other Regulatory Assets: Other Regulatory Assets primarily include contractual obligations associated with the remaining nuclear fuel storage costs of the CYAPC, YAEC and MYAPC nuclear facilities, environmental remediation costs, losses associated with the reacquisition or redemption of long-term debt, certain uncollectible accounts receivable for hardship customers, certain merger-related costs allowed for recovery, water tank painting costs, and various other items.

Regulatory Costs in Long-Term Assets: Eversource's regulated companies had $122.9 million (including $42.1 million for CL&P, $49.3 million for NSTAR Electric and $12.2 million for PSNH) and $105.8 million (including $18.2 million for CL&P, $42.7 million for NSTAR Electric and $27.2 million for PSNH) of additional regulatory costs as of December 31, 2018 and 2017, respectively, that were included in long-term assets on the balance sheets. These amounts represent incurred costs for which recovery has not yet been specifically approved by the applicable regulatory agency. However, based on regulatory policies or past precedent on similar costs, management believes it is probable that these costs will ultimately be approved and recovered from customers in rates.

Equity Return on Regulatory Assets: For rate-making purposes, the regulated companies recover the carrying costs related to their regulatory assets. For certain regulatory assets, the carrying cost recovered includes an equity return component. This equity return, which is not recorded on the balance sheets, totaled $0.7 million and $1.0 million for CL&P as of December 31, 2018 and 2017, respectively. These carrying costs will be recovered from customers in future rates. As of December 31, 2018 and 2017, this equity return, which is not recorded on the balance sheets, totaled $12.0 million and $42.0 million, respectively, for PSNH. The 2017 amount included $25 million of equity return on the Clean Air Project costs that PSNH had agreed not to bill customers as part of the generation divestiture settlement agreement. PSNH sold its generation assets in 2018.

Regulatory Liabilities: The components of regulatory liabilities were as follows:

	As of December 31,							
	2018				2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
EDIT due to Tax Cuts and Jobs Act	$ 2,883.0	$ 1,031.0	$ 1,103.7	$ 396.4	$ 2,882.0	$ 1,031.6	$ 1,087.9	$ 405.1
Cost of Removal	521.0	39.9	307.1	22.1	502.1	23.2	293.8	37.9
Benefit Costs	91.2	—	76.9	—	132.3	—	112.6	—
Regulatory Tracker Mechanisms	309.0	89.5	163.7	48.3	136.7	34.6	77.8	5.0
AFUDC - Transmission	70.7	47.4	23.3	—	67.1	48.8	18.3	—
Revenue Subject to Refund due to Tax Cuts and Jobs Act	24.6	—	—	12.6	—	—	—	—
Other Regulatory Liabilities	80.2	24.0	29.2	4.2	45.2	12.9	3.7	2.7
Total Regulatory Liabilities	3,979.7	1,231.8	1,703.9	483.6	3,765.4	1,151.1	1,594.1	450.7
Less: Current Portion	370.2	109.6	190.6	55.5	128.1	39.0	79.6	6.3
Total Long-Term Regulatory Liabilities	$ 3,609.5	$ 1,122.2	$ 1,513.3	$ 428.1	$ 3,637.3	$ 1,112.1	$ 1,514.5	$ 444.4

EDIT due to Tax Cuts and Jobs Act: Pursuant to the "Tax Cuts and Jobs Act" (the "Act"), which became law on December 22, 2017, Eversource remeasured its existing deferred federal income tax balances as of December 31, 2017 to reflect the decrease in the U.S. federal corporate income tax rate from 35 percent to 21 percent. The remeasurement resulted in provisional regulated excess accumulated deferred income tax (excess ADIT or EDIT) liabilities that will benefit our customers in future periods and were recognized as regulatory liabilities on the balance sheet. We estimate that approximately 85 percent of the provisional regulated EDIT liabilities relate to property, plant, and equipment with remaining useful lives estimated to be in excess of 35 years. These amounts are subject to IRS normalization rules and will be returned to customers using the same timing as the remaining useful lives of the underlying assets that gave rise to the ADIT liabilities.

Eversource's regulated companies are in the process of, or will be, refunding the EDIT liabilities to customers based on orders issued by applicable state regulatory commissions. For CL&P, amounts related to the EDIT liabilities will be incorporated as refunds to customers in May 1, 2019 base distribution rates. For NSTAR Electric (effective January 1, 2019) and NSTAR Gas (effective February 1, 2019), refunds related to EDIT will occur in rates through a new reconciling factor. Effective November 15, 2018, Yankee Gas' distribution rates charged to customers began to reflect the refund of EDIT. For PSNH, EDIT refunds will be addressed as part of the next distribution rate case filing. The EDIT balance related to PSNH's divested generation assets has been included as a component of the securitization of the stranded generation assets and has started to be refunded to customers via the Stranded Cost Recovery Charge effective August 1, 2018. For our transmission companies, the refund of excess ADIT to customers will be made based on future guidance from FERC.

Cost of Removal: Eversource's regulated companies currently recover amounts in rates for future costs of removal of plant assets over the lives of the assets. The estimated cost to remove utility assets from service is recognized as a component of depreciation expense, and the cumulative amount collected from customers but not yet expended is recognized as a regulatory liability.

AFUDC - Transmission: Regulatory liabilities were recorded by CL&P and NSTAR Electric for AFUDC accrued on certain reliability-related transmission projects to reflect local rate base recovery. These regulatory liabilities will be amortized over the depreciable life of the related transmission assets.

Revenue Subject to Refund due to Tax Cuts and Jobs Act: Eversource established a regulatory liability, recorded as a reduction to revenue, to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act, until rates billed to customers reflect the lower federal tax rate. Effective May 1, 2018, CL&P adjusted rates billed to customers to reflect the lower federal income tax rate prospectively and, as of December 31, 2018, fully refunded its regulatory liability associated with the higher federal corporate income tax rate billed to customers in the period between January 1, 2018 through April 30, 2018. Effective November 15, 2018, Yankee Gas adjusted distribution rates to reflect the lower federal income tax rate prospectively and to refund its regulatory liability associated with the higher federal corporate income tax rate billed to customers in the period between January 1, 2018 through November 14, 2018. Although Yankee Gas' new rates were effective January 1, 2019, the provisions of the settlement agreement took effect November 15, 2018. For NSTAR Electric and NSTAR Gas, a December 2018 DPU order indicated that the DPU will not require a revision to base rates for any potential refunds associated with the higher federal corporate income tax rate billed to customers in the period between January 1, 2018 to the effective dates of each company's rate changes (effective February 1, 2018 for NSTAR Electric and July 1, 2018 for NSTAR Gas). PSNH and Aquarion will refund the overcollection in distribution rates from January 1, 2018 to customers in a future period. PSNH will adjust distribution rates to reflect the prospective lower federal income tax rate effective July 1, 2019, or earlier if a rate case is filed for rates effective prior to July 1, 2019.

Effective January 1, 2018, local transmission service rates were updated to reflect the lower U.S. federal corporate income tax rate that resulted from the act. On June 28, 2018, FERC granted a one-time tariff waiver related to the federal corporate income tax rate so that effective June 1, 2018, the regional transmission service rates reflect the reduced federal corporate income tax rate at 21 percent. The refund of excess ADIT to customers will be made based on future guidance from FERC.

FERC ROE Complaints: As of December 31, 2018, Eversource has a reserve established for the second ROE complaint in the pending FERC ROE complaint proceedings, which was recorded as a regulatory liability and is reflected within Regulatory Tracker Mechanisms in the table above. The cumulative pre-tax reserve (excluding interest) as of December 31, 2018 totaled $39.1 million for Eversource (including $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH). See Note 12E, "Commitments and Contingencies – FERC ROE Complaints," for further information on developments in the pending ROE complaint proceedings.

3. PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

Utility property, plant and equipment is recorded at original cost. Original cost includes materials, labor, construction overheads and AFUDC for regulated property. The cost of repairs and maintenance is charged to Operations and Maintenance expense as incurred.

The following tables summarize property, plant and equipment by asset category:

Eversource	**As of December 31,**	
(Millions of Dollars)	**2018**	**2017**
Distribution - Electric	$ 15,071.1	$ 14,410.5
Distribution - Natural Gas	3,546.2	3,244.2
Transmission - Electric	10,153.9	9,270.9
Distribution - Water	1,639.8	1,558.4
Solar	164.1	36.2
Utility	30,575.1	28,520.2
Other [(1)]	778.6	693.7
Property, Plant and Equipment, Gross	31,353.7	29,213.9
Less: Accumulated Depreciation		
Utility	(7,126.2)	(6,846.9)
Other	(336.7)	(286.9)
Total Accumulated Depreciation	(7,462.9)	(7,133.8)
Property, Plant and Equipment, Net	23,890.8	22,080.1
Construction Work in Progress	1,719.6	1,537.4
Total Property, Plant and Equipment, Net	$ 25,610.4	$ 23,617.5

	As of December 31,					
	2018			2017		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Distribution - Electric	$ 6,176.4	$ 6,756.4	$ 2,178.6	$ 5,888.3	$ 6,479.0	$ 2,083.4
Transmission - Electric	4,700.5	4,065.9	1,338.7	4,239.9	3,821.2	1,161.3
Solar	—	164.1	—	—	36.2	—
Property, Plant and Equipment, Gross	10,876.9	10,986.4	3,517.3	10,128.2	10,336.4	3,244.7
Less: Accumulated Depreciation	(2,302.6)	(2,702.0)	(772.9)	(2,239.0)	(2,550.2)	(751.8)
Property, Plant and Equipment, Net	8,574.3	8,284.4	2,744.4	7,889.2	7,786.2	2,492.9
Construction Work in Progress	335.4	510.3	135.7	381.8	460.3	149.4
Total Property, Plant and Equipment, Net	$ 8,909.7	$ 8,794.7	$ 2,880.1	$ 8,271.0	$ 8,246.5	$ 2,642.3

(1) These assets are primarily comprised of building improvements, computer software, hardware and equipment at Eversource Service.

Depreciation of utility assets is calculated on a straight-line basis using composite rates based on the estimated remaining useful lives of the various classes of property (estimated useful life for PSNH distribution and the water utilities). The composite rates, which are subject to approval by the appropriate state regulatory agency, include a cost of removal component, which is collected from customers over the lives of the plant assets and is recognized as a regulatory liability. Depreciation rates are applied to property from the time it is placed in service.

Upon retirement from service, the cost of the utility asset is charged to the accumulated provision for depreciation. The actual incurred removal costs are applied against the related regulatory liability.

The depreciation rates for the various classes of utility property, plant and equipment aggregate to composite rates as follows:

(Percent)	2018	2017	2016
Eversource	2.9%	3.0%	3.0%
CL&P	2.8%	2.8%	2.7%
NSTAR Electric	2.8%	2.9%	2.9%
PSNH	2.8%	3.1%	3.1%

The following table summarizes average remaining useful lives of depreciable assets:

	As of December 31, 2018			
(Years)	Eversource	CL&P	NSTAR Electric	PSNH
Distribution - Electric	34.1	35.4	33.7	32.3
Distribution - Natural Gas	43.8	—	—	—
Transmission - Electric	41.3	38.0	45.3	42.9
Distribution - Water	33.3	—	—	—
Solar	24.9	—	24.9	—
Other	12.9	—	—	—

4. DERIVATIVE INSTRUMENTS

The electric and natural gas companies purchase and procure energy and energy-related products, which are subject to price volatility, for their customers. The costs associated with supplying energy to customers are recoverable from customers in future rates. These regulated companies manage the risks associated with the price volatility of energy and energy-related products through the use of derivative and non-derivative contracts.

Many of the derivative contracts meet the definition of, and are designated as, normal and qualify for accrual accounting under the applicable accounting guidance. The costs and benefits of derivative contracts that meet the definition of normal are recognized in Operating Expenses on the statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not designated as normal are recorded at fair value as current or long-term Derivative Assets or Derivative Liabilities on the balance sheets. For the electric and natural gas companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivatives, as contract settlement amounts are recovered from, or refunded to, customers in their respective energy supply rates.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with current and long-term portions, on the balance sheets. The following table presents the gross fair values of contracts, categorized by risk type, and the net amounts recorded as current or long-term derivative assets or liabilities:

		As of December 31,					
		2018			2017		
(Millions of Dollars)	Fair Value Hierarchy	Commodity Supply and Price Risk Management	Netting [1]	Net Amount Recorded as a Derivative	Commodity Supply and Price Risk Management	Netting [1]	Net Amount Recorded as a Derivative
Current Derivative Assets:							
CL&P	Level 3	9.6	(3.4)	6.2	9.5	(7.1)	2.4
Other	Level 2	$ 1.5	$ (0.9)	$ 0.6	$ —	$ —	$ —
Long-Term Derivative Assets:							
CL&P	Level 3	74.2	(2.3)	71.9	71.9	(5.3)	66.6
Current Derivative Liabilities:							
CL&P	Level 3	(55.1)	—	(55.1)	(54.4)	—	(54.4)
Other	Level 2	—	—	—	(4.5)	—	(4.5)
Long-Term Derivative Liabilities:							
CL&P	Level 3	(379.5)	—	(379.5)	(376.9)	—	(376.9)
Other	Level 2	—	—	—	(0.4)	—	(0.4)

(1) Amounts represent derivative assets and liabilities that Eversource elected to record net on the balance sheets. These amounts are subject to master netting agreements or similar agreements for which the right of offset exists.

The business activities that result in the recognition of derivative assets also create exposure to various counterparties. As of December 31, 2018, Eversource's and CL&P's derivative assets were exposed to counterparty credit risk and contracted with investment grade entities.

For further information on the fair value of derivative contracts, see Note 1I, "Summary of Significant Accounting Policies – Fair Value Measurements," and Note 1J, "Summary of Significant Accounting Policies – Derivative Accounting," to the financial statements.

Derivative Contracts at Fair Value with Offsetting Regulatory Amounts

Commodity Supply and Price Risk Management: As required by regulation, CL&P, along with UI, has capacity-related contracts with generation facilities. CL&P has a sharing agreement with UI, with 80 percent of the costs or benefits of each contract borne by or allocated to CL&P and 20 percent borne by or allocated to UI. The combined capacity of these contracts is 787 MW. The capacity contracts extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set capacity price and the capacity market price received in the ISO-NE capacity markets. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

As of December 31, 2018 and 2017, Eversource had New York Mercantile Exchange ("NYMEX") financial contracts for natural gas futures in order to reduce variability associated with the price of 12.5 million and 9.5 million MMBtu of natural gas, respectively.

For the years ended December 31, 2018, 2017 and 2016, there were losses of $25.0 million, $29.0 million and $125.5 million, respectively, deferred as regulatory costs, which reflect the change in fair value associated with Eversource's derivative contracts.

Fair Value Measurements of Derivative Instruments

Derivative contracts classified as Level 2 in the fair value hierarchy relate to the financial contracts for natural gas futures. Prices are obtained from broker quotes and are based on actual market activity. The contracts are valued using NYMEX natural gas prices. Valuations of these contracts also incorporate discount rates using the yield curve approach.

The fair value of derivative contracts classified as Level 3 utilizes significant unobservable inputs. The fair value is modeled using income techniques, such as discounted cash flow valuations adjusted for assumptions related to exit price. Significant observable inputs for valuations of these contracts include energy and energy-related product prices in future years for which quoted prices in an active market exist. Fair value measurements categorized in Level 3 of the fair value hierarchy are prepared by individuals with expertise in valuation techniques, pricing of energy and energy-related products, and accounting requirements. The future power and capacity prices for periods that are not quoted in an active market or established at auction are based on available market data and are escalated based on estimates of inflation in order to address the full term of the contract.

Valuations of derivative contracts using a discounted cash flow methodology include assumptions regarding the timing and likelihood of scheduled payments and also reflect non-performance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the Company's credit rating for liabilities. Valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using historical market transactions adjusted for the terms of the contract.

The following is a summary of CL&P's Level 3 derivative contracts and the range of the significant unobservable inputs utilized in the valuations over the duration of the contracts:

	As of December 31,			
	2018		2017	
CL&P	Range	Period Covered	Range	Period Covered
Capacity Prices	$ 4.30 — 7.44 per kW-Month	2022 - 2026	$ 5.00 — 8.70 per kW-Month	2021 - 2026
Forward Reserve	0.75 — 1.78 per kW-Month	2019 - 2024	1.00 — 2.00 per kW-Month	2018 - 2024

Exit price premiums of 4.2 percent through 15.7 percent are also applied to these contracts and reflect the uncertainty and illiquidity premiums that would be required based on the most recent market activity available for similar type contracts.

Significant increases or decreases in future capacity or forward reserve prices in isolation would decrease or increase, respectively, the fair value of the derivative liability. Any increases in risk premiums would increase the fair value of the derivative liability. Changes in these fair values are recorded as a regulatory asset or liability and do not impact net income.

Valuations using significant unobservable inputs: The following table presents changes in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis.

CL&P *(Millions of Dollars)*	For the Years Ended December 31, 2018	2017
Derivatives, Net:		
Fair Value as of Beginning of Period	$ (362.3)	$ (420.5)
Net Realized/Unrealized Losses Included in Regulatory Assets and Liabilities	(32.0)	(9.5)
Settlements	37.8	67.7
Fair Value as of End of Period	$ (356.5)	$ (362.3)

5. MARKETABLE SECURITIES

Eversource holds marketable securities that are primarily used to fund certain non-qualified executive benefits. The trusts that hold marketable securities are not subject to regulatory oversight by state or federal agencies. CYAPC and YAEC maintain legally restricted trusts, each of which holds marketable securities, to fund the spent nuclear fuel removal obligations of their nuclear fuel storage facilities. In December 2018, CYAPC paid $145 million from its trust to the DOE to partially settle the pre-1983 spent nuclear fuel obligation.

Equity Securities: In accordance with new accounting guidance, unrealized gains and losses on equity securities are recorded in Other Income, Net on the statements of income. The fair value of equity securities subject to this guidance as of December 31, 2018 and 2017 was $44.0 million and $52.5 million, respectively. For the year ended December 31, 2018, there were unrealized losses of $4.3 million recorded in Other Income, Net related to these equity securities. For the year ended December 31, 2017, the unrealized gains and losses on these equity securities were recorded in Accumulated Other Comprehensive Income on the balance sheet. Dividend income is recorded in Other Income, Net when dividends are declared.

Eversource's equity securities also include CYAPC's and YAEC's marketable securities held in spent nuclear fuel trusts, which had fair values of $200.0 million and $261.3 million as of December 31, 2018 and 2017, respectively. Unrealized gains and losses for these spent nuclear fuel trusts are subject to regulatory accounting treatment and are recorded in Marketable Securities with the corresponding offset to Other Long-Term Liabilities on the balance sheets, with no impact on the statements of income.

Available-for-Sale Debt Securities: The following is a summary of the available-for-sale debt securities, which are recorded at fair value and are included in current and long-term Marketable Securities on the balance sheets.

	As of December 31,							
	2018				2017			
Eversource *(Millions of Dollars)*	Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value	Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value
Debt Securities	$ 190.0	$ 0.4	$ (4.0)	$ 186.4	$ 284.9	$ 3.2	$ (1.1)	$ 287.0

Eversource's debt securities include CYAPC's and YAEC's marketable securities held in spent nuclear fuel trusts in the amounts of $143.9 million and $242.3 million as of December 31, 2018 and 2017, respectively.

Unrealized gains and losses on available-for-sale debt securities held in Eversource's non-qualified benefit trust are recorded in Accumulated Other Comprehensive Income. There have been no significant unrealized losses, other-than-temporary impairments, or credit losses for the years ended December 31, 2018 or 2017. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset-backed debt securities, underlying collateral and expected future cash flows are also evaluated.

As of December 31, 2018, the contractual maturities of available-for-sale debt securities were as follows:

Eversource *(Millions of Dollars)*	**Amortized Cost**	**Fair Value**
Less than one year [(1)]	$ 30.5	$ 30.3
One to five years	29.2	28.9
Six to ten years	43.6	42.9
Greater than ten years	86.7	84.3
Total Debt Securities	$ 190.0	$ 186.4

(1) Amounts in the Less than one year category include securities in the CYAPC and YAEC spent nuclear fuel trusts, which are restricted and are classified in long-term Marketable Securities on the balance sheets.

Realized Gains and Losses: Realized gains and losses are recorded in Other Income, Net for Eversource's benefit trust and are offset in Other Long-Term Liabilities for CYAPC and YAEC. Eversource utilizes the specific identification basis method for the Eversource non-qualified benefit trust, and the average cost basis method for the CYAPC and YAEC spent nuclear fuel trusts to compute the realized gains and losses on the sale of marketable securities. For the year ended December 31, 2017, Eversource recognized net realized gains of $9.8 million on the sales of available-for-sale securities held in the benefit trust. The proceeds of the sales were re-invested in the Eversource benefit trust. There were no similar sales for the year ended December 31, 2018.

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

Eversource *(Millions of Dollars)*	**As of December 31,**	
	2018	**2017**
Level 1:		
Mutual Funds and Equities	$ 244.0	$ 313.8
Money Market Funds	25.9	23.3
Total Level 1	$ 269.9	$ 337.1
Level 2:		
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 79.6	$ 70.2
Corporate Debt Securities	39.5	50.9
Asset-Backed Debt Securities	14.0	21.2
Municipal Bonds	19.2	110.7
Other Fixed Income Securities	8.2	10.7
Total Level 2	$ 160.5	$ 263.7
Total Marketable Securities	$ 430.4	$ 600.8

U.S. government issued debt securities are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate debt securities are valued using a market approach, utilizing recent trades of the same or similar instruments and also incorporating yield curves, credit spreads and specific bond terms and conditions. Asset-backed debt securities include collateralized mortgage obligations, commercial mortgage backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset-backed debt securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates, and tranche information. Municipal bonds are valued using a market approach that incorporates reported trades and benchmark yields. Other fixed income securities are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

6. ASSET RETIREMENT OBLIGATIONS

Eversource, including CL&P, NSTAR Electric and PSNH, recognizes a liability for the fair value of an ARO on the obligation date if the liability's fair value can be reasonably estimated, even if it is conditional on a future event. Settlement dates and future costs are reasonably estimated when sufficient information becomes available. Management has identified various categories of AROs, primarily CYAPC's and YAEC's obligation to dispose of spent nuclear fuel and high level waste, and also certain assets containing asbestos and hazardous contamination. Management has performed fair value calculations reflecting expected probabilities for settlement scenarios.

The fair value of an ARO is recorded as a liability in Other Long-Term Liabilities with a corresponding amount included in Property, Plant and Equipment, Net on the balance sheets. The ARO assets are depreciated, and the ARO liabilities are accreted over the estimated life of the obligation and the corresponding credits are recorded as accumulated depreciation and ARO liabilities, respectively. As the electric and natural gas companies are rate-regulated on a cost-of-service basis, these companies apply regulatory accounting guidance and both the depreciation and accretion costs associated with these companies' AROs are recorded as increases to Regulatory Assets on the balance sheets.

A reconciliation of the beginning and ending carrying amounts of ARO liabilities is as follows:

	As of December 31,							
	2018				2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Balance as of Beginning of Year	$ 419.1	$ 31.5	$ 44.6	$ 25.0	$ 426.4	$ 36.0	$ 42.6	$ 23.5
Liabilities Incurred During the Year	11.3	—	11.3	—	0.2	0.1	0.1	—
Liabilities Settled During the Year	(36.6)	—	—	(21.5)	(19.3)	(1.0)	(0.2)	—
Accretion	25.5	2.0	2.2	0.5	26.3	2.3	2.1	1.5
Revisions in Estimated Cash Flows	46.9	—	14.3	—	(14.5)	(5.9)	—	—
Balance as of End of Year	$ 466.2	$ 33.5	$ 72.4	$ 4.0	$ 419.1	$ 31.5	$ 44.6	$ 25.0

Eversource's amounts include CYAPC and YAEC's AROs of $339.9 million and $301.5 million as of December 31, 2018 and 2017, respectively. The fair value of the ARO for CYAPC and YAEC includes uncertainties of the fuel off-load dates related to the DOE's timing of performance regarding its obligation to dispose of the spent nuclear fuel and high level waste and other assumptions, including discount rates. The incremental asset recorded as an offset to the ARO liability was fully depreciated since the plants have no remaining useful life. Any changes in the ARO liability are recorded with a corresponding offset to the related regulatory asset. The assets held in the CYAPC and YAEC spent nuclear fuel trusts are restricted for settling the ARO and all other nuclear fuel storage obligations. For further information on the assets held in the spent nuclear fuel trusts, see Note 5, "Marketable Securities," to the financial statements.

The increase in the ARO balance at NSTAR Electric for the year ended December 31, 2018 was due to the recording of new liabilities associated with new solar sites placed into service and the replacement of certain distribution cables, and revised remediation costs for existing AROs related to asbestos and hazardous contamination. The decrease in the ARO balance at PSNH for the year ended December 31, 2018 was a result of the generation divestiture and the securitization of remaining generation costs. See Note 13, "Generation Asset Sale," to the financial statements for further information on the PSNH generation divestiture.

7. SHORT-TERM DEBT

Short-Term Debt Borrowing Limits: The amount of short-term borrowings that may be incurred by CL&P, NSTAR Electric and NPT is subject to periodic approval by the FERC. Because the NHPUC has jurisdiction over PSNH's short-term debt, PSNH is not currently required to obtain FERC approval for its short-term borrowings. On November 30, 2017, the FERC granted authorization that allows CL&P to issue total short-term borrowings in an aggregate principal amount not to exceed $600 million outstanding at any one time, through December 31, 2019. On November 30, 2017, the FERC granted authorization that allows NSTAR Electric to issue total short-term borrowings in an aggregate principal amount not to exceed $655 million outstanding at any one time, through December 30, 2019. On December 3, 2018, FERC authorized NPT to issue up to an aggregate of $800 million in short-term debt and long-term debt through December 31, 2020.

PSNH is authorized by regulation of the NHPUC to incur short-term borrowings up to 10 percent of net fixed plant plus an additional $60 million until further ordered by the NHPUC. As of December 31, 2018, PSNH's short-term debt authorization under the 10 percent of net fixed plant test plus $60 million totaled approximately $331 million.

CL&P's certificate of incorporation contains preferred stock provisions restricting the amount of unsecured debt that CL&P may incur, including limiting unsecured indebtedness with a maturity of less than 10 years to 10 percent of total capitalization. As of December 31, 2018, CL&P had $758.1 million of unsecured debt capacity available under this authorization.

Yankee Gas and NSTAR Gas are not required to obtain approval from any state or federal authority to incur short-term debt.

Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year $1.45 billion revolving credit facility. Effective December 10, 2018, the revolving credit facility's termination date was extended for one additional year to December 8, 2023. The revolving credit facility serves to backstop Eversource parent's $1.45 billion commercial paper program.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. Effective December 10, 2018, the revolving credit facility's termination date was extended for one additional year to December 8, 2023. The revolving credit facility serves to backstop NSTAR Electric's $650 million commercial paper program.

The amount of borrowings outstanding and available under the commercial paper programs were as follows:

	Borrowings Outstanding as of December 31,		Available Borrowing Capacity as of December 31,		Weighted-Average Interest Rate as of December 31,	
(Millions of Dollars)	2018	2017	2018	2017	2018	2017
Eversource Parent Commercial Paper Program	$ 631.5	$ 979.3	$ 818.5	$ 470.7	2.77%	1.86%
NSTAR Electric Commercial Paper Program	278.5	234.0	371.5	416.0	2.50%	1.55%

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of December 31, 2018 or 2017. Eversource's water distribution segment has a $100.0 million revolving credit facility, which expires on August 19, 2019, and there were no amounts outstanding as of December 31, 2018 and $76.0 million outstanding as of December 31, 2017.

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable and classified in current liabilities on the Eversource and NSTAR Electric balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, $201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

Under the credit facilities described above, Eversource and its subsidiaries must comply with certain financial and non-financial covenants, including a consolidated debt to total capitalization ratio. As of December 31, 2018 and 2017, Eversource and its subsidiaries were in compliance with these covenants. If Eversource or its subsidiaries were not in compliance with these covenants, an event of default would occur requiring all outstanding borrowings by such borrower to be repaid, and additional borrowings by such borrower would not be permitted under its respective credit facility.

We believe the future operating cash flows of Eversource, CL&P, NSTAR Electric and PSNH, along with our existing borrowing availability and access to financial markets for the issuance of new long-term debt, will be sufficient to meet any working capital and future operating requirements, and capital investment forecast opportunities.

Intercompany Borrowings: Eversource parent uses its available capital resources to provide loans to its subsidiaries to assist in meeting their short-term borrowing needs. In addition, growth in Eversource's key business initiatives requires cash infusion to those subsidiaries. Eversource parent records intercompany interest income from its loans to subsidiaries, which is eliminated in consolidation. Intercompany loans from Eversource parent to its subsidiaries are eliminated in consolidation on Eversource's balance sheets. As of December 31, 2018, there were intercompany loans from Eversource parent to PSNH of $57.0 million. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH. Intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets.

8. LONG-TERM DEBT

Details of long-term debt outstanding are as follows:

CL&P *(Millions of Dollars)*	**As of December 31, 2018**	**2017**
First Mortgage Bonds:		
7.875% 1994 Series D due 2024	$ 139.8	$ 139.8
5.750% 2004 Series B due 2034	130.0	130.0
5.625% 2005 Series B due 2035	100.0	100.0
6.350% 2006 Series A due 2036	250.0	250.0
5.750% 2007 Series B due 2037	150.0	150.0
6.375% 2007 Series D due 2037	100.0	100.0
5.650% 2008 Series A due 2018	—	300.0
5.500% 2009 Series A due 2019	250.0	250.0
2.500% 2013 Series A due 2023	400.0	400.0
4.300% 2014 Series A due 2044	475.0	475.0
4.150% 2015 Series A due 2045	350.0	350.0
3.200% 2017 Series A due 2027	300.0	300.0
4.000% 2018 Series A due 2048	500.0	—
Total First Mortgage Bonds	3,144.8	2,944.8
Pollution Control Revenue Bonds:		
4.375% Fixed Rate Tax Exempt due 2028	120.5	120.5
Less Amounts due Within One Year	(250.0)	(300.0)
Unamortized Premiums and Discounts, Net	10.2	11.5
Unamortized Debt Issuance Costs	(21.5)	(17.7)
CL&P Long-Term Debt	$ 3,004.0	$ 2,759.1

NSTAR Electric *(Millions of Dollars)*	As of December 31, 2018	2017
Debentures:		
5.750% due 2036	$ 200.0	$ 200.0
5.500% due 2040	300.0	300.0
2.375% due 2022	400.0	400.0
4.400% due 2044	300.0	300.0
3.250% due 2025	250.0	250.0
2.700% due 2026	250.0	250.0
3.200% due 2027	700.0	700.0
Total Debentures	2,400.0	2,400.0
Notes:		
5.900% Senior Notes Series B due 2034	50.0	50.0
6.700% Senior Notes Series D due 2037	40.0	40.0
5.100% Senior Notes Series E due 2020	95.0	95.0
3.500% Senior Notes Series F due 2021	250.0	250.0
3.880% Senior Notes Series G due 2023	80.0	80.0
2.750% Senior Notes Series H due 2026	50.0	50.0
Total Notes	565.0	565.0
Less Amounts due Within One Year	—	—
Unamortized Premiums and Discounts, Net	(2.5)	(1.8)
Unamortized Debt Issuance Costs	(17.7)	(19.4)
NSTAR Electric Long-Term Debt	$ 2,944.8	$ 2,943.8

PSNH *(Millions of Dollars)*	As of December 31, 2018	2017
First Mortgage Bonds:		
5.600% Series M due 2035	$ 50.0	$ 50.0
6.000% Series O due 2018	—	110.0
4.500% Series P due 2019	150.0	150.0
4.050% Series Q due 2021	122.0	122.0
3.200% Series R due 2021	160.0	160.0
3.500% Series S due 2023	325.0	325.0
Total First Mortgage Bonds	807.0	917.0
Pollution Control Revenue Bonds:		
Adjustable Rate Tax Exempt Series A due 2021	—	89.3
Less Amounts due Within One Year	(150.0)	(110.0)
Unamortized Premiums and Discounts, Net	—	0.2
Unamortized Debt Issuance Costs	(1.8)	(4.1)
PSNH Long-Term Debt	$ 655.2	$ 892.4

OTHER *(Millions of Dollars)*	As of December 31, 2018	2017
Yankee Gas - First Mortgage Bonds: 3.020% - 8.480% due 2019 - 2048	$ 470.0	$ 520.0
NSTAR Gas - First Mortgage Bonds: 4.09% - 9.950% due 2020 - 2048	385.0	285.0
Eversource Parent and Other - Notes and Debentures:		
4.500% Debentures due 2019	350.0	350.0
2.500% - 4.250% Senior Notes due 2021 - 2029	4,360.0	3,260.0
Unsecured Notes 3.570% - 6.430% due 2021 - 2037	289.5	290.9
Secured Debt 4.100% - 9.640% due 2021 - 2035	70.7	70.4
Pre-1983 Spent Nuclear Fuel Obligation (CYAPC)	39.5	181.4
Fair Value Adjustment [(1)]	144.7	172.6
Less Fair Value Adjustment - Current Portion [(1)]	(36.2)	(35.4)
Less Amounts due in One Year	(401.1)	(104.2)
Commercial Paper Classified as Long-Term Debt	—	201.2
Unamortized Premiums and Discounts, Net	(4.2)	1.5
Unamortized Debt Issuance Costs	(23.2)	(12.8)
Total Other Long-Term Debt	$ 5,644.7	$ 5,180.6
Total Eversource Long-Term Debt	$ 12,248.7	$ 11,775.9

(1) The fair value adjustment amount is the purchase price adjustments, net of amortization, required to record the NSTAR long-term debt at fair value on the date of the 2012 merger and to record the Aquarion long-term debt at fair value on the date of the 2017 acquisition.

Long-Term Debt Issuances and Repayments: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/ (Repayments)	Maturity Date	Use of Proceeds for Issuances/ Repayment Information
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	April 2048	Repaid long-term debt that matured in 2018 and repaid short-term borrowings
5.65% 2008 Series A First Mortgage Bonds	May 2008	(300.0)	May 2018	Repaid at maturity on May 1, 2018
PSNH:				
6.00% 2008 Series O First Mortgage Bonds	May 2008	(110.0)	May 2018	Repaid at maturity on May 1, 2018
2001 Series A Pollution Control Revenue Bonds	December 2001	(89.3)	May 2021	Redeemed on November 28, 2018 at a redemption price of $89.3 million
Other:				
Eversource Parent 2.50% Series I Senior Notes [(1)]	January 2018	200.0	March 2021	Repaid short-term borrowings
Eversource Parent 3.30% Series M Senior Notes	January 2018	450.0	January 2028	Repaid long-term debt that matured in 2018
Eversource Parent 3.80% Series N Senior Notes	December 2018	400.0	December 2023	Repaid short-term borrowings
Eversource Parent 4.25% Series O Senior Notes	December 2018	500.0	April 2029	Repaid short-term borrowings
Eversource Parent 1.60% Series G Senior Notes	January 2015	(150.0)	January 2018	Repaid at maturity on January 15, 2018
Eversource Parent 1.45% Series E Senior Notes	May 2013	(300.0)	May 2018	Repaid at maturity on May 1, 2018
Yankee Gas 4.13% Series O First Mortgage Bonds	September 2018	50.0	October 2048	Repaid long-term debt that matured in 2018
Yankee Gas 6.90% Series J First Mortgage Bonds	October 2008	(100.0)	October 2018	Repaid at maturity on October 1, 2018
NSTAR Gas 4.09% Series P First Mortgage Bonds	September 2018	100.0	October 2048	Repaid short-term borrowings

(1) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount of these notes is now $450 million.

As a result of the Eversource parent debt issuances in January 2018, $446.8 million of current portion of long-term debt related to two Eversource parent issuances maturing in 2018 and $201.2 million of commercial paper borrowings were reclassified to Long-Term Debt as of December 31, 2017.

Long-Term Debt Issuance Authorizations: On August 1, 2018, the DPU approved NSTAR Gas' request for authorization to issue up to $200 million in long-term debt through December 31, 2019. On December 3, 2018, FERC authorized NPT to issue up to an aggregate of $800 million in short-term debt and long-term debt through December 31, 2020.

Long-Term Debt Provisions: The utility plant of CL&P, PSNH, Yankee Gas, NSTAR Gas and a portion of Aquarion is subject to the lien of each company's respective first mortgage bond indenture. The Eversource parent, NSTAR Electric and certain Aquarion debt is unsecured. Additionally, the long-term debt agreements provide that Eversource and certain of its subsidiaries must comply with certain covenants as are customarily included in such agreements, including equity requirements for NSTAR Electric and NSTAR Gas. Under the equity requirements, NSTAR Electric's and Aquarion's senior notes must maintain a certain consolidated indebtedness to capitalization ratio as of the end of any fiscal quarter and NSTAR Gas' outstanding long-term debt must not exceed equity.

CL&P's obligation to repay the PCRBs is secured by first mortgage bonds. The first mortgage bonds contain similar terms and provisions as the applicable series of PCRBs. If CL&P fails to meet its obligations under the first mortgage bonds, then the holder of the first mortgage bonds (the issuer of the PCRBs) would have rights under the first mortgage bonds. CL&P's tax-exempt PCRBs will be subject to redemption at par on or after September 1, 2021.

Certain secured and unsecured long-term debt securities are callable at redemption price or are subject to make-whole provisions.

Eversource, NSTAR Electric, Yankee Gas and Aquarion have certain long-term debt agreements that contain cross-default provisions. No other debt issuances contain cross-default provisions as of December 31, 2018.

Pre-1983 Spent Nuclear Fuel Obligation: Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the selection and development of repositories for, and the disposal of, spent nuclear fuel and high-level radioactive waste. CYAPC is obligated to pay the DOE for the costs to dispose of spent nuclear fuel and high-level radioactive waste generated prior to April 7, 1983 (pre-1983 Spent Nuclear Fuel) and recorded an accrual for the full liability thereof to the DOE. This liability accrues interest costs at the 3-month Treasury bill yield rate. For nuclear fuel used to generate electricity prior to April 7, 1983, payment may be made any time prior to the first delivery of spent fuel to the DOE. Fees for disposal of nuclear fuel burned on or after April 7, 1983 were billed to member companies and paid to the DOE.

As of December 31, 2018 and 2017, as a result of consolidating CYAPC, Eversource has consolidated $39.5 million and $181.4 million, respectively, in pre-1983 spent nuclear fuel obligations to the DOE. In December 2018, CYAPC paid $145 million to the DOE to partially settle this obligation. The obligation includes accumulated interest costs of $29.0 million and $132.6 million as of December 31, 2018 and 2017, respectively. CYAPC maintains a trust to fund amounts due to the DOE for the disposal of pre-1983 spent nuclear fuel. For further information, see Note 5, "Marketable Securities," to the financial statements.

Long-Term Debt Maturities: Long-term debt maturities on debt outstanding for the years 2019 through 2023 and thereafter are shown below. These amounts exclude the CYAPC pre-1983 spent nuclear fuel obligation, net unamortized premiums, discounts and debt issuance costs, and other fair value adjustments as of December 31, 2018:

(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
2019	$ 801.1	$ 250.0	$ —	$ 150.0
2020	296.1	—	95.0	—
2021	1,033.5	—	250.0	282.0
2022	1,188.9	—	400.0	—
2023	1,665.2	400.0	80.0	325.0
Thereafter	7,977.7	2,615.3	2,140.0	50.0
Total	$ 12,962.5	$ 3,265.3	$ 2,965.0	$ 807.0

9. RATE REDUCTION BONDS AND VARIABLE INTEREST ENTITIES

Rate Reduction Bonds: PSNH Funding LLC 3 (PSNH Funding) is a bankruptcy remote, special purpose, wholly-owned subsidiary of PSNH. PSNH Funding was formed solely to issue rate reduction bonds (RRBs) to finance PSNH's unrecovered remaining costs associated with the divestiture of its generation assets.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs in multiple tranches with a weighted average interest rate of 3.66 percent, and final maturity dates ranging from 2026 to 2035. The RRBs are expected to be repaid by February 1, 2033. RRB payments consist of principal and interest and will be paid semi-annually, beginning on February 1, 2019. The RRBs were issued pursuant to a finance order issued by the NHPUC on January 30, 2018 to recover remaining costs resulting from the divestiture of PSNH's generation assets.

The proceeds were used by PSNH Funding to purchase PSNH's stranded cost asset-recovery property, including its vested property right to bill, collect and adjust a non-bypassable stranded cost recovery charge from PSNH's retail customers. The collections will be used to pay principal, interest and other costs in connection with the RRBs. The RRBs are secured by the stranded cost asset-recovery property. Cash collections from the stranded cost recovery charges and funds on deposit in trust accounts are the sole source of funds to satisfy the debt obligation. PSNH is not the owner of the RRBs, and PSNH Funding's assets and revenues are not available to pay PSNH's creditors. The RRBs are non-recourse senior secured obligations of PSNH Funding and are not insured or guaranteed by PSNH or Eversource Energy.

PSNH Funding is considered a variable interest entity (VIE) primarily because the equity capitalization is insufficient to support its operations. PSNH has the power to direct the significant activities of the VIE and is most closely associated with the VIE as compared to other interest holders. Therefore, PSNH is considered the primary beneficiary and consolidates PSNH Funding in its consolidated financial statements. The following tables summarize the impact of PSNH Funding on PSNH's balance sheet and income statement:

(Millions of Dollars) Balance Sheet:	As of December 31, 2018
Restricted Cash - Current Portion (included in Prepayments and Other Current Assets)	$ 47.5
Restricted Cash - Long-Term Portion (included in Other Long-Term Assets)	3.2
Securitized Stranded Cost (included in Regulatory Assets)	608.4
Other Regulatory Liabilities (included in Regulatory Liabilities)	5.8
Accrued Interest (included in Other Current Liabilities)	14.4
Rate Reduction Bonds - Current Portion	52.3
Rate Reduction Bonds - Long-Term Portion	583.3

(Millions of Dollars) Income Statement:	For the Year Ended December 31, 2018
Amortization of RRB Principal (included in Amortization of Regulatory Assets, Net)	$ 27.3
Interest Expense on RRB Principal (included in Interest Expense)	14.4

Variable Interest Entities - Other: The Company's variable interests outside of the consolidated group include contracts that are required by regulation and provide for regulatory recovery of contract costs and benefits through customer rates. Eversource, CL&P and NSTAR Electric hold variable interests in VIEs through agreements with certain entities that own single renewable energy or peaking generation power plants, with other independent power producers and with transmission businesses. Eversource, CL&P and NSTAR Electric do not control the activities that are economically significant to these VIEs or provide financial or other support to these VIEs. Therefore, Eversource, CL&P and NSTAR Electric do not consolidate these VIEs.

10. EMPLOYEE BENEFITS

A. Pension Benefits and Postretirement Benefits Other Than Pension

Eversource provides defined benefit retirement plans ("Pension Plans") that cover eligible employees and are subject to the provisions of ERISA, as amended by the PPA of 2006. Eversource's policy is to annually fund the Pension Plans in an amount at least equal to an amount that will satisfy all federal funding requirements. In addition to the Pension Plans, Eversource maintains non-qualified defined benefit retirement plans ("SERP Plans") which provide benefits in excess of Internal Revenue Code limitations to eligible participants consisting of current and retired employees.

Eversource also provides defined benefit postretirement plans ("PBOP Plans") that provide life insurance and a health reimbursement arrangement created for the purpose of reimbursing retirees and dependents for health insurance premiums and certain medical expenses to eligible employees that met certain age and service eligibility requirements. The benefits provided under the PBOP Plans are not vested, and the Company has the right to modify any benefit provision subject to applicable laws at that time. Eversource annually funds postretirement costs through tax deductible contributions to external trusts.

The Pension, SERP and PBOP Plans cover eligible employees, including, among others, employees of the regulated companies. Because the regulated companies recover retiree benefit costs from customers through rates, regulatory assets are recorded in lieu of recording an adjustment to Accumulated Other Comprehensive Income/(Loss) for the funded status of the Pension, SERP and PBOP Plans. Regulatory accounting is also applied to the portions of the Eversource Service retiree benefit costs that support the regulated companies, as these costs are also recovered from customers. Adjustments to the Pension and PBOP Plans funded status for the unregulated companies are recorded on an after-tax basis to Accumulated Other Comprehensive Income/(Loss). For further information, see Note 2, "Regulatory Accounting," and Note 16, "Accumulated Other Comprehensive Income/(Loss)," to the financial statements.

The difference between the actual return and calculated expected return on plan assets for the Pension and PBOP Plans is reflected as a component of unamortized actuarial gains or losses, which are recorded in Regulatory Assets or Accumulated Other Comprehensive Income/(Loss). Unamortized actuarial gains or losses are amortized as a component of pension and PBOP expense over the estimated average future employee service period.

Pension and SERP Plans: The Pension and SERP Plans are accounted for under the multiple-employer approach, with each operating company's balance sheet reflecting its share of the funded status of the plans. Although Eversource maintains marketable securities in a benefit trust, the SERP Plans do not contain any assets. For further information, see Note 5, "Marketable Securities," to the financial statements. The following table provides information on the Pension and SERP Plan benefit obligations, fair values of Pension Plan assets, and funded status:

	Pension and SERP							
	As of December 31, 2018				As of December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Change in Benefit Obligation:								
Benefit Obligation as of Beginning of Year	$ (5,936.5)	$ (1,275.2)	$ (1,351.0)	$ (642.2)	$ (5,242.3)	$(1,170.2)	$ (1,217.3)	$ (572.2)
Service Cost	(84.8)	(21.4)	(17.4)	(11.2)	(71.3)	(18.5)	(15.5)	(9.7)
Interest Cost	(196.4)	(41.8)	(43.5)	(22.0)	(188.0)	(41.6)	(42.7)	(21.2)
Actuarial Gain/(Loss)	414.9	106.1	98.6	39.2	(548.7)	(116.9)	(143.5)	(65.1)
Benefits Paid - Pension	261.8	59.6	66.9	26.2	243.7	63.5	55.4	26.4
Benefits Paid - Lump Sum	14.2	—	7.1	—	18.4	—	6.8	—
Benefits Paid - SERP	6.8	0.3	0.3	0.2	20.4	0.3	0.3	0.3
Employee Transfers	—	12.0	2.5	(0.9)	—	8.2	5.5	(0.7)
Increase due to acquisition of Aquarion	—	—	—	—	(168.7)	—	—	—
Benefit Obligation as of End of Year	$ (5,520.0)	$ (1,160.4)	$ (1,236.5)	$ (610.7)	$ (5,936.5)	$(1,275.2)	$ (1,351.0)	$ (642.2)
Change in Pension Plan Assets:								
Fair Value of Pension Plan Assets as of Beginning of Year	$ 4,739.5	$ 963.0	$ 1,260.8	$ 539.5	$ 4,076.0	$ 905.5	$ 1,088.3	$ 494.0
Employer Contributions	185.6	41.2	56.5	—	235.2	2.5	85.4	0.8
Actual Return on Pension Plan Assets	(75.2)	(14.2)	(18.7)	(7.6)	589.7	126.7	154.8	70.4
Benefits Paid - Pension	(261.8)	(59.6)	(66.9)	(26.2)	(243.7)	(63.5)	(55.4)	(26.4)
Benefits Paid - Lump Sum	(14.2)	—	(7.1)	—	(18.4)	—	(6.8)	—
Employee Transfers	—	(12.0)	(2.5)	0.9	—	(8.2)	(5.5)	0.7
Increase due to acquisition of Aquarion	—	—	—	—	100.7	—	—	—
Fair Value of Pension Plan Assets as of End of Year	$ 4,573.9	$ 918.4	$ 1,222.1	$ 506.6	$ 4,739.5	$ 963.0	$ 1,260.8	$ 539.5
Funded Status as of December 31st	$ (946.1)	$ (242.0)	$ (14.4)	$ (104.1)	$ (1,197.0)	$ (312.2)	$ (90.2)	$ (102.7)

In 2018, there was an increase to the discount rate used to calculate the funded status of the Eversource pension liability, which resulted in a decrease to Eversource's pension liability of approximately $465 million as of December 31, 2018, which was partially offset by changes in actual plan experience and changes in other assumptions.

In 2017, there was a decrease to the discount rate used to calculate the funded status of the Eversource pension liability, which resulted in an increase to Eversource's pension liability of approximately $390 million as of December 31, 2017.

The pension and SERP Plans' funded status includes the current portion of the SERP liability totaling $8.9 million and $8.4 million as of December 31, 2018 and 2017, respectively, which is included in Other Current Liabilities on the balance sheets.

As of December 31, 2018 and 2017, the accumulated benefit obligation for the Pension and SERP Plans is as follows:

(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
2018	$ 5,070.8	$ 1,031.0	$ 1,144.7	$ 543.1
2017	5,583.6	1,179.2	1,260.1	597.2

The following actuarial assumptions were used in calculating the Pension and SERP Plans' year end funded status:

	Pension and SERP	
	As of December 31,	
	2018	2017
Discount Rate	4.22% — 4.45%	3.43% — 3.75%
Compensation/Progression Rate	3.50%	3.50%

The compensation rate for the Aquarion Plans was 4 percent as of December 31, 2018 and 2017.

Pension and SERP Expense: Eversource charges net periodic pension expense to its subsidiaries based on the actual participant demographic data for each subsidiary's participants. The actual investment return in the trust is allocated to each of the subsidiaries annually in proportion to the investment return expected to be earned during the year. The Company utilizes the spot rate methodology to estimate the discount rate for the service and interest cost components of pension expense, which provides a more precise measurement by matching projected cash flows to the corresponding spot rates on the yield curve.

The components of net periodic benefit expense for the Pension and SERP Plans, prior to amounts capitalized as Property, Plant and Equipment or deferred as regulatory assets for future recovery, are shown below. The service cost component of net periodic benefit expense and the intercompany allocations, less the capitalized portions, are included in Operations and Maintenance expense on the statements of income. The remaining components of net periodic benefit costs are included in Other Income, Net on the statements of income. Pension and SERP expense reflected in the statements of cash flows for CL&P, NSTAR Electric and PSNH does not include the intercompany allocations or the corresponding capitalized and deferred portion, as these amounts are cash settled on a short-term basis.

	Pension and SERP			
	For the Year Ended December 31, 2018			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 84.8	$ 21.4	$ 17.4	$ 11.2
Interest Cost	196.4	41.8	43.5	22.0
Expected Return on Pension Plan Assets	(391.6)	(79.1)	(104.9)	(43.6)
Actuarial Loss	145.7	29.1	41.1	11.6
Prior Service Cost	4.3	1.1	0.2	0.4
Total Net Periodic Benefit Expense/(Income)	$ 39.6	$ 14.3	$ (2.7)	$ 1.6
Intercompany Allocations	N/A	$ 6.1	$ 6.5	$ 1.9

	Pension and SERP			
	For the Year Ended December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 71.3	$ 18.5	$ 15.5	$ 9.7
Interest Cost	188.0	41.6	42.7	21.2
Expected Return on Pension Plan Assets	(334.1)	(71.7)	(87.6)	(40.0)
Actuarial Loss	135.2	27.7	41.1	11.6
Prior Service Cost	4.5	1.5	0.6	0.5
Total Net Periodic Benefit Expense	$ 64.9	$ 17.6	$ 12.3	$ 3.0
Intercompany Allocations	N/A	$ 9.8	$ 9.1	$ 3.3

	Pension and SERP			
	For the Year Ended December 31, 2016			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 75.0	$ 18.8	$ 16.3	$ 9.9
Interest Cost	185.5	41.6	42.2	20.7
Expected Return on Pension Plan Assets	(317.9)	(72.1)	(85.1)	(38.6)
Actuarial Loss	125.7	25.4	39.9	9.9
Prior Service Cost	3.6	1.5	0.3	0.5
Total Net Periodic Benefit Expense	$ 71.9	$ 15.2	$ 13.6	$ 2.4
Intercompany Allocations	N/A	$ 13.8	$ 11.4	$ 4.0

The following actuarial assumptions were used to calculate Pension and SERP expense amounts:

	Pension and SERP		
	For the Years Ended December 31,		
	2018	2017	2016
Discount Rate	3.85% — 4.62%	3.20% — 3.90%	3.27% — 4.89%
Expected Long-Term Rate of Return	8.25%	8.25%	8.25%
Compensation/Progression Rate	3.50%	3.50%	3.50%

For the Aquarion Plans, the long-term expected rate of return was 7 percent and the compensation rate was 4 percent for the year ended December 31, 2018.

The following is a summary of the changes in plan assets and benefit obligations recognized in Regulatory Assets and Other Comprehensive Income ("OCI") as well as amounts in Regulatory Assets and OCI that were reclassified as net periodic benefit expense during the years presented:

	Regulatory Assets		OCI	
	For the Years Ended December 31,		For the Years Ended December 31,	
(Millions of Dollars)	2018	2017	2018	2017
Actuarial Losses Arising During the Year	$ 48.6	$ 333.0	$ 0.7	$ 9.3
Actuarial Losses Reclassified as Net Periodic Benefit Expense	(140.1)	(129.5)	(5.6)	(5.7)
Actuarial Losses Securitized as Stranded Costs [(1)]	(36.7)	—	—	—
Prior Service Cost/(Credit) Arising During the Year	—	1.0	—	(0.4)
Prior Service Cost Reclassified as Net Periodic Benefit Expense	(3.9)	(4.1)	(0.4)	(0.4)
Prior Service Cost Securitized as Stranded Costs [(1)]	(0.1)	—	—	—

[(1)] These amounts were reclassified to securitized regulatory assets in connection with the divestiture of PSNH's generation business. For further information see Note 2, "Regulatory Accounting" to the financial statements.

The following is a summary of the remaining Regulatory Assets and Accumulated Other Comprehensive Income amounts that have not been recognized as components of net periodic benefit expense as of December 31, 2018 and 2017, as well as the amounts that are expected to be recognized as components in 2019:

	Regulatory Assets as of December 31,		Expected 2019 Expense	AOCI as of December 31,		Expected 2019 Expense
(Millions of Dollars)	2018	2017		2018	2017	
Actuarial Loss	$ 1,807.6	$ 1,935.8	$ 140.6	$ 80.8	$ 85.7	$ 5.6
Prior Service Cost	6.3	10.3	0.9	1.1	1.5	0.2

PBOP Plans: The PBOP Plans are accounted for under the multiple-employer approach, with each operating company's balance sheet reflecting its share of the funded status of the plans. The following table provides information on the PBOP Plan benefit obligations, fair values of plan assets, and funded status:

	PBOP							
	As of December 31,							
	2018				2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Change in Benefit Obligation:								
Benefit Obligation as of Beginning of Year	$ (948.6)	$ (178.4)	$ (278.6)	$ (101.1)	$ (810.0)	$ (165.0)	$ (270.0)	$ (89.7)
Service Cost	(10.0)	(1.9)	(2.0)	(1.1)	(9.5)	(1.9)	(1.7)	(1.3)
Interest Cost	(30.7)	(5.8)	(8.7)	(3.4)	(27.1)	(5.3)	(8.7)	(3.0)
Actuarial Gain/(Loss)	102.5	14.4	28.4	8.6	(81.8)	(18.5)	(13.2)	(11.9)
Benefits Paid	45.3	10.1	14.5	4.9	41.5	9.9	13.5	4.6
Employee Transfers	—	(0.1)	0.1	0.2	—	2.4	1.5	0.2
Increase due to acquisition of Aquarion	—	—	—	—	(61.7)	—	—	—
Benefit Obligation as of End of Year	$ (841.5)	$ (161.7)	$ (246.3)	$ (91.9)	$ (948.6)	$ (178.4)	$ (278.6)	$ (101.1)
Change in Plan Assets:								
Fair Value of Plan Assets as of Beginning of Year	$ 922.2	$ 135.9	$ 405.5	$ 79.0	$ 815.8	$ 129.2	$ 361.6	$ 73.2
Actual Return on Plan Assets	(36.6)	(5.2)	(17.4)	(2.9)	118.0	18.1	52.9	10.4
Employer Contributions	9.3	—	5.2	—	7.6	—	5.3	—
Benefits Paid	(45.3)	(10.1)	(14.5)	(4.9)	(41.5)	(9.9)	(13.5)	(4.6)
Employee Transfers	—	—	0.3	—	—	(1.5)	(0.8)	—
Increase due to acquisition of Aquarion	—	—	—	—	22.3	—	—	—
Fair Value of Plan Assets as of End of Year	$ 849.6	$ 120.6	$ 379.1	$ 71.2	$ 922.2	$ 135.9	$ 405.5	$ 79.0
Funded Status as of December 31st	$ 8.1	$ (41.1)	$ 132.8	$ (20.7)	$ (26.4)	$ (42.5)	$ 126.9	$ (22.1)

The Eversource funded status includes prepaid assets of $33.4 million and $13.1 million recorded in Other Long-Term Assets and liabilities of $25.3 million and $39.5 million included in Accrued Pension, SERP and PBOP on the balance sheets as of December 31, 2018 and 2017, respectively.

As of December 31, 2018, there was an increase in the discount rate used to calculate the funded status, resulting in a decrease in the Eversource PBOP liability of approximately $88 million.

As of December 31, 2017, there was a decrease in the discount rate used to calculate the funded status, as compared to the discount rate as of December 31, 2016, resulting in an increase to the Eversource PBOP liability of approximately $64 million.

The following actuarial assumptions were used in calculating the PBOP Plans' year end funded status:

	PBOP	
	As of December 31,	
	2018	2017
Discount Rate	4.38% — 4.41%	3.55% — 3.70%

For the Eversource Service PBOP Plan, effective with the plan amendment that standardized plan designs and made benefit changes in August 2016, the health care cost trend rate is no longer applicable. For the Aquarion PBOP Plan, the health care trend rate is a range of 3.5 percent to 6.75 percent, with an ultimate rate of 3.5 percent to 5 percent in 2019 and 2023, for post-65 and pre-65 retirees, respectively.

PBOP Expense: Eversource charges net periodic postretirement benefits expense to its subsidiaries based on the actual participant demographic data for each subsidiary's participants. The actual investment return in the trust each year is allocated to each of the subsidiaries annually in proportion to the investment return expected to be earned during the year. The Company utilizes the spot rate methodology to estimate the discount rate for the service and interest cost components of PBOP expense, which provides a more precise measurement by matching projected cash flows to the corresponding spot rates on the yield curve.

The components of net periodic benefit expense for the PBOP Plans, prior to amounts capitalized as Property, Plant and Equipment or deferred as regulatory assets on the balance sheets, are shown below. The service cost component of net periodic benefit expense and the intercompany allocations, less the capitalized portions, are included in Operations and Maintenance expense on the statements of income. The remaining components of net periodic benefit costs are included in Other Income, Net on the statements of income. PBOP expense reflected in the statements of cash flows for CL&P, NSTAR Electric and PSNH does not include the intercompany allocations or the corresponding capitalized portion, as these amounts are cash settled on a short-term basis.

	PBOP			
	For the Year Ended December 31, 2018			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 10.0	$ 1.9	$ 2.0	$ 1.1
Interest Cost	30.7	5.8	8.7	3.4
Expected Return on Plan Assets	(72.4)	(10.4)	(32.5)	(6.0)
Actuarial Loss	10.3	1.6	2.3	0.7
Prior Service (Credit)/Cost	(23.6)	1.1	(16.9)	0.5
Total Net Periodic Benefit Income	$ (45.0)	$ —	$ (36.4)	$ (0.3)
Intercompany Allocations	N/A	$ (1.0)	$ (1.3)	$ (0.4)

	PBOP			
	For the Year Ended December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 9.5	$ 1.9	$ 1.7	$ 1.3
Interest Cost	27.1	5.3	8.7	3.0
Expected Return on Plan Assets	(63.7)	(9.7)	(28.6)	(5.5)
Actuarial Loss	9.1	1.0	3.4	0.6
Prior Service (Credit)/Cost	(21.6)	1.1	(17.0)	0.6
Total Net Periodic Benefit Income	$ (39.6)	$ (0.4)	$ (31.8)	$ —
Intercompany Allocations	N/A	$ (0.7)	$ (1.1)	$ (0.5)

	PBOP			
	For the Year Ended December 31, 2016			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 12.2	$ 2.0	$ 3.4	$ 1.3
Interest Cost	32.9	5.3	13.3	2.9
Expected Return on Plan Assets	(62.9)	(10.1)	(28.1)	(5.5)
Actuarial Loss	9.0	1.5	3.3	0.7
Prior Service (Credit)/Cost	(9.1)	0.5	(7.1)	0.2
Total Net Periodic Benefit Income	$ (17.9)	$ (0.8)	$ (15.2)	$ (0.4)
Intercompany Allocations	N/A	$ 0.3	$ (0.1)	$ (0.1)

The following actuarial assumptions were used to calculate PBOP expense amounts:

	PBOP		
	For the Years Ended December 31,		
	2018	2017	2016
Discount Rate	3.28% — 3.94%	3.48% — 4.64%	2.88% — 4.09%
Expected Long-Term Rate of Return	8.25%	8.25%	8.25%

For the Aquarion Plan, the expected long-term rate of return was 7 percent and the health care trend rate was 7 percent for the year ended December 31, 2018.

The following is a summary of the changes in plan assets and benefit obligations recognized in Regulatory Assets and OCI as well as amounts recognized in Regulatory Assets and OCI that were reclassified as net periodic benefit (expense)/income during the years presented:

	Regulatory Assets		OCI	
	For the Years Ended December 31,		For the Years Ended December 31,	
(Millions of Dollars)	2018	2017	2018	2017
Actuarial Losses/(Gains) Arising During the Year	$ 6.4	$ 44.8	$ (1.2)	$ 2.6
Actuarial Losses Reclassified as Net Periodic Benefit Expense	(9.9)	(8.6)	(0.4)	(0.5)
Actuarial Losses Securitized as Stranded Costs [1]	(0.8)	—	—	—
Prior Service (Credit)/Cost Arising During the Year	1.3	(4.0)	—	(0.1)
Prior Service Credit/(Cost) Reclassified as Net Periodic Benefit Income/(Expense)	23.6	22.3	—	(0.7)
Prior Service Cost Securitized as Stranded Costs [1]	(1.3)	—	—	—

[1] These amounts were reclassified to securitized regulatory assets in connection with the divestiture of PSNH's generation business. For further information see Note 2, "Regulatory Accounting" to the financial statements.

The following is a summary of the remaining Regulatory Assets and Accumulated Other Comprehensive Income amounts that have not been recognized as components of net periodic benefit expense as of December 31, 2018 and 2017, as well as the amounts that are expected to be recognized as components in 2019:

	Regulatory Assets as of December 31,		Expected 2019 Expense	AOCI as of December 31,		Expected 2019 Expense
(Millions of Dollars)	2018	2017		2018	2017	
Actuarial Loss	$ 207.3	$ 211.6	$ 9.9	$ 5.0	$ 6.6	$ 0.3
Prior Service (Credit)/Cost	(197.6)	(221.2)	(23.6)	2.6	2.6	0.2

Estimated Future Benefit Payments: The following benefit payments, which reflect expected future service, are expected to be paid by the Pension, SERP and PBOP Plans:

(Millions of Dollars)	2019	2020	2021	2022	2023	2024 - 2028
Pension and SERP	$ 308.5	$ 310.4	$ 318.8	$ 326.6	$ 335.6	$ 1,764.1
PBOP	58.4	58.5	58.6	58.3	57.8	277.4

Eversource Contributions: Based on the current status of the Pension Plans and federal pension funding requirements, Eversource currently expects to make contributions of approximately $112 million in 2019, of which approximately $44 million and $10 million will be contributed by CL&P and PSNH, respectively. The remaining $46 million is expected to be contributed by other Eversource subsidiaries, primarily Eversource Service. Eversource expects to make approximately $11 million in contributions to the PBOP Plan in 2019, of which approximately $6 million will be contributed by NSTAR Electric.

Fair Value of Pension and PBOP Plan Assets: Pension and PBOP funds are held in external trusts. Trust assets, including accumulated earnings, must be used exclusively for Pension and PBOP payments. Eversource's investment strategy for its Pension and PBOP Plans is to maximize the long-term rates of return on these plans' assets within an acceptable level of risk. The investment strategy for each asset category includes a diversification of asset types, fund strategies and fund managers and it establishes target asset allocations that are routinely reviewed and periodically rebalanced. PBOP assets are comprised of assets held in the PBOP Plan trust, as well as specific assets within the Pension Plan trust (401(h) assets). The investment policy and strategy of the 401(h) assets is consistent with that of the defined benefit pension plan. Eversource's expected long-term rates of return on Pension and PBOP Plan assets are based on target asset allocation assumptions and related expected long-term rates of return. In developing its expected long-term rate of return assumptions for the Pension and PBOP Plans, Eversource evaluated input from consultants, as well as long-term inflation assumptions and historical returns. For the year ended December 31, 2018, management has assumed long-term rates of return of 8.25 percent for the Eversource Service Pension and PBOP Plan assets. Management has assumed a 7 percent long-term rate of return for the Aquarion Plans.

These long-term rates of return are based on the assumed rates of return for the target asset allocations as follows:

	As of December 31,			
	2018		2017	
	Eversource Pension Plan and Tax-Exempt Assets Within PBOP Plan		Eversource Pension Plan and Tax-Exempt Assets Within PBOP Plan	
	Target Asset Allocation	Assumed Rate of Return	Target Asset Allocation	Assumed Rate of Return
Equity Securities:				
United States	15.0%	8.5%	21.5%	8.5%
Global	10.0%	8.75%	—%	—%
Non-United States	8.0%	8.5%	11.0%	8.5%
Emerging Markets	4.0%	10.0%	4.5%	10.0%
Debt Securities:				
Fixed Income	13.0%	4.0%	11.0%	4.0%
Public High Yield Fixed Income	4.0%	6.5%	4.0%	6.5%
Private Debt	15.0%	9.0%	15.0%	9.0%
Emerging Markets Debt	—%	—%	2.0%	6.5%
Private Equity	15.0%	12.0%	15.0%	12.0%
Real Assets	16.0%	7.5%	12.0%	7.5%
Hedge Funds	—%	—%	4.0%	6.0%

The taxable assets within the Eversource PBOP Plan have a target asset allocation of 70 percent equity securities and 30 percent fixed income securities. The target asset allocation for the Aquarion Pension Plans is 59 percent equity, 36 percent debt and 5 percent other. The target asset allocation for the Aquarion PBOP Plan is 59 percent equity and 41 percent debt.

The following table presents, by asset category, the Pension and PBOP Plan assets recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

	Pension Plan							
	Fair Value Measurements as of December 31,							
(Millions of Dollars)	2018				2017			
Asset Category:	Level 1	Level 2	Uncategorized	Total	Level 1	Level 2	Uncategorized	Total
Equity Securities [(1)]	$ 443.4	$ —	$ 1,377.8	$ 1,821.2	$ 535.4	$ —	$ 1,653.3	$ 2,188.7
Fixed Income [(2)]	85.5	160.8	1,265.5	1,511.8	56.6	215.9	1,218.3	1,490.8
Private Equity	6.1	—	834.0	840.1	11.2	—	641.8	653.0
Real Assets [(3)]	62.9	—	569.1	632.0	101.6	—	539.9	641.5
Total	$ 597.9	$ 160.8	$ 4,046.4	$ 4,805.1	$ 704.8	$ 215.9	$ 4,053.3	$ 4,974.0
Less: 401(h) PBOP Assets [(4)]				(231.2)				(234.5)
Total Pension Assets				$ 4,573.9				$ 4,739.5

	PBOP Plan							
	Fair Value Measurements as of December 31,							
(Millions of Dollars)	2018				2017			
Asset Category:	Level 1	Level 2	Uncategorized	Total	Level 1	Level 2	Uncategorized	Total
Equity Securities [(1)]	$ 91.9	$ —	$ 210.5	$ 302.4	$ 115.3	$ —	$ 241.9	$ 357.2
Fixed Income [(2)]	22.0	40.3	123.0	185.3	23.4	44.0	133.9	201.3
Private Equity	—	—	32.7	32.7	—	—	31.3	31.3
Real Assets [(3)]	27.5	—	70.5	98.0	22.4	—	75.5	97.9
Total	$ 141.4	$ 40.3	$ 436.7	$ 618.4	$ 161.1	$ 44.0	$ 482.6	$ 687.7
Add: 401(h) PBOP Assets [(4)]				231.2				234.5
Total PBOP Assets				$ 849.6				$ 922.2

(1) United States, Global, Non-United States and Emerging Markets equity securities that are uncategorized include investments in commingled funds and hedge funds that are overlayed with equity index swaps and futures contracts.

(2) Fixed Income investments that are uncategorized include investments in commingled funds, fixed income funds that invest in a variety of opportunistic and fixed income strategies, and hedge funds that are overlayed with fixed income futures.

(3) Real assets include real estate funds and hedge funds.

(4) The assets of the Pension Plan include a 401(h) account that has been allocated to provide health and welfare postretirement benefits under the PBOP Plan.

The Company values assets based on observable inputs when available. Equity securities, exchange traded funds and futures contracts classified as Level 1 in the fair value hierarchy are priced based on the closing price on the primary exchange as of the balance sheet date.

Fixed income securities, such as government issued securities, corporate bonds and high yield bond funds, are included in Level 2 and are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The pricing models utilize observable inputs such as recent trades for the same or similar instruments, yield curves, discount margins and bond structures. Swaps are valued using pricing models that incorporate interest rates and equity and fixed income index closing prices to determine a net present value of the cash flows.

Certain investments, such as commingled funds, private equity investments, real estate funds and hedge funds are valued using the NAV as a practical expedient. These investments are structured as investment companies offering shares or units to multiple investors for the purpose of providing a return. Commingled funds are recorded at NAV provided by the asset manager, which is based on the market prices of the underlying equity securities. Private Equity investments, Fixed Income partnership funds and Real Assets are valued using the NAV provided by the partnerships, which are based on discounted cash flows of the underlying investments, real estate appraisals or public market comparables of the underlying investments, or the NAV of underlying assets held in hedge funds. Assets valued at NAV are uncategorized in the fair value hierarchy.

B. Defined Contribution Plans

Eversource maintains defined contribution plans on behalf of eligible participants. The Eversource 401k Plan provides for employee and employer contributions up to statutory limits. For eligible employees, the Eversource 401k Plan provides employer matching contributions of either 100 percent up to a maximum of three percent of eligible compensation or 50 percent up to a maximum of eight percent of eligible compensation. The Eversource 401k Plan also contains a K-Vantage feature for the benefit of eligible participants, which provides an additional annual employer contribution based on age and years of service. K-Vantage participants are not eligible to actively participate in the Eversource Pension Plan.

The total Eversource 401k Plan employer matching contributions, including the K-Vantage contributions, were as follows:

(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
2018	$ 38.4	$ 5.0	$ 9.7	$ 3.3
2017	34.5	4.6	8.5	3.7
2016	31.8	4.5	8.1	3.4

C. Share-Based Payments

Share-based compensation awards are recorded using a fair-value based method at the date of grant. Eversource, CL&P, NSTAR Electric and PSNH record compensation expense related to these awards, as applicable, for shares issued or sold to their respective employees and officers, as well as for the allocation of costs associated with shares issued or sold to Eversource's service company employees and officers that support CL&P, NSTAR Electric and PSNH.

Eversource Incentive Plans: Eversource maintains long-term equity-based incentive plans in which Eversource, CL&P, NSTAR Electric and PSNH employees, officers and board members are eligible to participate. The incentive plans authorize Eversource to grant up to 6,700,000 new shares for various types of awards, including RSUs and performance shares, to eligible employees, officers, and board members. As of December 31, 2018 and 2017, Eversource had 3,720,650 and 2,445,110 common shares, respectively, available for issuance under these plans.

Eversource accounts for its various share-based plans as follows:

- RSUs - Eversource records compensation expense, net of estimated forfeitures, on a straight-line basis over the requisite service period based upon the fair value of Eversource's common shares at the date of grant. The par value of RSUs is reclassified to Common Stock from APIC as RSUs become issued as common shares.

- Performance Shares - Eversource records compensation expense, net of estimated forfeitures, on a straight-line basis over the requisite service period. Performance shares vest based upon the extent to which Company goals are achieved. Vesting of outstanding performance shares is based upon both the Company's EPS growth over the requisite service period and the total shareholder return as compared to the Edison Electric Institute ("EEI") Index during the requisite service period. The fair value of performance shares is determined at the date of grant using a lattice model.

RSUs: Eversource granted RSUs under the annual long-term incentive programs that are subject to three-year graded vesting schedules for employees, and one-year graded vesting schedules, or immediate vesting, for board members. RSUs are paid in shares, reduced by amounts sufficient to satisfy withholdings for income taxes, subsequent to vesting. A summary of RSU transactions is as follows:

	RSUs (Units)	Weighted Average Grant-Date Fair Value
Outstanding as of December 31, 2017	717,039	$ 49.29
Granted	286,315	$ 56.69
Shares Issued	(201,386)	$ 55.35
Forfeited	(19,603)	$ 56.78
Outstanding as of December 31, 2018	782,365	$ 50.25

The weighted average grant-date fair value of RSUs granted for the years ended December 31, 2018, 2017 and 2016 was $56.69, $55.97 and $54.67, respectively. As of December 31, 2018 and 2017, the number and weighted average grant-date fair value of unvested RSUs was 424,119 and $56.57 per share, and 388,269 and $56.15 per share, respectively. During 2018, there were 216,572 RSUs at a weighted average grant-date fair value of $56.72 per share that vested during the year and were either paid or deferred. As of December 31, 2018, 358,246 RSUs were fully vested and deferred and an additional 402,913 are expected to vest.

Performance Shares: Eversource granted performance shares under the annual long-term incentive programs that vest based upon the extent to which Company goals are achieved at the end of three-year performance measurement periods. Performance shares are paid in shares, after the performance measurement period. A summary of performance share transactions is as follows:

	Performance Shares (Units)	Weighted Average Grant-Date Fair Value
Outstanding as of December 31, 2017	510,565	$ 55.45
Granted	184,355	$ 56.77
Shares Issued	(178,258)	$ 54.98
Forfeited	(17,098)	$ 56.18
Outstanding as of December 31, 2018	499,564	$ 56.08

The weighted average grant-date fair value of performance shares granted for the years ended December 31, 2018, 2017 and 2016 was $56.77, $55.70 and $53.64, respectively. As of December 31, 2018 and 2017, the number and weighted average grant-date fair value of unvested performance shares was 366,995 and $56.17 per share, and 331,207 and $55.79 per share, respectively. During 2018, there were 131,349 performance shares at a weighted average grant-date fair value of $56.08 per share that vested during the year and were either paid or deferred. As of December 31, 2018, 132,569 performance shares were fully vested and deferred.

Compensation Expense: The total compensation expense and associated future income tax benefits recognized by Eversource, CL&P, NSTAR Electric and PSNH for share-based compensation awards were as follows:

Eversource	For the Years Ended December 31,		
(Millions of Dollars)	2018	2017	2016
Compensation Expense	$ 21.4	$ 19.7	$ 23.6
Future Income Tax Benefit	5.4	8.0	9.6

	For the Years Ended December 31,								
	2018			2017			2016		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Compensation Expense	$ 7.8	$ 7.7	$ 2.9	$ 7.0	$ 7.0	$ 3.2	$ 9.1	$ 8.2	$ 3.5
Future Income Tax Benefit	2.0	1.9	0.7	2.9	2.8	1.3	3.7	3.3	1.4

As of December 31, 2018, there was $22.3 million of total unrecognized compensation expense related to nonvested share-based awards for Eversource, including $8.1 million for CL&P, $8.0 million for NSTAR Electric and $2.8 million for PSNH. This cost is expected to be recognized ratably over a weighted-average period of 1.73 years for Eversource and CL&P, and 1.72 years for NSTAR Electric and PSNH.

An income tax rate of 25 percent was used to estimate the tax effect on total share-based payments determined under the fair-value based method for all awards. During both 2018 and 2017, the Company generally settled fully vested RSUs and performance shares with the issuance of common shares purchased in the open market.

For the years ended December 31, 2018, 2017 and 2016, excess tax benefits associated with the distribution of stock compensation awards reduced income tax expense by $1.5 million, $2.9 million, and $19.1 million, respectively, which increased cash flows from operating activities on the statements of cash flows.

D. Other Retirement Benefits

Eversource provides retirement and other benefits for certain current and past company officers. These benefits are accounted for on an accrual basis and expensed over a period equal to the service lives of the employees. The actuarially-determined liability for these benefits, which is included in Other Long-Term Liabilities on the balance sheets, as well as the related expense included in Operations and Maintenance Expense on the income statements, are as follows:

Eversource *(Millions of Dollars)*	As of and For the Years Ended December 31, 2018	2017	2016
Actuarially-Determined Liability	$ 49.1	$ 53.4	$ 54.2
Other Retirement Benefits Expense	2.7	2.8	2.9

	As of and For the Years Ended December 31,								
	2018			2017			2016		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Actuarially-Determined Liability	$ 0.3	$ 0.1	$ 1.7	$ 0.3	$ 0.1	$ 1.9	$ 0.3	$ 0.1	$ 2.0
Other Retirement Benefits Expense	1.1	1.1	0.4	1.0	1.0	0.5	1.1	0.9	0.6

11. INCOME TAXES

The components of income tax expense are as follows:

Eversource *(Millions of Dollars)*	For the Years Ended December 31, 2018	2017	2016
Current Income Taxes:			
Federal	$ 106.5	$ 58.9	$ 38.9
State	10.6	31.6	53.0
Total Current	117.1	90.5	91.9
Deferred Income Taxes, Net:			
Federal	122.6	433.0	427.9
State	52.2	58.6	38.6
Total Deferred	174.8	491.6	466.5
Investment Tax Credits, Net	(2.9)	(3.2)	(3.4)
Income Tax Expense	$ 289.0	$ 578.9	$ 555.0

	For the Years Ended December 31,								
	2018			2017			2016		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Current Income Taxes:									
Federal	$ 54.2	$ 79.3	$ 12.2	$ 50.9	$ 107.8	$ 18.6	$ 27.3	$ 86.4	$ (13.7)
State	20.9	30.0	(0.5)	17.4	25.6	6.2	13.3	39.5	8.8
Total Current	75.1	109.3	11.7	68.3	133.4	24.8	40.6	125.9	(4.9)
Deferred Income Taxes, Net:									
Federal	48.5	27.9	15.4	123.9	88.1	52.7	157.6	96.6	79.5
State	6.4	13.5	20.5	(4.6)	22.4	11.2	11.3	5.1	7.8
Total Deferred	54.9	41.4	35.9	119.3	110.5	63.9	168.9	101.7	87.3
Investment Tax Credits, Net	(0.9)	(1.8)	—	(1.0)	(1.8)	—	(1.2)	(1.8)	—
Income Tax Expense	$ 129.1	$ 148.9	$ 47.6	$ 186.6	$ 242.1	$ 88.7	$ 208.3	$ 225.8	$ 82.4

A reconciliation between income tax expense and the expected tax expense at the statutory rate is as follows:

Eversource *(Millions of Dollars, except percentages)*	For the Years Ended December 31, 2018	2017	2016
Income Before Income Tax Expense	$ 1,329.5	$ 1,574.4	$ 1,504.8
Statutory Federal Income Tax Expense at 21% in 2018 and 35% in 2017 and 2016	279.2	551.0	526.7
Tax Effect of Differences:			
Depreciation	(30.8)	(10.8)	(3.4)
Investment Tax Credit Amortization	(2.9)	(3.2)	(3.4)
Other Federal Tax Credits	—	—	(3.5)
State Income Taxes, Net of Federal Impact	44.4	47.7	56.2
Dividends on ESOP	(5.1)	(8.4)	(8.4)
Tax Asset Valuation Allowance/Reserve Adjustments	5.2	7.0	3.3
Excess Stock Benefit	(1.5)	(2.9)	(19.1)
Other, Net	0.5	(1.5)	6.6
Income Tax Expense	$ 289.0	$ 578.9	$ 555.0
Effective Tax Rate	21.7%	36.8%	36.9%

	For the Years Ended December 31, 2018			2017			2016		
(Millions of Dollars, except percentages)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Income Before Income Tax Expense	$ 506.8	$ 532.0	$ 163.5	$ 563.4	$ 616.8	$ 224.7	$ 542.6	$ 576.6	$ 214.3
Statutory Federal Income Tax Expense at 21% in 2018 and 35% in 2017 and 2016	106.4	111.7	34.3	197.2	215.9	78.6	189.9	201.8	75.0
Tax Effect of Differences:									
Depreciation	(1.2)	(2.8)	0.1	(5.2)	(3.0)	1.1	1.6	(3.1)	1.0
Investment Tax Credit Amortization	(0.9)	(1.8)	—	(1.0)	(1.8)	—	(1.2)	(1.8)	—
Other Federal Tax Credits	—	—	—	—	—	—	—	—	(3.5)
State Income Taxes, Net of Federal Impact	14.5	33.2	15.8	4.5	31.2	11.3	14.5	29.0	10.8
Tax Asset Valuation Allowance/Reserve Adjustments	7.1	1.2	—	(9.5)	—	—	1.5	—	—
Excess Stock Benefit	(0.1)	(0.1)	(0.1)	(0.7)	(0.7)	(0.3)	(0.9)	(1.2)	(0.4)
Other, Net	3.3	7.5	(2.5)	1.3	0.5	(2.0)	2.9	1.1	(0.5)
Income Tax Expense	$ 129.1	$ 148.9	$ 47.6	$ 186.6	$ 242.1	$ 88.7	$ 208.3	$ 225.8	$ 82.4
Effective Tax Rate	25.5%	28.0%	29.1%	33.1%	39.2%	39.5%	38.4%	39.2%	38.4%

Eversource, CL&P, NSTAR Electric and PSNH file a consolidated federal income tax return and unitary, combined and separate state income tax returns. These entities are also parties to a tax allocation agreement under which taxable subsidiaries do not pay any more taxes than they would have otherwise paid had they filed a separate company tax return, and subsidiaries generating tax losses, if any, are paid for their losses when utilized.

Deferred tax assets and liabilities are recognized for the future tax effects of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The tax effect of temporary differences is accounted for in accordance with the rate-making treatment of the applicable regulatory commissions and relevant accounting authoritative literature. The tax effects of temporary differences that give rise to the net accumulated deferred income tax obligations are as follows:

	As of December 31,							
	2018				2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Deferred Tax Assets:								
Employee Benefits	$ 388.2	$ 94.5	$ 35.0	$ 31.1	$ 442.1	$ 112.3	$ 34.0	$ 38.0
Derivative Liabilities	111.4	111.4	—	—	111.8	110.5	0.3	—
Regulatory Deferrals - Liabilities	299.3	38.6	195.5	16.1	205.6	12.0	139.8	17.9
Allowance for Uncollectible Accounts	54.0	23.1	17.8	3.0	50.1	20.6	17.3	2.9
Tax Effect - Tax Regulatory Liabilities	830.3	336.8	288.9	111.7	832.6	337.2	281.2	116.8
Net Operating Loss Carryforwards	28.5	—	—	0.6	47.8	—	—	—
Purchase Accounting Adjustment	64.2	—	—	—	69.9	—	—	—
Other	166.2	81.1	15.6	33.4	149.5	70.7	4.9	49.6
Total Deferred Tax Assets	1,942.1	685.5	552.8	195.9	1,909.4	663.3	477.5	225.2
Less: Valuation Allowance	19.5	10.7	—	—	14.6	6.3	—	—
Net Deferred Tax Assets	$ 1,922.6	$ 674.8	$ 552.8	$ 195.9	$ 1,894.8	$ 657.0	$ 477.5	$ 225.2
Deferred Tax Liabilities:								
Accelerated Depreciation and Other Plant-Related Differences	$ 3,724.2	$ 1,293.3	$ 1,342.4	$ 410.6	$ 3,562.0	$ 1,224.9	$ 1,229.2	$ 502.5
Property Tax Accruals	73.2	35.4	26.3	5.2	56.7	20.7	24.2	5.5
Regulatory Amounts:								
Regulatory Deferrals - Assets	1,025.9	320.1	277.4	213.8	924.9	310.6	267.1	103.6
Tax Effect - Tax Regulatory Assets	238.9	167.0	9.7	8.1	243.1	173.1	9.8	11.4
Goodwill Regulatory Asset - 1999 Merger	95.2	—	81.7	—	99.8	—	85.7	—
Derivative Assets	20.1	19.9	—	—	17.4	17.4	—	—
Other	251.1	5.9	109.8	39.4	288.4	13.7	137.3	45.7
Total Deferred Tax Liabilities	$ 5,428.6	$ 1,841.6	$ 1,847.3	$ 677.1	$ 5,192.3	$ 1,760.4	$ 1,753.3	$ 668.7

2017 Federal Legislation: On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, the act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. For our regulated companies, the most significant changes are (1) the benefit of incurring a lower federal income tax expense and (2) the reduction in ADIT liabilities (now excess ADIT or EDIT), which were estimated to be approximately $2.9 billion and included in regulatory liabilities as of December 31, 2018. In 2018, Eversource refunded $5.0 million ($4.4 million at PSNH and $0.6 million at Yankee Gas) to customers. See Note 2, "Regulatory Accounting," to the financial statements for further information.

The Company assessed the applicable provisions in the act and recorded the associated impacts as of December 31, 2017. The Company recorded the provisional income tax amounts as of December 31, 2017 in accordance with SEC Staff Accounting Bulletin No. 118 ("SAB 118") issued by the SEC in December 2017, for changes pursuant to the act because the impacts could not be finalized upon issuance of the financial statements, but for which reasonable estimates could be determined. The Company has completed its evaluation of the impacts of the act as of December 31, 2018. The ultimate outcome was not materially different from the provisional estimates recorded as of December 31, 2017. While the Company has recorded the impacts of the act based on interpretation of the provisions as enacted, it is expected the U.S. Department of Treasury and the IRS will issue additional interpretative guidance in the future that could result in changes to previously finalized provisions. At this time, some of the states in which the Company does business have issued guidance regarding the act and the impact was not material.

Carryforwards: The following tables provide the amounts and expiration dates of state tax credit and loss carryforwards and federal tax credit and net operating loss carryforwards:

	As of December 31,									
	2018					2017				
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Expiration Range	Eversource	CL&P	NSTAR Electric	PSNH	Expiration Range
Federal Net Operating Loss	$ 103.6	$ —	$ —	$ —	2033 - 2037	$ 197.3	$ —	$ —	$ —	2027 - 2037
Federal Charitable Contribution	2.2	—	—	—	2020 - 2022	18.7	—	—	—	2017 - 2022
State Net Operating Loss	80.7	—	—	—	2019 - 2038	82.8	—	—	—	2028 - 2037
State Tax Credit	148.9	107.0	—	—	2018 - 2023	139.0	94.5	—	—	2017 - 2022
State Charitable Contribution	9.6	—	—	—	2019 - 2023	31.4	—	—	—	2017 - 2022

In 2018, the company increased its valuation allowance reserve for state credits by $5.2 million ($4.4 million for CL&P), net of tax, to reflect an update for expired tax credits. In 2017, the Company increased its valuation allowance reserve for state credits by $9.9 million ($1.8 million for CL&P), net of tax, to reflect an update for expired tax credits.

For 2018 and 2017, state credit and state loss carryforwards have been partially reserved by a valuation allowance of $19.5 million and $14.4 million (net of tax), respectively.

Unrecognized Tax Benefits: A reconciliation of the activity in unrecognized tax benefits, all of which would impact the effective tax rate if recognized, is as follows:

(Millions of Dollars)	Eversource	CL&P
Balance as of January 1, 2016	$ 48.0	$ 13.5
Gross Increases - Current Year	9.9	3.9
Gross Increases - Prior Year	0.2	0.2
Lapse of Statute of Limitations	(9.7)	(2.3)
Balance as of December 31, 2016	48.4	15.3
Gross Increases - Current Year	11.4	4.7
Gross Decreases - Prior Year	(0.9)	(0.5)
Lapse of Statute of Limitations	(7.2)	(1.4)
Balance as of December 31, 2017	51.7	18.1
Gross Increases - Current Year	9.2	3.2
Gross Decreases - Prior Year	(6.5)	(0.9)
Lapse of Statute of Limitations	(8.5)	(2.2)
Balance as of December 31, 2018	$ 45.9	$ 18.2

Interest and Penalties: Interest on uncertain tax positions is recorded and generally classified as a component of Other Interest Expense on the statements of income. However, when resolution of uncertainties results in the Company receiving interest income, any related interest benefit is recorded in Other Income, Net on the statements of income. No penalties have been recorded. The amount of interest expense/(income) on uncertain tax positions recognized and the related accrued interest payable/(receivable) are as follows:

	Other Interest Expense/(Income)			Accrued Interest Expense	
	For the Years Ended December 31,			As of December 31,	
(Millions of Dollars)	2018	2017	2016	2018	2017
Eversource	$ (1.7)	$ —	$ (0.2)	$ 0.1	$ 1.8

Tax Positions: During 2018 and 2017, Eversource did not resolve any of its uncertain tax positions.

Open Tax Years: The following table summarizes Eversource, CL&P, NSTAR Electric and PSNH's tax years that remain subject to examination by major tax jurisdictions as of December 31, 2018:

Description	Tax Years
Federal	2018
Connecticut	2015 - 2018
Massachusetts	2015 - 2018
New Hampshire	2016 - 2018

Eversource does not estimate to have an earnings impact related to unrecognized tax benefits during the next twelve months.

12. COMMITMENTS AND CONTINGENCIES

A. Environmental Matters

General: Eversource, CL&P, NSTAR Electric and PSNH are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. Eversource, CL&P, NSTAR Electric and PSNH have an active environmental auditing and training program and each believes it is substantially in compliance with all enacted laws and regulations.

Environmental reserves are accrued when assessments indicate it is probable that a liability has been incurred and an amount can be reasonably estimated. The approach used estimates the liability based on the most likely action plan from a variety of available remediation options, including no action required or several different remedies ranging from establishing institutional controls to full site remediation and monitoring. These liabilities are estimated on an undiscounted basis and do not assume that the amounts are recoverable from insurance companies or other third parties. The environmental reserves include sites at different stages of discovery and remediation and do not include any unasserted claims.

These reserve estimates are subjective in nature as they take into consideration several different remediation options at each specific site. The reliability and precision of these estimates can be affected by several factors, including new information concerning either the level of contamination at the site, the extent of Eversource's, CL&P's, NSTAR Electric's and PSNH's responsibility for remediation or the extent of remediation required, recently enacted laws and regulations or changes in cost estimates due to certain economic factors. It is possible that new information or future developments could require a reassessment of the potential exposure to required environmental remediation. As this information becomes available, management will continue to assess the potential exposure and adjust the reserves accordingly.

The amounts recorded as environmental reserves are included in Other Current Liabilities and Other Long-Term Liabilities on the balance sheets and represent management's best estimate of the liability for environmental costs, and take into consideration site assessment, remediation and long-term monitoring costs. The environmental reserves also take into account recurring costs of managing hazardous substances and pollutants, mandated expenditures to remediate contaminated sites and any other infrequent and non-recurring clean-up costs. A reconciliation of the activity in the environmental reserves is as follows:

(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
Balance as of January 1, 2017	$ 65.8	$ 4.9	$ 3.8	$ 5.3
Additions	6.2	0.5	1.8	1.0
Payments/Reductions	(17.1)	(0.7)	(2.9)	(0.6)
Balance as of December 31, 2017	54.9	4.7	2.7	5.7
Additions	23.5	1.9	9.7	—
Payments/Reductions	(13.7)	(1.2)	(1.5)	(0.3)
Balance as of December 31, 2018	$ 64.7	$ 5.4	$ 10.9	$ 5.4

The number of environmental sites for which remediation or long-term monitoring, preliminary site work or site assessment is being performed are as follows:

	Eversource	CL&P	NSTAR Electric	PSNH
2018	60	15	16	9
2017	59	14	15	10

The increase in the reserve balance was due primarily to the addition of environmental sites at NSTAR Electric and changes in cost estimates at certain MGP sites at our natural gas companies under investigation for which additional remediation will be required.

Included in the Eversource number of sites and reserve amounts above are former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which Eversource may have potential liability. The reserve balances related to these former MGP sites were $50.1 million and $49.0 million as of December 31, 2018 and 2017, respectively, and related primarily to the natural gas business segment.

As of December 31, 2018, for 7 environmental sites (2 for CL&P) that are included in the Company's reserve for environmental costs, the information known and the nature of the remediation options allow for the Company to estimate the range of losses for environmental costs. As of December 31, 2018, $23.8 million (including $0.7 million for CL&P) had been accrued as a liability for these sites, which represents the low end of the range of the liabilities for environmental costs. Management believes that additional losses of up to approximately $20 million ($1 million at CL&P) may be incurred in executing current remediation plans for these sites.

As of December 31, 2018, for 12 environmental sites (4 for CL&P and 3 for NSTAR Electric) that are included in the Company's reserve for environmental costs, management cannot reasonably estimate the exposure to loss in excess of the reserve, or range of loss, as these sites are under investigation and/or there is significant uncertainty as to what remedial actions, if any, the Company may be required to undertake. As of December 31, 2018, $11.1 million (including $1.9 million for CL&P and $1.9 million for NSTAR Electric) had been accrued as a liability for these sites. As of December 31, 2018, for the remaining 41 environmental sites (including 9 for CL&P, 13 for NSTAR Electric and 9 for PSNH) that are included in the Company's reserve for environmental costs, the $29.8 million accrual (including $2.8 million for CL&P, $9.0 million for NSTAR Electric and $5.4 million for PSNH) represents management's best estimate of the probable liability and no additional loss is anticipated at this time.

Environmental Rate Recovery: PSNH, NSTAR Gas and Yankee Gas have rate recovery mechanisms for MGP related environmental costs, therefore, changes in their respective environmental reserves do not impact Net Income. Effective with the May 2018 distribution rate case settlement, CL&P is allowed to defer certain environmental costs for future recovery. NSTAR Electric does not have a separate environmental cost recovery regulatory mechanism.

B. Long-Term Contractual Arrangements

Estimated Future Annual Costs: The estimated future annual costs of significant executed, non-cancelable, long-term contractual arrangements in effect as of December 31, 2018 are as follows:

Eversource *(Millions of Dollars)*	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Purchased Power and Capacity	$ 68.3	$ 73.5	$ 69.1	$ 72.9	$ 74.1	$ 142.9	$ 500.8
Renewable Energy	262.4	261.0	238.9	240.5	217.2	1,662.0	2,882.0
Peaker CfDs	11.9	22.6	21.9	15.3	17.5	43.5	132.7
Natural Gas Procurement	243.8	227.7	183.6	149.2	135.1	1,039.7	1,979.1
Transmission Support Commitments	22.8	23.1	15.2	16.2	17.8	17.8	112.9
Total	$ 609.2	$ 607.9	$ 528.7	$ 494.1	$ 461.7	$ 2,905.9	$ 5,607.5

CL&P *(Millions of Dollars)*	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Purchased Power and Capacity	$ 57.0	$ 69.7	$ 65.3	$ 69.1	$ 70.4	$ 123.9	$ 455.4
Renewable Energy	102.0	103.8	104.0	104.9	105.5	785.3	1,305.5
Peaker CfDs	11.9	22.6	21.9	15.3	17.5	43.5	132.7
Transmission Support Commitments	9.0	9.1	6.0	6.4	7.0	7.0	44.5
Total	$ 179.9	$ 205.2	$ 197.2	$ 195.7	$ 200.4	$ 959.7	$ 1,938.1

NSTAR Electric *(Millions of Dollars)*	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Purchased Power and Capacity	$ 5.5	$ 3.1	$ 3.1	$ 3.1	$ 3.0	$ 19.0	$ 36.8
Renewable Energy	94.7	93.1	88.6	88.8	63.9	435.1	864.2
Transmission Support Commitments	9.0	9.1	6.0	6.3	7.0	7.0	44.4
Total	$ 109.2	$ 105.3	$ 97.7	$ 98.2	$ 73.9	$ 461.1	$ 945.4

PSNH *(Millions of Dollars)*	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Purchased Power and Capacity	$ 5.8	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ —	$ 8.6
Renewable Energy	65.7	64.1	46.3	46.8	47.8	441.6	712.3
Transmission Support Commitments	4.8	4.9	3.2	3.5	3.8	3.8	24.0
Total	$ 76.3	$ 69.7	$ 50.2	$ 51.0	$ 52.3	$ 445.4	$ 744.9

Purchased Power and Capacity: CL&P, NSTAR Electric and PSNH have various IPP contracts or purchase obligations for electricity. Such contracts extend through 2024 for CL&P, 2031 for NSTAR Electric and 2023 for PSNH.

In addition, CL&P, along with UI, has four capacity CfDs for a total of approximately 787 MW of capacity consisting of three generation units and one demand response project. The capacity CfDs extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set contractual capacity price and the capacity market prices received by the generation facilities in the ISO-NE capacity markets. CL&P has a sharing agreement with UI, whereby UI shares 20 percent of the costs and benefits of these contracts. CL&P's portion of the costs and benefits of these contracts will be paid by, or refunded to, CL&P's customers.

The contractual obligations table above does not include CL&P's, NSTAR Electric's or PSNH's standard/basic service contracts, the amounts of which vary with customers' energy needs.

Renewable Energy: Renewable energy contracts include non-cancellable commitments under contracts of CL&P, NSTAR Electric and PSNH for the purchase of energy and capacity from renewable energy facilities. Such contracts extend through 2039 for CL&P, 2038 for NSTAR Electric and 2033 for PSNH.

The contractual obligations table above does not include long-term commitments signed by CL&P and NSTAR Electric, as required by the PURA and DPU, respectively, for the purchase of renewable energy and related products that are contingent on the future construction of energy facilities. The table also excludes certain CL&P long-term commitments required by regulation that have not yet been executed such as the selection of certain nuclear power-generating facilities awarded under the Act Concerning Zero Carbon Solicitation and Procurement.

Peaker CfDs: In 2008, CL&P entered into three CfDs with developers of peaking generation units approved by PURA (Peaker CfDs). These units have a total of approximately 500 MW of peaking capacity. As directed by PURA, CL&P and UI have entered into a sharing agreement, whereby CL&P is responsible for 80 percent and UI for 20 percent of the net costs or benefits of these CfDs. The Peaker CfDs pay the generation facility owner the difference between capacity, forward reserve and energy market revenues and a cost-of-service payment stream for 30 years. The ultimate cost or benefit to CL&P under these contracts will depend on the costs of plant operation and the prices that the projects receive for capacity and other products in the ISO-NE markets. CL&P's portion of the amounts paid or received under the Peaker CfDs will be recoverable from, or refunded to, CL&P's customers.

Natural Gas Procurement: In the normal course of business, Eversource's natural gas distribution businesses have long-term contracts for the purchase, transportation and storage of natural gas as part of its portfolio of supplies. These contracts extend through 2034.

Transmission Support Commitments: Along with other New England utilities, CL&P, NSTAR Electric and PSNH entered into agreements in 1985 to support transmission and terminal facilities that were built to import electricity from the Hydro-Québec system in Canada. CL&P, NSTAR Electric and PSNH are obligated to pay, over a 30-year period ending in 2020, their proportionate shares of the annual operation and maintenance expenses and capital costs of those facilities.

The total costs incurred under these agreements were as follows:

Eversource *(Millions of Dollars)*	**For the Years Ended December 31, 2018**	**2017**	**2016**
Purchased Power and Capacity	$ 72.0	$ 103.9	$ 152.5
Renewable Energy	218.5	235.5	210.9
Peaker CfDs	20.9	38.7	47.7
Natural Gas Procurement	432.4	377.0	323.9
Transmission Support Commitments	23.4	19.8	15.9
Coal, Wood and Other [(1)]	—	47.7	55.7

	For the Years Ended December 31,								
	2018			**2017**			**2016**		
(Millions of Dollars)	**CL&P**	**NSTAR Electric**	**PSNH**	**CL&P**	**NSTAR Electric**	**PSNH**	**CL&P**	**NSTAR Electric**	**PSNH**
Purchased Power and Capacity	$ 49.4	$ 4.4	$ 18.2	$ 81.0	$ 4.0	$ 18.9	$ 132.7	$ 0.7	$ 19.1
Renewable Energy	63.2	89.8	65.5	51.0	123.7	60.8	42.1	101.1	67.7
Peaker CfDs	20.9	—	—	38.7	—	—	47.7	—	—
Transmission Support Commitments	9.2	9.2	5.0	7.8	7.8	4.2	6.3	6.2	3.4
Coal, Wood and Other [(1)]	—	—	—	—	—	47.7	—	—	55.7

(1) PSNH previously entered into various arrangements for the purchase of coal, wood and the transportation services for fuel supply for its electric generating assets. On January 10, 2018, Eversource and PSNH completed the sale of PSNH's thermal generation assets. On August 26, 2018, Eversource and PSNH completed the sale of PSNH's hydroelectric generation assets. Upon sale, the remaining future contractual obligations were transferred to the respective buyers. See Note 13, "Generation Asset Sale," for further information.

C. Spent Nuclear Fuel Obligations - Yankee Companies

CL&P, NSTAR Electric and PSNH have plant closure and fuel storage cost obligations to the Yankee Companies, which have each completed the physical decommissioning of their respective nuclear facilities and are now engaged in the long-term storage of their spent fuel. The Yankee Companies have collected these costs through wholesale, FERC-approved rates charged under power purchase agreements with several New England utilities, including CL&P, NSTAR Electric and PSNH. These companies in turn recover these costs from their customers through state regulatory commission-approved retail rates. The Yankee Companies have collected amounts that management believes are adequate to recover the remaining plant closure and fuel storage cost estimates for the respective plants. Management believes CL&P and NSTAR Electric will recover their shares of these obligations from their customers. PSNH has recovered its total share of these costs from its customers.

Spent Nuclear Fuel Litigation:

The Yankee Companies have filed complaints against the DOE in the Court of Federal Claims seeking monetary damages resulting from the DOE's failure to provide for a permanent facility to store spent nuclear fuel pursuant to the terms of the 1983 spent fuel and high level waste disposal contracts between the Yankee Companies and the DOE. The court had previously awarded the Yankee Companies damages for Phase I, II and III of litigation resulting from the DOE's failure to meet its contractual obligations. These Phases covered damages incurred in the years 1998 through 2012, and the awarded damages have been received by the Yankee Companies with certain amounts of the damages refunded to their customers.

DOE Phase III Damages - In August 2013, the Yankee Companies each filed subsequent lawsuits against the DOE seeking recovery of actual damages incurred in the years 2009 through 2012 ("DOE Phase III"). On March 25, 2016, the court issued its decision and awarded CYAPC, YAEC and MYAPC damages of $32.6 million, $19.6 million and $24.6 million, respectively. The decision became final on July 18, 2016, and the Yankee Companies received the awards from the DOE on October 14, 2016. The Yankee Companies received FERC approval of their proposed distribution of certain amounts of the awarded damages proceeds to member companies, including CL&P, NSTAR Electric and PSNH, which CYAPC and MYAPC made in December 2016. MYAPC also refunded $56.5 million from its spent nuclear fuel trust, a portion of which was also refunded to the Eversource utility subsidiaries. In total, Eversource received $26.1 million, of which CL&P, NSTAR Electric and PSNH received $13.6 million, $8.6 million and $3.9 million, respectively. These amounts have been refunded to the customers of the respective Eversource utility subsidiaries.

DOE Phase IV Damages - On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking monetary damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal covering the years from 2013 to 2016 ("DOE Phase IV"). On February 21, 2019, the Yankee Companies received a partial summary judgment and partial final judgment in their favor for the undisputed amount of monetary damages, which is the vast majority of the damages being sought. The DOE Phase IV trial for the remaining amount of damages is expected to begin in 2019.

D. Guarantees and Indemnifications

In the normal course of business, Eversource parent provides credit assurances on behalf of its subsidiaries, including CL&P, NSTAR Electric and PSNH, in the form of guarantees.

Eversource parent issued a guaranty on behalf of its subsidiary, NPT, under which, beginning at the time the Northern Pass Transmission line goes into commercial operation, Eversource parent will guarantee the financial obligations of NPT under the TSA with HQ in an amount not to exceed $25 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations. Eversource parent has also entered into a guaranty on behalf of NPT under which Eversource parent will guarantee NPT's obligations under a facility with a financial institution pursuant to which NPT may request letters of credit in an aggregate amount of up to approximately $14 million.

Management does not anticipate a material impact to net income or cash flows as a result of these various guarantees and indemnifications. The following table summarizes Eversource parent's exposure to guarantees and indemnifications of its subsidiaries to external parties, as of December 31, 2018:

Company	Description	Maximum Exposure (in millions)	Expiration Dates
On behalf of subsidiaries:			
Eversource Gas Transmission LLC	Access Northeast Project Capital Contributions Guaranty (1)	$ 184.9	2021
Various	Surety Bonds (2)	41.9	2019 - 2021
Rocky River Realty Company and Eversource Service	Lease Payments for Real Estate	6.3	2019 - 2024
Bay State Wind LLC	Real Estate Purchase	2.5	2019

(1) Eversource parent issued a declining balance guaranty on behalf of its subsidiary, Eversource Gas Transmission LLC, to guarantee the payment of the subsidiary's authorized capital contributions for its investment in the Access Northeast project. The guaranty decreases as authorized capital contributions are made. The guaranty will expire upon the earlier of the full performance of the guaranteed obligations or December 31, 2021.

(2) Surety bond expiration dates reflect termination dates, the majority of which will be renewed or extended. Certain surety bonds contain credit ratings triggers that would require Eversource parent to post collateral in the event that the unsecured debt credit ratings of Eversource parent are downgraded.

As described in Note 1K, "Investments," Eversource parent issued a guaranty on behalf of its subsidiary, Eversource Investment LLC. Eversource parent will guarantee, as a primary obligor, the financial obligations, primarily all post-Closing payment obligations of Eversource Investment LLC, under the Sale and Purchase Agreement and an Irrevocable Equity Commitment Letter with Ørsted in an amount not to exceed $127.6 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations.

E. FERC ROE Complaints

Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, filed on October 1, 2011, December 27, 2012, and July 31, 2014, respectively, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE billed of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

The ROE originally billed during the period October 1, 2011 (beginning of the first complaint period) through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and the incentive cap at 11.74 percent for the first complaint period. This was also effective for all prospective billings to customers beginning October 16, 2014. This FERC order was vacated on April 14, 2017 by the U.S. Court of Appeals for the D.C. Circuit (the "Court").

All amounts associated with the first complaint period have been refunded, which totaled $38.9 million (pre-tax and excluding interest) at Eversource and reflected both the base ROE and incentive cap prescribed by the FERC order. The refund consisted of $22.4 million for CL&P, $13.7 million for NSTAR Electric and $2.8 million for PSNH.

Eversource has recorded a reserve of $39.1 million (pre-tax and excluding interest) for the second complaint period as of December 31, 2018. This reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH as of December 31, 2018.

On October 16, 2018, FERC issued an order on all four complaints describing how it intends to address the issues that were remanded by the Court. FERC proposed a new framework to determine (1) whether an existing ROE is unjust and unreasonable and, if so, (2) how to calculate a replacement ROE. The parties to these proceedings were directed to submit briefs on this new proposed framework and how they would apply the proposed framework in each of the four complaint proceedings. Initial briefs were filed by the NETOs, Complainants and FERC Trial Staff on January 11, 2019. The NETOs' brief was supportive of the overall ROE methodology determined in the October 16, 2018 order providing the FERC does not change the proposed methodology or alter its implementation in a manner that has a material impact on the results. Reply briefs will be filed on March 8, 2019.

The FERC order included illustrative calculations for the first complaint using FERC's proposed frameworks with financial data from that complaint. Those preliminary calculations indicated that for the first complaint period, for the NETOs that FERC concludes are of average financial risk, (1) a preliminary range of presumptively just and reasonable base ROEs is 9.60 percent to 10.99 percent; (2) the pre-existing base ROE of 11.14 percent is therefore unjust and unreasonable; (3) the preliminary just and reasonable base ROE is 10.41 percent; and (4) the preliminary incentive cap on total ROE is 13.08 percent.

If the results of these illustrative calculations were included in a final FERC order for each of the complaint periods, then a 10.41 percent base ROE and a 13.08 percent incentive cap would not have a significant impact on our financial statements for all of the complaint periods.

Although the order provided illustrative calculations, FERC stated that these calculations are merely preliminary. The FERC's preliminary calculations are not binding and do not represent what we believe to be the most likely outcome of a final FERC order, as changes to the methodology by FERC are possible as a result of the parties' arguments and calculations in the briefing process. Until FERC issues a final decision on each of these four complaints, there is significant uncertainty, and at this time, the Company cannot reasonably estimate a range of gain or loss for any of the four complaint proceedings. The October 16, 2018 FERC order or the January 11, 2019 briefs did not provide a reasonable basis for a change to the reserve or recognized ROEs for any of the complaint periods.

Eversource, CL&P, NSTAR Electric and PSNH currently record revenues at the 10.57 percent base ROE and incentive cap at 11.74 percent established in the October 16, 2014 FERC order.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

F. Eversource and NSTAR Electric Boston Harbor Civil Action

On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

The parties reached a settlement pursuant to which HEEC agreed to install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit resulted in the initial $17.5 million of construction costs on the new cable being expensed as incurred, all of which was fully expensed by the end of 2018. Construction of the new cable is underway and is expected to be completed in 2019.

G. Litigation and Legal Proceedings

Eversource, including CL&P, NSTAR Electric and PSNH, are involved in legal, tax and regulatory proceedings regarding matters arising in the ordinary course of business, which involve management's assessment to determine the probability of whether a loss will occur and, if probable, its best estimate of probable loss. The Company records and discloses losses when these losses are probable and reasonably estimable, and discloses matters when losses are probable but not estimable or when losses are reasonably possible. Legal costs related to the defense of loss contingencies are expensed as incurred.

13. GENERATION ASSET SALE

In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, pursuant to which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approved this agreement as well as the final divestiture plan and auction process in 2016. On October 11, 2017, PSNH entered into two Purchase and Sale Agreements with private investors, one to sell its thermal generation assets at a purchase price of $175 million, subject to adjustment, (the “Thermal Agreement”) and a second to sell its hydroelectric generation assets at a purchase price of $83 million, subject to adjustment (the “Hydro Agreement”). The NHPUC approved these agreements in late November 2017, at which time the Company classified these assets as held for sale.

On January 10, 2018, PSNH completed the sale of its thermal generation assets pursuant to the Thermal Agreement. In accordance with the Thermal Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million. In the second quarter of 2018, the purchase price was further adjusted by $17.3 million relating to the valuation of certain allowances. As a result of these adjustments, net proceeds from the sale of the thermal assets totaled $116.8 million.

On July 16, 2018, FERC issued its order approving the transfer of PSNH's six hydroelectric licenses to private investors. On August 26, 2018, PSNH completed the sale of its hydroelectric generation assets pursuant to the Hydro Agreement. In accordance with the Hydro Agreement, the original purchase price of $83 million was adjusted to reflect contractual adjustments totaling $5.8 million, resulting in net proceeds of $77.2 million. The difference between the carrying value of the hydroelectric generation assets and the sale proceeds resulted in a gain of $17.3 million. An estimated gain from the sale of these assets was included as an offset to the total remaining costs associated with the sale of generation assets that were securitized on May 8, 2018.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs to finance PSNH's unrecovered remaining costs associated with the divestiture of its generation assets, which included the deferred costs resulting from the sale of the thermal generation assets. These RRBs are secured by a non-bypassable charge recoverable from PSNH customers. As of December 31, 2018, unamortized securitized stranded costs totaled $608.4 million and are included in Regulatory Assets on the Eversource and PSNH balance sheets. As of December 31, 2017, the deferred costs resulting from the thermal generation asset sale of $516.1 million represented the difference between the carrying value and the fair value less cost to sell the thermal generation assets. For further information on the securitized RRB issuance, see Note 9, "Rate Reduction Bonds and Variable Interest Entities."

For the year ended December 31, 2018, pre-tax income associated with the hydroelectric assets prior to the sale on August 26, 2018 was $9.9 million. For the years ended December 31, 2017 and 2016, pre-tax income associated with PSNH's generation assets was $60.0 million, and $65.3 million, respectively.

As of December 31, 2018, all generation assets had been sold and as a result, no generation assets were classified as held for sale. As of December 31, 2017, PSNH's generation assets held for sale, which were included in current assets on the Eversource and PSNH balance sheets, and were part of the Electric Distribution reportable segment, were as follows:

(Millions of Dollars)	As of December 31, 2017
Thermal Gross Plant	$ 1,091.4
Hydroelectric Gross Plant	83.0
Accumulated Depreciation	(575.4)
Net Plant	599.0
Fuel and Inventory	87.7
Materials and Supplies	27.3
Emission Allowances	19.1
Other Assets	2.6
Deferred Costs from Thermal Generation Asset Sale	(516.1)
Total Generation Assets Held for Sale	$ 219.6

14. LEASES

Eversource, including CL&P, NSTAR Electric and PSNH, has entered into lease agreements, some of which are capital leases, for the use of land, office space, service centers, vehicles, information technology, and office equipment. In addition, CL&P, NSTAR Electric and PSNH incur costs associated with leases entered into by affiliated Eversource subsidiaries, including Eversource Service and Rocky River Realty Company, and are included below in their respective operating lease rental expenses and future minimum rental payments. These intercompany lease amounts are eliminated on an Eversource consolidated basis. The provisions of the Eversource, CL&P, NSTAR Electric and PSNH lease agreements generally contain renewal options. One lease agreement contains payments impacted by the consumer price index.

Operating lease rental payments charged to expense are as follows:

(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
2018	$ 10.8	$ 10.9	$ 11.8	$ 2.5
2017	10.5	11.7	11.3	3.3
2016	12.1	12.5	11.4	2.9

Future minimum rental payments, excluding executory costs, such as property taxes, state use taxes, insurance, and maintenance, under long-term non-cancelable leases, as of December 31, 2018 are as follows:

Operating Leases *(Millions of Dollars)*	Eversource	CL&P	NSTAR Electric	PSNH
2019	$ 11.5	$ 1.5	$ 7.2	$ 0.5
2020	9.8	1.4	6.0	0.4
2021	8.7	1.2	5.3	0.4
2022	7.2	1.1	4.4	0.4
2023	4.7	0.5	3.1	0.2
Thereafter	32.7	0.2	29.5	0.3
Future minimum lease payments	$ 74.6	$ 5.9	$ 55.5	$ 2.2

Capital Leases *(Millions of Dollars)*	Eversource	CL&P	NSTAR Electric	PSNH
2019	$ 3.4	$ 2.0	$ 0.5	$ 0.1
2020	3.4	2.0	0.5	0.1
2021	2.9	1.5	0.5	0.1
2022	1.5	—	0.6	0.1
2023	0.7	—	0.6	0.1
Thereafter	13.9	—	13.4	0.5
Future minimum lease payments	25.8	5.5	16.1	1.0
Less amount to arrive at present value	13.8	1.0	12.4	0.1
Present value of future minimum lease payments	$ 12.0	$ 4.5	$ 3.7	$ 0.9

CL&P and PSNH entered into certain contracts for the purchase of energy that qualify as leases. These contracts do not have minimum lease payments and therefore are not included in the tables above. However, such contracts and corresponding expense have been included in the contractual obligations tables in Note 12B, "Commitments and Contingencies - Long-Term Contractual Arrangements," to the financial statements.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Preferred Stock, Long-Term Debt and Rate Reduction Bonds: The fair value of CL&P's and NSTAR Electric's preferred stock is based upon pricing models that incorporate interest rates and other market factors, valuations or trades of similar securities and cash flow projections. The fair value of long-term debt and RRB debt securities is based upon pricing models that incorporate quoted market prices for those issues or similar issues adjusted for market conditions, credit ratings of the respective companies and treasury benchmark yields. The fair values provided in the table below are classified as Level 2 within the fair value hierarchy. Carrying amounts and estimated fair values are as follows:

	Eversource		CL&P		NSTAR Electric		PSNH	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
As of December 31, 2018:								
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 156.8	$ 116.2	$ 113.8	$ 43.0	$ 43.0	$ —	$ —
Long-Term Debt	13,086.1	13,154.9	3,254.0	3,429.2	2,944.8	3,024.1	805.2	819.5
Rate Reduction Bonds	635.7	645.8	—	—	—	—	635.7	645.8
As of December 31, 2017:								
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 160.8	$ 116.2	$ 116.5	$ 43.0	$ 44.3	$ —	$ —
Long-Term Debt	12,325.5	12,877.1	3,059.1	3,430.5	2,943.8	3,156.5	1,002.4	1,038.2

Derivative Instruments and Marketable Securities: Derivative instruments and investments in marketable securities are carried at fair value. For further information, see Note 4, "Derivative Instruments," and Note 5, "Marketable Securities," to the financial statements.

See Note 1I, "Summary of Significant Accounting Policies – Fair Value Measurements," for the fair value measurement policy and the fair value hierarchy.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in accumulated other comprehensive income/(loss) by component, net of tax, are as follows:

	For the Year Ended December 31, 2018				For the Year Ended December 31, 2017			
Eversource *(Millions of Dollars)*	Qualified Cash Flow Hedging Instruments	Unrealized Losses on Marketable Securities	Defined Benefit Plans	Total	Qualified Cash Flow Hedging Instruments	Unrealized Gains/(Losses) on Marketable Securities	Defined Benefit Plans	Total
Balance as of January 1st	$ (6.2)	$ —	$ (60.2)	$ (66.4)	$ (8.2)	$ 0.4	$ (57.5)	$ (65.3)
OCI Before Reclassifications	—	(0.5)	0.3	(0.2)	—	(0.4)	(7.2)	(7.6)
Amounts Reclassified from AOCI	1.8	—	4.8	6.6	2.0	—	4.5	6.5
Net OCI	1.8	(0.5)	5.1	6.4	2.0	(0.4)	(2.7)	(1.1)
Balance as of December 31st	$ (4.4)	$ (0.5)	$ (55.1)	$ (60.0)	$ (6.2)	$ —	$ (60.2)	$ (66.4)

Eversource's qualified cash flow hedging instruments represent interest rate swap agreements on debt issuances that were settled in prior years. The settlement amount was recorded in AOCI and is being amortized into Net Income over the term of the underlying debt instrument. CL&P, NSTAR Electric and PSNH continue to amortize interest rate swaps settled in prior years from AOCI into Interest Expense over the remaining life of the associated long-term debt. Such interest rate swaps are not material to their respective financial statements.

Defined benefit plan OCI amounts before reclassifications relate to actuarial gains and losses that arose during the year and were recognized in AOCI. The unamortized actuarial gains and losses and prior service costs on the defined benefit plans are amortized from AOCI into Other Income, Net over the average future employee service period, and are reflected in amounts reclassified from AOCI. The related tax effects recognized in AOCI were net deferred tax liabilities of $0.2 million in 2018, and deferred tax assets of $4.1 million and $4.0 million in 2017 and 2016, respectively.

The following table sets forth the amounts reclassified from AOCI by component and the impacted line item on the statements of income:

Eversource *(Millions of Dollars)*	**Amounts Reclassified from AOCI For the Years Ended December 31, 2018**	**2017**	**2016**	**Statements of Income Line Item Impacted**
Qualified Cash Flow Hedging Instruments	$ (2.8)	$ (3.3)	$ (3.5)	Interest Expense
Tax Effect	1.0	1.3	1.4	Income Tax Expense
Qualified Cash Flow Hedging Instruments, Net of Tax	$ (1.8)	$ (2.0)	$ (2.1)	
Defined Benefit Plan Costs:				
Amortization of Actuarial Losses	$ (6.0)	$ (6.2)	$ (5.6)	Other Income, Net [1]
Amortization of Prior Service Cost	(0.4)	(1.1)	(0.8)	Other Income, Net [1]
Total Defined Benefit Plan Costs	(6.4)	(7.3)	(6.4)	
Tax Effect	1.6	2.8	2.5	Income Tax Expense
Defined Benefit Plan Costs, Net of Tax	$ (4.8)	$ (4.5)	$ (3.9)	
Total Amounts Reclassified from AOCI, Net of Tax	$ (6.6)	$ (6.5)	$ (6.0)	

(1) These amounts are included in the computation of net periodic Pension, SERP and PBOP costs. See Note 1N, "Summary of Significant Accounting Policies – Other Income, Net" and Note 10A, "Employee Benefits – Pension Benefits and Postretirement Benefits Other Than Pension," for further information.

As of December 31, 2018, it is estimated that a pre-tax amount of $2.5 million ($0.7 million for NSTAR Electric and $1.8 million for PSNH) will be reclassified from AOCI as a decrease to Net Income over the next 12 months as a result of the amortization of the interest rate swap agreements which have been settled. In addition, it is estimated that a pre-tax amount of $6.3 million will be reclassified from AOCI as a decrease to Net Income over the next 12 months as a result of the amortization of Pension, SERP and PBOP costs.

17. DIVIDEND RESTRICTIONS

Eversource parent's ability to pay dividends may be affected by certain state statutes, the ability of its subsidiaries to pay common dividends and the leverage restriction tied to its consolidated total debt to total capitalization ratio requirement in its revolving credit agreement. Pursuant to the joint revolving credit agreement of Eversource, CL&P, PSNH, Yankee Gas and NSTAR Gas, and to the NSTAR Electric revolving credit agreement, each company is required to maintain consolidated total indebtedness to total capitalization ratio of no greater than 65 percent at the end of each fiscal quarter. As of December 31, 2018, all companies were in compliance with such covenant. Eversource, CL&P, NSTAR Electric, PSNH, Yankee Gas and NSTAR Gas were in compliance with all such provisions of the revolving credit agreements that may restrict the payment of dividends as of December 31, 2018.

The Retained Earnings balances subject to dividend restrictions were $4.0 billion for Eversource, $1.7 billion for CL&P, $2.1 billion for NSTAR Electric and $627.3 million for PSNH as of December 31, 2018.

CL&P, NSTAR Electric and PSNH are subject to Section 305 of the Federal Power Act that makes it unlawful for a public utility to make or pay a dividend from any funds "properly included in its capital account." Management believes that this Federal Power Act restriction, as applied to CL&P, NSTAR Electric and PSNH, would not be construed or applied by the FERC to prohibit the payment of dividends from retained earnings for lawful and legitimate business purposes. In addition, certain state statutes may impose additional limitations on such companies and on Yankee Gas and NSTAR Gas. Such state law restrictions do not restrict the payment of dividends from retained earnings or net income.

18. COMMON SHARES

The following table sets forth the Eversource parent common shares and the shares of common stock of CL&P, NSTAR Electric and PSNH that were authorized and issued, as well as the respective per share par values:

	Par Value	**Shares: Authorized as of December 31, 2018 and 2017**	**Issued as of December 31, 2018**	**2017**
Eversource	$ 5	380,000,000	333,878,402	333,878,402
CL&P	$ 10	24,500,000	6,035,205	6,035,205
NSTAR Electric	$ 1	100,000,000	200	200
PSNH	$ 1	100,000,000	301	301

As of both December 31, 2018 and 2017, there were 16,992,594 Eversource common shares held as treasury shares. As of both December 31, 2018 and 2017, there were 316,885,808 Eversource common shares outstanding.

19. PREFERRED STOCK NOT SUBJECT TO MANDATORY REDEMPTION

The CL&P and NSTAR Electric preferred stock is not subject to mandatory redemption and is presented as a noncontrolling interest of a subsidiary in Eversource's financial statements.

CL&P is authorized to issue up to 9,000,000 shares of preferred stock, par value $50 per share, and NSTAR Electric is authorized to issue 2,890,000 shares of preferred stock, par value $100 per share. Holders of preferred stock of CL&P and NSTAR Electric are entitled to receive cumulative dividends in preference to any payment of dividends on the common stock. Upon liquidation, holders of preferred stock of CL&P and NSTAR Electric are entitled to receive a liquidation preference before any distribution to holders of common stock in an amount equal to the par value of the preferred stock plus accrued and unpaid dividends. If the net assets were to be insufficient to pay the liquidation preference in full, then the net assets would be distributed ratably to all holders of preferred stock. The preferred stock of CL&P and NSTAR Electric is subject to optional redemption by the CL&P and NSTAR Electric Board of Directors at any time.

Details of preferred stock not subject to mandatory redemption are as follows (in millions, except in redemption price and shares):

Series		Redemption Price Per Share	Shares Outstanding as of December 31, 2018	Shares Outstanding as of December 31, 2017	As of December 31, 2018	As of December 31, 2017
CL&P						
$1.90	Series of 1947	$ 52.50	163,912	163,912	$ 8.2	$ 8.2
$2.00	Series of 1947	$ 54.00	336,088	336,088	16.8	16.8
$2.04	Series of 1949	$ 52.00	100,000	100,000	5.0	5.0
$2.20	Series of 1949	$ 52.50	200,000	200,000	10.0	10.0
3.90%	Series of 1949	$ 50.50	160,000	160,000	8.0	8.0
$2.06	Series E of 1954	$ 51.00	200,000	200,000	10.0	10.0
$2.09	Series F of 1955	$ 51.00	100,000	100,000	5.0	5.0
4.50%	Series of 1956	$ 50.75	104,000	104,000	5.2	5.2
4.96%	Series of 1958	$ 50.50	100,000	100,000	5.0	5.0
4.50%	Series of 1963	$ 50.50	160,000	160,000	8.0	8.0
5.28%	Series of 1967	$ 51.43	200,000	200,000	10.0	10.0
$3.24	Series G of 1968	$ 51.84	300,000	300,000	15.0	15.0
6.56%	Series of 1968	$ 51.44	200,000	200,000	10.0	10.0
Total CL&P			2,324,000	2,324,000	$ 116.2	$ 116.2
NSTAR Electric						
4.25%	Series of 1956	$ 103.625	180,000	180,000	$ 18.0	$ 18.0
4.78%	Series of 1958	$ 102.80	250,000	250,000	25.0	25.0
Total NSTAR Electric			430,000	430,000	$ 43.0	$ 43.0
Fair Value Adjustment due to Merger with NSTAR					(3.6)	(3.6)
Other						
6.00%	Series of 1958	$ 100.00	23	23	$ —	$ —
Total Eversource - Preferred Stock of Subsidiaries					$ 155.6	$ 155.6

20. COMMON SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS

Dividends on the preferred stock of CL&P and NSTAR Electric totaled $7.5 million for each of the years ended December 31, 2018, 2017 and 2016. These dividends were presented as Net Income Attributable to Noncontrolling Interests on the Eversource statements of income. Noncontrolling Interest – Preferred Stock of Subsidiaries on the Eversource balance sheets totaled $155.6 million as of December 31, 2018 and 2017. On the Eversource balance sheets, Common Shareholders' Equity was fully attributable to Eversource parent and Noncontrolling Interest – Preferred Stock of Subsidiaries was fully attributable to the noncontrolling interest.

For the years ended December 31, 2018, 2017 and 2016, there was no change in ownership of the common equity of CL&P and NSTAR Electric.

21. EARNINGS PER SHARE

Basic EPS is computed based upon the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of common shares outstanding plus the potential dilutive effect of certain share-based compensation awards as if they were converted into common shares. The dilutive effect of unvested RSU and performance share awards is calculated using the treasury stock method. RSU and performance share awards are included in basic weighted average common shares outstanding as of the date that all necessary vesting conditions have been satisfied.

The following table sets forth the components of basic and diluted EPS:

Eversource *(Millions of Dollars, except share information)*	For the Years Ended December 31, 2018	2017	2016
Net Income Attributable to Common Shareholders	$ 1,033.0	$ 988.0	$ 942.3
Weighted Average Common Shares Outstanding:			
Basic	317,370,369	317,411,097	317,650,180
Dilutive Effect	623,565	620,483	804,059
Diluted	317,993,934	318,031,580	318,454,239
Basic EPS	$ 3.25	$ 3.11	$ 2.97
Diluted EPS	$ 3.25	$ 3.11	$ 2.96

22. REVENUES

On January 1, 2018, Eversource, including CL&P, NSTAR Electric and PSNH, adopted ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*" using the modified retrospective approach. The core principle of this accounting guidance is that revenue is recognized when promised goods or services (referred to as performance obligations) are transferred to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard uses a five-step model for recognizing and measuring revenue from contracts with customers, which includes identifying the contract with the customer, identifying the performance obligations promised within the contract, determining the transaction price (the amount of consideration to which the company expects to be entitled), allocating the transaction price to the performance obligations and recognizing revenue when (or as) the performance obligation is satisfied.

The following table presents operating revenues disaggregated by revenue source:

Eversource *(Millions of Dollars)*	For the Year Ended December 31, 2018 Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Revenue from Contracts with Customers							
Retail Tariff Sales							
Residential	$ 3,766.6	$ 542.5	$ —	$ 130.7	$ —	$ —	$ 4,439.8
Commercial	2,634.7	334.8	—	63.3	—	(4.5)	3,028.3
Industrial	351.9	96.0	—	4.4	—	(10.0)	442.3
Total Retail Tariff Sales Revenue	6,753.2	973.3	—	198.4	—	(14.5)	7,910.4
Wholesale Transmission Revenue	—	—	1,308.9	—	47.3	(1,092.2)	264.0
Wholesale Market Sales Revenue	179.5	57.5	—	4.1	—	—	241.1
Other Revenue from Contracts with Customers	65.9	(2.2)	12.6	7.2	889.0	(891.0)	81.5
Reserve for Revenue Subject to Refund	(12.3)	(8.3)	—	(3.7)	—	—	(24.3)
Total Revenue from Contracts with Customers	6,986.3	1,020.3	1,321.5	206.0	936.3	(1,997.7)	8,472.7
Alternative Revenue Programs	(47.0)	(1.2)	(35.2)	5.4	—	31.9	(46.1)
Other Revenue	17.9	3.1	—	0.6	—	—	21.6
Total Operating Revenues	$ 6,957.2	$ 1,022.2	$ 1,286.3	$ 212.0	$ 936.3	$ (1,965.8)	$ 8,448.2

	For the Year Ended December 31, 2018		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Revenue from Contracts with Customers			
Retail Tariff Sales			
Residential	$ 1,828.2	$ 1,380.9	$ 557.5
Commercial	928.1	1,391.5	316.9
Industrial	147.7	124.9	79.3
Total Retail Tariff Sales Revenue	2,904.0	2,897.3	953.7
Wholesale Transmission Revenue	620.6	488.8	199.5
Wholesale Market Sales Revenue	48.3	76.1	56.6
Other Revenue from Contracts with Customers	35.0	28.9	15.5
Reserve for Revenue Subject to Refund	—	—	(12.3)
Total Revenue from Contracts with Customers	3,607.9	3,491.1	1,213.0
Alternative Revenue Programs	(65.9)	0.9	(17.3)
Other Revenue	8.5	8.3	1.1
Eliminations	(454.3)	(387.4)	(149.2)
Total Operating Revenues	$ 3,096.2	$ 3,112.9	$ 1,047.6

Retail Tariff Sales: Regulated utilities provide products and services to their regulated customers under rates, pricing, payment terms and conditions of service, regulated by each state regulatory agency. The arrangement whereby a utility provides commodity service to a customer for a price approved by the respective state regulatory commission is referred to as a tariff sale contract, and the tariff governs all aspects of the provision of regulated services by utilities. The majority of revenue for Eversource, CL&P, NSTAR Electric and PSNH is derived from regulated retail tariff sales for the sale and distribution of electricity, natural gas and water to residential, commercial and industrial retail customers.

The utility's performance obligation for the regulated tariff sales is to provide electricity, natural gas or water to the customer as demanded. The promise to provide the commodity represents a single performance obligation, as it is a promise to transfer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by the utility, and the utility satisfies its performance obligation. Revenue is recognized based on the output method as there is a directly observable output to the customer (electricity, natural gas or water units delivered to the customer and immediately consumed). Each Eversource utility is entitled to be compensated for performance completed to date (service taken by the customer) until service is terminated.

In regulated tariff sales, the transaction prices are the rates approved by the respective state regulatory commissions. In general, rates can only be changed through formal proceedings with the state regulatory commissions. These rates are designed to recover the costs to provide service to customers and include a return on investment. Regulatory commission-approved tracking mechanisms are included in these rates and are also used to recover, on a fully-reconciling basis, certain costs, such as the procurement of energy supply, retail transmission charges, energy efficiency program costs, net metering for distributed generation, and restructuring and stranded costs. These tracking mechanisms result in rates being changed periodically to ensure recovery of actual costs incurred.

Customers may elect to purchase electricity from each Eversource electric utility or may contract separately with a competitive third party supplier. Revenue is not recorded for the sale of the electricity commodity to customers who have contracted separately with these suppliers, only the delivery to a customer, as the utility is acting as an agent on behalf of the third party supplier.

Wholesale Transmission Revenues: The Eversource electric transmission-owning companies (CL&P, NSTAR Electric and PSNH) each own and maintain transmission facilities that are part of an interstate power transmission grid over which electricity is transmitted throughout New England. CL&P, NSTAR Electric and PSNH, as well as most other New England utilities, are parties to a series of agreements that provide for coordinated planning and operation of the region's transmission facilities and the rules by which they acquire transmission services. The Eversource electric transmission-owning companies have a combination of FERC-approved regional and local formula rates that work in tandem to recover all their transmission costs. These rates are part of the ISO-NE Tariff. Regional rates recover the costs of higher voltage transmission facilities that benefit the region and are collected from all New England transmission customers, including the Eversource distribution businesses. Eversource's local rates recover the companies' total transmission revenue requirements, less revenues received from regional rates and other sources, and are collected from Eversource's distribution businesses and other transmission customers. The distribution businesses of Eversource, in turn, recover the FERC approved charges from retail customers through annual or semiannual tracking mechanisms, which are retail tariff sales.

The utility's performance obligation for regulated wholesale transmission sales is to provide transmission services to the customer as demanded. The promise to provide transmission service represents a single performance obligation. The transaction prices are the transmission rate formulas as defined by the ISO-NE Tariff and are regulated and established by FERC. Wholesale transmission revenue is recognized over time as the performance obligation is completed, which occurs as transmission services are provided to customers. The revenue is recognized based on the output method. Each Eversource utility is entitled to be compensated for performance completed to date (e.g., use of the transmission system by the customer).

Wholesale Market Sales Revenues: Wholesale market sales transactions include sales of energy and energy-related products into the ISO-NE wholesale electricity market, sales of natural gas to third party marketers, and also the sale of RECs to various counterparties. ISO-NE oversees the region's wholesale electricity market and administers the transactions and terms and conditions, including payment terms, which are established in the ISO-NE tariff, between the buyers and sellers in the market. Pricing is set by the wholesale market. The wholesale transactions in the ISO-NE market occur on a day-ahead basis or a real-time basis (daily) and are, therefore, short-term. Transactions are tracked and reported by ISO-NE net by the hour, which is the net hourly position of energy sales and purchases by each market participant. Beginning in the first quarter of 2018, the performance obligation for ISO-NE energy transactions is defined to be the net by hour transaction. Revenue is recognized when the performance obligation for these energy sales transactions is satisfied, when the sale occurs and the energy is transferred to the customer. For sales of natural gas, transportation, and natural gas pipeline capacity to third party marketers, revenue is recognized when the performance obligation is satisfied at the point in time the sale occurs and the natural gas or related product is transferred to the marketer. RECs are sold to various counterparties, and revenue is recognized when the performance obligation is satisfied upon transfer of title to the customer through the New England Power Pool Generation Information System.

Other Revenue from Contracts with Customers: Other revenue from contracts with customers primarily includes property rentals that are not deemed leases. These revenues are generally recognized on a straight-line basis over time as the service is provided to the customer.

Reserve for Revenue Subject to Refund: Current base rates include an estimate of income taxes, which was based on the U.S. federal corporate income tax rate in effect at the time of the rate proceeding. Eversource established a regulatory liability, recorded as a reduction to revenue, to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act, until rates billed to customers reflect the lower federal tax rate. Effective May 1, 2018, CL&P adjusted rates billed to customers to reflect the lower federal income tax rate prospectively and, as of December 31, 2018, fully refunded its regulatory liability associated with the higher federal corporate income tax rate billed to customers in the period between January 1, 2018 through April 30, 2018. Effective November 15, 2018, Yankee Gas adjusted distribution rates to reflect the lower federal income tax rate prospectively and to refund its regulatory liability associated with the higher federal corporate income tax rate billed to customers in the period between January 1, 2018 through November 14, 2018. Although Yankee Gas' new rates were effective January 1, 2019, the provisions of the settlement agreement took effect November 15, 2018. For NSTAR Electric and NSTAR Gas, a December 2018 DPU order indicated that the DPU will not require a revision to base rates for any potential refunds associated with the higher federal corporate income tax rate billed to customers in the period between January 1, 2018 to the effective dates of each company's rate changes (effective February 1, 2018 for NSTAR Electric and July 1, 2018 for NSTAR Gas). PSNH and Aquarion will refund the overcollection in distribution rates from January 1, 2018 to customers in a future period. PSNH will adjust distribution rates to reflect the prospective lower federal income tax rate effective July 1, 2019, or earlier if a rate case is filed for rates effective prior to July 1, 2019.

Alternative Revenue Programs: In accordance with accounting guidance for rate-regulated operations, certain of Eversource's utilities' rate making mechanisms qualify as alternative revenue programs ("ARPs") if they meet specified criteria, in which case revenues may be recognized prior to billing based on allowed levels of collection in rates. Eversource's utility companies recognize revenue and record a regulatory asset or liability once the condition or event allowing for the automatic adjustment of future rates occurs. ARP revenues include both the recognition of the deferral adjustment to ARP revenues, when the regulator-specified condition or event allowing for additional billing or refund has occurred, and an equal and offsetting reversal of the ARP deferral to revenues as those amounts are reflected in the price of service in subsequent periods.

Eversource's ARPs include the revenue decoupling mechanism and the annual reconciliation adjustment to transmission formula rates, described below.

- Certain Eversource electric, natural gas and water companies, including CL&P and NSTAR Electric, have revenue decoupling mechanisms approved by a regulatory commission ("decoupled companies"). Decoupled companies' distribution revenues are not directly based on sales volumes. The decoupled companies reconcile their annual base distribution rate recovery to pre-established levels of baseline distribution delivery service revenues, with any difference between the allowed level of distribution revenue and the actual amount realized adjusted through subsequent rates.

- The transmission formula rates provide for the annual reconciliation and recovery or refund of estimated costs to actual costs. The financial impacts of differences between actual and estimated costs are deferred for future recovery from, or refund to, transmission customers. This transmission deferral reconciles billed transmission revenues to the revenue requirement for our transmission businesses.

Other Revenues: Other Revenues include certain fees charged to customers and lease revenue that are not considered revenue from contracts with customers.

Intercompany Eliminations: Intercompany eliminations are primarily related to the Eversource electric transmission revenues that are derived from ISO-NE regional transmission charges to the distribution businesses of CL&P, NSTAR Electric and PSNH that recover the costs of the wholesale transmission business, and revenues from Eversource's service company. Intercompany revenues and expenses between the Eversource wholesale transmission businesses and the Eversource distribution businesses and from Eversource's service company are eliminated in consolidation and included in "Eliminations" in the table above.

Receivables: Receivables, Net on the balance sheet include trade receivables from our retail customers and receivables arising from ISO-NE billing related to wholesale transmission contracts and wholesale market transactions, sales of natural gas and capacity to marketers, sales of RECs, and property rentals. In general, retail tariff customers and wholesale transmission customers are billed monthly and the payment terms are generally due and payable upon receipt of the bill.

Unbilled Revenues: Unbilled Revenues on the balance sheet represent estimated amounts due from retail customers for electricity, natural gas or water delivered to customers but not yet billed. The utility company has satisfied its performance obligation and the customer has received and consumed the commodity as of the balance sheet date, and therefore, the utility company records revenue for those services in the period the services were provided. Only the passage of time is required before the company is entitled to payment for the satisfaction of the performance obligation. Payment from customers is due monthly as services are rendered and amounts are billed. Actual amounts billed to customers when meter readings become available may vary from the estimated amount.

Unbilled revenues are recognized by allocating estimated unbilled sales volumes to the respective customer classes, and then applying an estimated rate by customer class to those sales volumes. Unbilled revenue estimates reflect seasonality, weather, customer usage patterns, customer rates in effect for customer classes, and the timing of customer billing. The companies that have a decoupling mechanism record a regulatory deferral to reflect the actual allowed amount of revenue associated with their respective decoupled distribution rate design.

Practical Expedients: Eversource has elected practical expedients in the accounting guidance that allow the company to record revenue in the amount that the company has a right to invoice, if that amount corresponds directly with the value to the customer of the company's performance to date, and not to disclose related unsatisfied performance obligations. Retail and wholesale transmission tariff sales fall into this category, as these sales are recognized as revenue in the period the utility provides the service and completes the performance obligation, which is the same as the monthly amount billed to customers. There are no other material revenue streams for which Eversource has unsatisfied performance obligations.

23. SEGMENT INFORMATION

Eversource is organized among the Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution reportable segments and Other based on a combination of factors, including the characteristics of each segments' services, the sources of operating revenues and expenses and the regulatory environment in which each segment operates. These reportable segments represent substantially all of Eversource's total consolidated revenues. Revenues from the sale of electricity, natural gas and water primarily are derived from residential, commercial and industrial customers and are not dependent on any single customer. The Electric Distribution reportable segment includes the results of PSNH's generation facilities prior to sales in January and August 2018, and NSTAR Electric's solar power facilities. Eversource's reportable segments are determined based upon the level at which Eversource's chief operating decision maker assesses performance and makes decisions about the allocation of company resources. On December 4, 2017, Eversource acquired Aquarion, which was considered to be a new operating segment, Water Distribution. Though the water distribution segment does not meet quantitative thresholds under the segment reporting accounting guidance, based on qualitative factors including the nature of the water distribution business, Water Distribution was deemed a reportable segment beginning in 2018.

The remainder of Eversource's operations is presented as Other in the tables below and primarily consists of 1) the equity in earnings of Eversource parent from its subsidiaries and intercompany interest income, both of which are eliminated in consolidation, and interest expense related to the debt of Eversource parent, 2) the revenues and expenses of Eversource Service, most of which are eliminated in consolidation, 3) the operations of CYAPC and YAEC, 4) Eversource Water Ventures, Inc., parent company of Aquarion, and 5) the results of other unregulated subsidiaries, which are not part of its core business. In addition, Other in the tables below includes Eversource parent's equity ownership interests in certain natural gas pipeline projects owned by Enbridge, Inc., the Bay State Wind project, a renewable energy investment fund, and two companies that transmit hydroelectricity imported from the Hydro-Quebec system in Canada. In the ordinary course of business, Yankee Gas and NSTAR Gas purchase natural gas transmission services from the Enbridge, Inc. natural gas pipeline projects described above. These affiliate transaction costs total approximately $62.5 million annually and are classified as Purchased Power, Fuel and Transmission on the Eversource statements of income.

Each of Eversource's subsidiaries, including CL&P, NSTAR Electric and PSNH, has one reportable segment.

The Electric Transmission segment includes a reduction to Operations and Maintenance expense of $27.5 million in 2016 for costs incurred in previous years that was recovered in transmission rates over the period June 1, 2016 through May 31, 2017. These costs were associated with the merger of Northeast Utilities and NSTAR.

Cash flows used for investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred but not paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension and PBOP expense.

Eversource's segment information is as follows:

Eversource (Millions of Dollars)	For the Year Ended December 31, 2018 (1)						
	Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 6,957.2	$ 1,022.2	$ 1,286.3	$ 212.0	$ 936.3	$ (1,965.8)	$ 8,448.2
Depreciation and Amortization	(671.8)	(75.0)	(231.8)	(46.5)	(49.1)	2.2	(1,072.0)
Other Operating Expenses	(5,548.6)	(787.6)	(375.5)	(99.8)	(831.5)	1,966.7	(5,676.3)
Operating Income	736.8	159.6	679.0	65.7	55.7	3.1	1,699.9
Interest Expense	(202.8)	(44.1)	(120.6)	(34.3)	(129.3)	32.3	(498.8)
Interest Income	18.7	—	2.4	—	30.3	(33.3)	18.1
Other Income/(Loss), Net	67.5	7.1	31.1	(0.4)	1,185.3	(1,180.3)	110.3
Income Tax (Expense)/Benefit	(160.2)	(29.4)	(161.8)	(0.1)	62.5	—	(289.0)
Net Income	460.0	93.2	430.1	30.9	1,204.5	(1,178.2)	1,040.5
Net Income Attributable to Noncontrolling Interests	(4.6)	—	(2.9)	—	—	—	(7.5)
Net Income Attributable to Common Shareholders	$ 455.4	$ 93.2	$ 427.2	$ 30.9	$ 1,204.5	$ (1,178.2)	$ 1,033.0
Total Assets (as of)	$ 21,389.1	$ 3,904.9	$ 10,285.0	$ 2,253.0	$ 17,874.2	$ (17,464.9)	$ 38,241.3
Cash Flows Used for Investments in Plant	$ 961.3	$ 351.5	$ 929.7	$ 102.3	$ 178.6	$ —	$ 2,523.4

Eversource (Millions of Dollars)	For the Year Ended December 31, 2017 (2)						
	Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution (3)	Other	Eliminations	Total
Operating Revenues	$ 5,542.9	$ 947.3	$ 1,301.7	$ 15.9	$ 931.0	$ (986.8)	$ 7,752.0
Depreciation and Amortization	(542.6)	(72.9)	(209.4)	(3.7)	(37.4)	2.2	(863.8)
Other Operating Expenses	(4,072.6)	(716.4)	(382.8)	(8.3)	(806.6)	986.7	(5,000.0)
Operating Income	927.7	158.0	709.5	3.9	87.0	2.1	1,888.2
Interest Expense	(186.3)	(43.1)	(115.1)	(3.1)	(90.0)	15.8	(421.8)
Interest Income	7.3	0.1	1.8	0.1	15.7	(16.7)	8.3
Other Income/(Loss), Net	41.6	3.8	27.3	—	1,113.0	(1,086.0)	99.7
Income Tax Expense	(288.3)	(44.2)	(228.7)	(2.1)	(15.5)	(0.1)	(578.9)
Net Income/(Loss)	502.0	74.6	394.8	(1.2)	1,110.2	(1,084.9)	995.5
Net Income Attributable to Noncontrolling Interests	(4.6)	—	(2.9)	—	—	—	(7.5)
Net Income/(Loss) Attributable to Common Shareholders	$ 497.4	$ 74.6	$ 391.9	$ (1.2)	$ 1,110.2	$ (1,084.9)	$ 988.0
Total Assets (as of)	$ 19,250.4	$ 3,595.2	$ 9,401.2	$ 2,182.9	$ 16,220.9	$ (14,430.2)	$ 36,220.4
Cash Flows Used for Investments in Plant	$ 1,020.7	$ 298.2	$ 867.6	$ 16.0	$ 145.6	$ —	$ 2,348.1

Eversource (Millions of Dollars)	For the Year Ended December 31, 2016 (2)						
	Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 5,594.3	$ 857.7	$ 1,210.0	$ —	$ 870.4	$ (893.3)	$ 7,639.1
Depreciation and Amortization	(504.7)	(65.3)	(185.8)	—	(33.5)	2.2	(787.1)
Other Operating Expenses	(4,173.0)	(629.0)	(321.3)	—	(779.2)	891.8	(5,010.7)
Operating Income	916.6	163.4	702.9	—	57.7	0.7	1,841.3
Interest Expense	(193.1)	(41.3)	(110.0)	—	(63.5)	6.9	(401.0)
Interest Income	10.0	0.1	1.2	—	7.0	(7.3)	11.0
Other Income, Net	22.7	0.7	17.8	—	1,021.2	(1,008.9)	53.5
Income Tax (Expense)/Benefit	(288.8)	(45.2)	(238.2)	—	16.5	0.7	(555.0)
Net Income	467.4	77.7	373.7	—	1,038.9	(1,007.9)	949.8
Net Income Attributable to Noncontrolling Interests	(4.6)	—	(2.9)	—	—	—	(7.5)
Net Income Attributable to Common Shareholders	$ 462.8	$ 77.7	$ 370.8	$ —	$ 1,038.9	$ (1,007.9)	$ 942.3
Cash Flows Used for Investments in Plant	$ 812.6	$ 255.3	$ 801.0	$ —	$ 108.0	$ —	$ 1,976.9

(1) Effective January 1, 2018, upon implementation of the new revenue accounting guidance, the electric distribution segment is presented gross and intercompany transmission billings are presented in the eliminations column, as Eversource believes that the electric distribution segment acts as a principal, rather than an agent, in its contracts with retail customers. Retail customers contract directly with the electric distribution utility and do not differentiate between distribution and transmission services. Therefore, the electric distribution segment revenues, which are derived from retail customer billings, are presented gross of the eliminations. Prior to 2018, the electric distribution segment presented intercompany electric transmission billings net, based on indicators of net presentation prior to the new revenue guidance. See Note 22 "Revenues," to the financial statements regarding accounting for revenues.

(2) As a result of the adoption of new accounting guidance, the non-service related components of pension, SERP and PBOP benefit costs are presented as non-operating income and recorded in Other Income, Net on the statements of income. The 2017 and 2016 amounts, which were previously presented within Operations and Maintenance expense on the statements of income, have been retrospectively presented within Other Income, Net for the years ended December 31, 2017 and 2016. See Note 1C, "Summary of Significant Accounting Policies - Accounting Standards" and Note 1N, "Summary of Significant Accounting Policies - Other Income, Net," to the financial statements for further information.

(3) The water distribution business was determined to be a reportable segment beginning in 2018. The 2017 segment information has been recast to conform to the current segment reporting structure.

24. ACQUISITION OF AQUARION AND GOODWILL

A. Acquisition of Aquarion

On December 4, 2017, Eversource acquired Aquarion for a purchase price of $1.675 billion, consisting of approximately $880 million in cash and $795 million of assumed Aquarion debt. Aquarion is a holding company that owns three separate regulated water utility subsidiaries engaged in the water collection, treatment and distribution business that operate in Connecticut, Massachusetts and New Hampshire. These regulated utilities collect, treat and distribute water to residential, commercial and industrial customers, to other utilities for resale, and for private and municipal fire protection. Aquarion and its subsidiaries became wholly-owned subsidiaries of Eversource, and Eversource's consolidated financial information includes Aquarion and its subsidiaries' activity beginning December 4, 2017. The approximate $880 million cash purchase price included the $745 million equity purchase price plus a $135 million shareholder loan that was repaid at closing.

Purchase Price Allocation: The purchase price allocation reflects a measurement period adjustment recorded in the first quarter of 2018 to revise the fair value of Aquarion's regulated debt. The $7.9 million increase to the fair value of Long-Term Debt (including the current portion) and corresponding increase to Regulatory Assets, included within Other Noncurrent Assets, excluding Goodwill in the table below, will be amortized over the life of the related debt. The allocation of the cash purchase price was as follows:

(Millions of Dollars)		
Current Assets	$	41.2
PP&E		1,034.9
Goodwill		907.9
Other Noncurrent Assets, excluding Goodwill		215.5
Current Liabilities		(121.9)
Noncurrent Liabilities		(421.6)
Long-Term Debt		(778.3)
Total Cash Purchase Price	$	877.7

Pro Forma Financial Information: The following unaudited pro forma financial information reflects the pro forma combined results of operations of Eversource and Aquarion and reflects the amortization of purchase price adjustments assuming the acquisition had taken place on January 1, 2016. The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of the consolidated results of operations that would have been achieved or the future consolidated results of operations of Eversource.

	For the Years Ended December 31,			
(Pro forma amounts in millions, except share amounts)	2017		2016	
Operating Revenues	$	7,947.7	$	7,849.0
Net Income Attributable to Common Shareholders		1,019.1		969.3
Basic EPS		3.21		3.05
Diluted EPS		3.20		3.04

Aquarion Revenues and Pre-Tax Income: The impact of Aquarion on Eversource's accompanying consolidated statement of income included operating revenues of $15.9 million and pre-tax income of $1.1 million for the year ended December 31, 2017.

B. Goodwill

In a business combination, the excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed is recognized as goodwill. Goodwill is evaluated for impairment at least annually and more frequently if indicators of impairment arise. In accordance with the accounting standards, if the fair value of a reporting unit is less than its carrying value (including goodwill), the goodwill is tested for impairment. Goodwill is not subject to amortization, however is subject to a fair value based assessment for impairment at least annually and whenever facts or circumstances indicate that there may be an impairment. A resulting write-down, if any, would be charged to Operating Expenses.

Eversource completed the acquisition of Aquarion on December 4, 2017, resulting in the addition of $0.9 billion of goodwill. Upon completion of the acquisition, Eversource determined that the reporting units for the purpose of testing goodwill are Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The goodwill resulting from the Aquarion acquisition has been entirely allocated to the Water Distribution reporting unit. These reporting units are consistent with the operating segments underlying the reportable segments identified in Note 23, "Segment Information," to the financial statements.

Eversource completed its annual goodwill impairment test for Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution reporting units as of October 1, 2018 and determined that no impairment existed. There were no events subsequent to October 1, 2018 that indicated impairment of goodwill. The annual goodwill assessment included an evaluation of the Company's share price and credit ratings, analyst reports, financial performance, cost and risk factors, long-term strategy, growth and future projections, as well as macroeconomic, industry and market conditions. This evaluation required the consideration of several factors that impact the fair value of the reporting units, including conditions and assumptions that affect the future cash flows of the reporting units. Key considerations include discount rates, utility sector market performance and merger transaction multiples, and internal estimates of future cash flows and net income.

The following table presents goodwill by reportable segment as of December 31, 2018 and 2017:

(Billions of Dollars)	Electric Distribution	Electric Transmission	Natural Gas Distribution	Water Distribution	Total
Goodwill	$ 2.5	$ 0.6	$ 0.4	$ 0.9	$ 4.4

25. QUARTERLY FINANCIAL DATA (UNAUDITED)

Eversource *(Millions of Dollars, except per share information)*	Quarter Ended							
	2018				2017			
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
Operating Revenues	$ 2,288.0	$ 1,853.9	$ 2,271.4	$ 2,034.9	$ 2,105.1	$ 1,762.8	$ 1,988.5	$ 1,895.6
Operating Income	442.5	391.4	466.0	400.0	501.0	448.2	495.3	443.7
Net Income	271.4	244.6	291.3	233.2	261.3	232.6	262.2	239.4
Net Income Attributable to Common Shareholders	269.5	242.8	289.4	231.3	259.5	230.7	260.4	237.4
Basic and Diluted EPS (1)	$ 0.85	$ 0.76	$ 0.91	$ 0.73	$ 0.82	$ 0.73	$ 0.82	$ 0.75

(1) The summation of quarterly EPS data may not equal annual data due to rounding.

(Millions of Dollars)	Quarter Ended							
	2018				2017			
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
CL&P								
Operating Revenues	$ 785.0	$ 694.9	$ 865.0	$ 751.3	$ 732.3	$ 666.6	$ 774.8	$ 713.7
Operating Income	157.2	163.1	172.7	142.8	175.5	175.6	177.1	155.2
Net Income	98.6	99.7	100.3	79.1	90.2	91.3	96.1	99.1
NSTAR Electric								
Operating Revenues	$ 770.1	$ 690.7	$ 939.5	$ 712.6	$ 733.8	$ 704.7	$ 851.9	$ 690.2
Operating Income	119.0	133.6	205.5	126.0	156.6	177.9	229.7	124.2
Net Income	77.1	87.9	140.6	77.5	83.4	95.0	125.8	70.5
PSNH								
Operating Revenues	$ 267.4	$ 235.1	$ 290.2	$ 254.9	$ 253.2	$ 230.4	$ 250.0	$ 248.0
Operating Income	55.8	46.9	56.5	37.2	66.6	63.5	66.0	69.8
Net Income	35.1	25.8	40.7	14.3	34.3	31.6	33.7	36.4

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

No events that would be described in response to this item have occurred with respect to Eversource, CL&P, NSTAR Electric or PSNH.

Item 9A. Controls and Procedures

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, is responsible for the preparation, integrity, and fair presentation of the accompanying Financial Statements and other sections of this combined Annual Report on Form 10-K. Eversource's internal controls over financial reporting were audited by Deloitte & Touche LLP.

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, is responsible for establishing and maintaining adequate internal controls over financial reporting. The internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment. Under the supervision and with the participation of the principal executive officer and principal financial officer, an evaluation of the effectiveness of internal controls over financial reporting was conducted based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting at Eversource, CL&P, NSTAR Electric and PSNH were effective as of December 31, 2018.

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, evaluated the design and operation of the disclosure controls and procedures as of December 31, 2018 to determine whether they are effective in ensuring that the disclosure of required information is made timely and in accordance with the Securities Exchange Act of 1934 and the rules and regulations of the SEC. This evaluation was made under management's supervision and with management's participation, including the principal executive officer and principal financial officer as of the end of the period covered by this Annual Report on Form 10-K. There are inherent limitations of disclosure controls and procedures, including the possibility of human error and the circumventing or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The principal executive officer and principal financial officer have concluded, based on their review, that the disclosure controls and procedures of Eversource, CL&P, NSTAR Electric and PSNH are effective to ensure that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and regulations and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in internal controls over financial reporting for Eversource, CL&P, NSTAR Electric and PSNH during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Item 9B. Other Information

No information is required to be disclosed under this item as of December 31, 2018, as this information has been previously disclosed in applicable reports on Form 8-K during the fourth quarter of 2018.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information in Item 10 is provided as of February 26, 2019, except where otherwise indicated.

Certain information required by this Item 10 is omitted for NSTAR Electric and PSNH pursuant to Instruction I(2)(c) to Form 10-K, Omission of Information by Certain Wholly Owned Subsidiaries.

Eversource Energy

In addition to the information provided below concerning the executive officers of Eversource Energy, incorporated herein by reference is the information to be contained in the sections captioned "Election of Trustees," "Governance of Eversource Energy" and the related subsections, "Selection of Trustees," and "Section 16(a) Beneficial Ownership Reporting Compliance" of Eversource Energy's definitive proxy statement for solicitation of proxies, expected to be filed with the SEC on or about March 22, 2019.

Eversource Energy and CL&P

Each member of CL&P's Board of Directors is an employee of Eversource Service. Directors are elected annually to serve for one year until their successors are elected and qualified.

Set forth below is certain information concerning CL&P's Directors and Eversource Energy's and CL&P's executive officers:

Name	Age	Title
James J. Judge	63	Chairman of the Board, President and Chief Executive Officer and a Trustee of Eversource Energy; Chairman, President and Chief Executive Officer and a Director of Eversource Service; Chairman and a Director of the electric and natural gas regulated companies, including CL&P
Philip J. Lembo	63	Executive Vice President and Chief Financial Officer of Eversource Energy; Executive Vice President and Chief Financial Officer; a Director of Eversource Service and the electric and natural gas regulated companies, including CL&P
Gregory B. Butler	61	Executive Vice President and General Counsel of Eversource Energy; Executive Vice President and General Counsel and a Director of Eversource Service and the electric and natural gas regulated companies, including CL&P
Christine M. Carmody [1]	56	Executive Vice President-Human Resources and Information Technology of Eversource Energy and Eversource Service; a Director of Eversource Service
Joseph R. Nolan, Jr. [1]	55	Executive Vice President-Customer and Corporate Relations of Eversource Energy and Eversource Service; a Director of Eversource Service
Leon J. Olivier	71	Executive Vice President-Enterprise Energy Strategy and Business Development of Eversource Energy and Eversource Service; a Director of Eversource Service
Werner J. Schweiger	59	Executive Vice President and Chief Operating Officer of Eversource Energy; Executive Vice President and Chief Operating Officer and a Director of Eversource Service; Chief Executive Officer and a Director of the electric and natural gas regulated companies, including CL&P
Jay S. Buth	49	Vice President, Controller and Chief Accounting Officer of Eversource Energy, Eversource Service and the electric and natural gas regulated companies, including CL&P

[1] Deemed an executive officer of CL&P pursuant to Rule 3b-7 under the Securities Exchange Act of 1934.

James J. Judge. Mr. Judge has served as Chairman of the Board, President and Chief Executive Officer of Eversource Energy since May 3, 2017; as a Trustee of Eversource Energy and as Chairman of CL&P, NSTAR Electric and PSNH since May 4, 2016; and as Chairman, President and Chief Executive Officer of Eversource Service and Chairman of NSTAR Gas and Yankee Gas since May 9, 2016. Mr. Judge has served as a Director of CL&P, PSNH, Yankee Gas and Eversource Service since April 10, 2012; of NSTAR Electric and NSTAR Gas since September 27, 1999; and of Eversource Aquarion Holdings, Inc. Previously, Mr. Judge served as President and Chief Executive Officer of Eversource Energy from May 4, 2016 until May 3, 2017; and as Executive Vice President and Chief Financial Officer of Eversource Energy, CL&P, NSTAR Electric and PSNH from April 10, 2012 until May 4, 2016; of NSTAR Gas, Yankee Gas and Eversource Service from April 10, 2012 until May 9, 2016. Mr. Judge has served as Chairman of the Board of Eversource Energy Foundation, Inc. since May 9, 2016; and as a Director since April 10, 2012. He previously served as Treasurer of Eversource Energy Foundation, Inc. from April 10, 2012 until May 9, 2016. He has served as a Trustee of the NSTAR Foundation since December 12, 1995.

Philip J. Lembo. Mr. Lembo has served as Executive Vice President and Chief Financial Officer of Eversource Energy since May 3, 2017; and of CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since March 31, 2017. Mr. Lembo has served as a Director of CL&P, NSTAR Electric and PSNH since May 4, 2016; of NSTAR Gas, Yankee Gas and Eversource Service since May 9, 2016 and of Eversource Aquarion Holdings, Inc. Mr. Lembo previously served as Executive Vice President, Chief Financial Officer and Treasurer of Eversource Energy from August 8, 2016 until May 3, 2017; of CL&P, NSTAR Electric, PSNH, NSTAR Gas, Yankee Gas and Eversource Service from August 8, 2016 until March 31, 2017; as Senior Vice President, Chief Financial Officer and Treasurer of Eversource Energy, CL&P, NSTAR Electric and PSNH from May 4, 2016 until August 8, 2016; and of NSTAR Gas, Yankee Gas and Eversource Service from May 9, 2016 until August 8, 2016; as Vice President and Treasurer of Eversource Energy, CL&P and PSNH from April 10, 2012 until May 4, 2016; and of Yankee Gas and Eversource Service from April 10, 2012 until May 9, 2016. Mr. Lembo served as Vice President and Treasurer of NSTAR Electric and NSTAR Gas from March 29, 2006 until May 4, 2016. Mr. Lembo has served as a Director of Eversource Energy Foundation, Inc. since May 9, 2016. He previously served as Treasurer of Eversource Energy Foundation, Inc. from May 9, 2016 until March 31, 2017. He has served as a Trustee of the NSTAR Foundation since May 9, 2016.

Gregory B. Butler. Mr. Butler has served as Executive Vice President and General Counsel of Eversource Energy, CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since August 8, 2016. Mr. Butler has served as a Director of NSTAR Electric and NSTAR Gas since April 10, 2012; of Eversource Service since November 27, 2012; of CL&P, PSNH and Yankee Gas since April 22, 2009 and of Eversource Aquarion Holdings, Inc. Mr. Butler previously served as Senior Vice President and General Counsel of Eversource Energy from May 1, 2014 until August 8, 2016; of NSTAR Electric and NSTAR Gas from April 10, 2012 until August 8, 2016; of CL&P, PSNH, Yankee Gas and Eversource Service from March 9, 2006 until August 8, 2016; and as Senior Vice President, General Counsel and Secretary of Eversource Energy from April 10, 2012 until May 1, 2014. He has served as a Director of Eversource Energy Foundation, Inc. since December 1, 2002. He has been a Trustee of the NSTAR Foundation since April 10, 2012.

Christine M. Carmody. Ms. Carmody has served as Executive Vice President-Human Resources and Information Technology of Eversource Energy and Eversource Service since August 8, 2016. Ms. Carmody has served as a Director of Eversource Service since November 27, 2012. Previously Ms. Carmody served as Senior Vice President-Human Resources of Eversource Energy from May 4, 2016 until August 8, 2016; of Eversource Service from April 10, 2012 until August 8, 2016; as Senior Vice President-Human Resources of CL&P, PSNH and Yankee Gas from November 27, 2012 until September 29, 2014; of NSTAR Electric and NSTAR Gas from August 1, 2008 until September 29, 2014; and as a Director of CL&P, PSNH and Yankee Gas from April 10, 2012 until September 29, 2014; and of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014. Ms. Carmody has served as a Director of Eversource Energy Foundation, Inc. since April 10, 2012. She has served as a Trustee of the NSTAR Foundation since August 1, 2008.

Joseph R. Nolan, Jr. Mr. Nolan has served as Executive Vice President-Customer and Corporate Relations of Eversource Energy and Eversource Service since August 8, 2016. Mr. Nolan has served as a Director of Eversource Service since November 27, 2012. Previously Mr. Nolan served as Senior Vice President-Corporate Relations of Eversource Energy from May 4, 2016 until August 8, 2016; of Eversource Service from April 10, 2012 to August 8, 2016; of NSTAR Electric and NSTAR Gas from April 10, 2012 until September 29, 2014; and of CL&P, PSNH and Yankee Gas from November 27, 2012 until September 29, 2014. Mr. Nolan previously served as a Director of CL&P, PSNH and Yankee Gas from April 10, 2012 until September 29, 2014; and of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014. Mr. Nolan has served as a Director of Eversource Energy Foundation, Inc. since April 10, 2012, and as Executive Director of Eversource Energy Foundation, Inc. since October 15, 2013. He has served as a Trustee of the NSTAR Foundation since October 1, 2000.

Leon J. Olivier. Mr. Olivier has served as Executive Vice President-Enterprise Energy Strategy and Business Development of Eversource Energy since September 2, 2014; and of Eversource Service since August 11, 2014. Mr. Olivier has served as a Director of Eversource Service since January 17, 2005. Mr. Olivier previously served as Executive Vice President and Chief Operating Officer of Eversource Energy from May 13, 2008 until September 2, 2014; of Eversource Service from May 13, 2008 until August 11, 2008; as Chief Executive Officer of NSTAR Electric and NSTAR Gas from April 10, 2012 until August 11, 2014; of CL&P, PSNH and Yankee Gas from January 15, 2007 until August 11, 2014; as a Director of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014; of PSNH and Yankee Gas from January 17, 2005 until September 29, 2014; and of CL&P from September 10, 2001 until September 29, 2014. He has served as a Director of Eversource Energy Foundation, Inc. since April 1, 2006. Mr. Olivier has served as a Trustee of the NSTAR Foundation since April 10, 2012.

Werner J. Schweiger. Mr. Schweiger has served as Executive Vice President and Chief Operating Officer of Eversource Energy since September 2, 2014; of Eversource Service since August 11, 2014; and as Chief Executive Officer of CL&P, NSTAR Electric, NSTAR Gas, PSNH and Yankee Gas since August 11, 2014. Mr. Schweiger has served as a Director of Eversource Service, NSTAR Gas and Yankee Gas since September 29, 2014; and of CL&P, PSNH and NSTAR Electric since May 28, 2013. He previously served as President of CL&P from June 2, 2015 until June 27, 2016; as President of NSTAR Gas and Yankee Gas from September 29, 2014 until November 10, 2014; as President-Electric Distribution of Eversource Service from January 16, 2013 until August 11, 2014; as President of NSTAR Electric from April 10, 2012 until January 16, 2013; and as a Director of NSTAR Electric from November 27, 2012 until January 16, 2013. Mr. Schweiger has served as a Director of Eversource Energy Foundation, Inc. since September 29, 2014. He has served as a Trustee of the NSTAR Foundation since September 29, 2014.

Jay S. Buth. Mr. Buth has served as Vice President, Controller and Chief Accounting Officer of Eversource Energy, CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since April 10, 2012.

There are no family relationships between any director or executive officer and any other trustee, director or executive officer of Eversource Energy or CL&P and none of the above executive officers or directors serves as an executive officer or director pursuant to any agreement or understanding with any other person. Our executive officers hold the offices set forth opposite their names until the next annual meeting of the Board of Trustees, in the case of Eversource Energy, and the Board of Directors, in the case of CL&P, and until their successors have been elected and qualified.

CL&P obtains audit services from the independent registered public accounting firm engaged by the Audit Committee of Eversource Energy's Board of Trustees. CL&P does not have its own audit committee or, accordingly, an audit committee financial expert. CL&P relies on Eversource Energy's audit committee and the audit committee financial expert.

CODE OF ETHICS AND CODE OF BUSINESS CONDUCT

Each of Eversource Energy, CL&P, NSTAR Electric, and PSNH has adopted a Code of Ethics for Senior Financial Officers (Chief Executive Officer, Chief Financial Officer and Controller) and the Code of Business Conduct, which are applicable to all Trustees, directors, officers, employees, contractors and agents of Eversource Energy, CL&P, NSTAR Electric and PSNH. The Code of Ethics and the Code of Business Conduct have both been posted on the Eversource Energy web site and are available at www.eversource.com/Content/general/about/investors/corporate-governance on the Internet. Any amendments to or waivers from the Code of Ethics and Code of Business Conduct for executive officers, directors or Trustees will be posted on the website. Any such amendment or waiver would require the prior consent of the Board of Trustees or an applicable committee thereof.

Printed copies of the Code of Ethics and the Code of Business Conduct are also available to any shareholder without charge upon written request mailed to:

Richard J. Morrison
Secretary
Eversource Energy
800 Boylston Street, 17th Floor
Boston, Massachusetts 02199-7050

Item 11. Executive Compensation

Eversource Energy

The information required by this Item 11 for Eversource Energy is incorporated herein by reference to certain information contained in Eversource Energy's definitive proxy statement for solicitation of proxies, which is expected to be filed with the SEC on or about March 22, 2019, under the sections captioned "Compensation Discussion and Analysis," plus related subsections, and "Compensation Committee Report," plus related subsections following such Report.

NSTAR ELECTRIC and PSNH

Certain information required by this Item 11 has been omitted for NSTAR Electric and PSNH pursuant to Instruction I(2)(c) to Form 10-K, Omission of Information by Certain Wholly-Owned Subsidiaries.

CL&P

The information in this Item 11 relates solely to CL&P.

COMPENSATION DISCUSSION AND ANALYSIS

CL&P is a wholly-owned subsidiary of Eversource Energy. Its board of directors consists entirely of executive officers of Eversource Energy system companies. CL&P does not have a compensation committee, and the Compensation Committee of Eversource Energy's Board of Trustees determines compensation for the executive officers of CL&P, including their salaries, annual incentive awards and long-term incentive awards. All of CL&P's "Named Executive Officers," as defined below, also serve as officers of Eversource Energy and one or more other subsidiaries of Eversource Energy. Compensation set by the Compensation Committee of Eversource Energy (the "Committee") and set forth herein is for services rendered to Eversource Energy and its subsidiaries by such officers in all capacities.

This Compensation Discussion and Analysis ("CD&A") provides information about the principles behind Eversource Energy's compensation objectives, plans, policies and actions for the Named Executive Officers. The discussion describes the specific components of Eversource Energy's compensation programs, how Eversource Energy measures performance, and how Eversource Energy's compensation principles were applied to compensation awards and decisions that were made by the Compensation Committee for the Named Executive Officers, as presented in the tables and narratives that follow. While this discussion focuses primarily on 2018 information, it also addresses decisions that were made in prior periods to the extent that these decisions are relevant to the full understanding of Eversource Energy's compensation programs and the specific awards that were made for performance through 2018. The CD&A also contains an assessment of performance measured against the established 2018 goals, the compensation awards made by the Compensation Committee, and other information relating to Eversource Energy's compensation programs, including:

- Summary of 2018 Accomplishments
- Pay for Performance Philosophy
- Executive Compensation Governance
- Named Executive Officers
- Overview of the Compensation Program
- Market Analysis
- Elements of 2018 Compensation
- 2018 Annual Incentive Program
- 2018 Assessment of Financial and Operational Performance
- Performance Goal Assessment Matrix
- Description of the Long-Term Incentive Program, Grants and Performance Plan Results
- Disclosure of the:
  - Clawbacks and No Hedging and No Pledging Policies
  - Share Ownership Guidelines
  - Other Benefits
- Contractual Agreements
- Tax and Accounting Considerations
- Equity Grant Practices

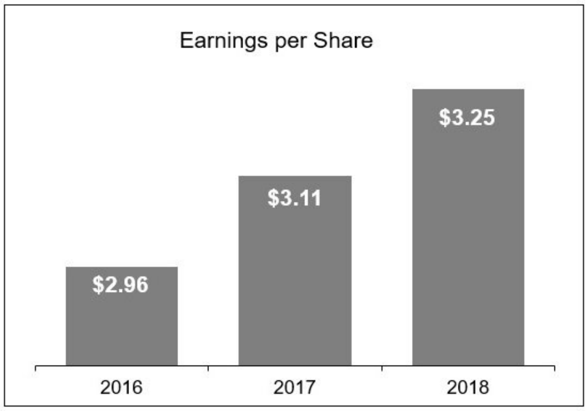
Summary of 2018 Accomplishments

In 2018, Eversource Energy achieved very positive overall financial, operational and related results. The following is a summary of some of the most important accomplishments in 2018:

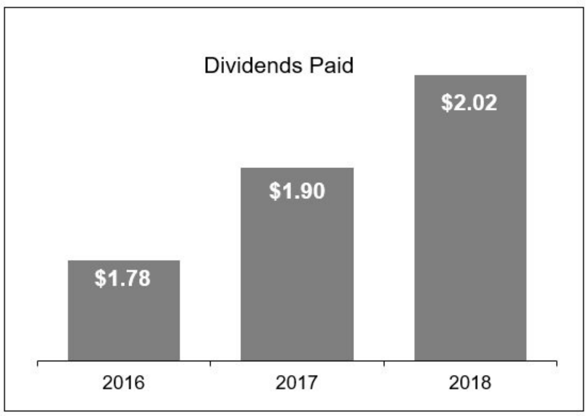
2018 Financial Accomplishments

- Eversource Energy expanded its 50-50 partnership with Ørsted, the world's leading offshore wind developer, by purchasing, along with Ørsted, the Northeast assets of Deepwater Wind, which include the Revolution Wind and South Fork Wind Farm projects, as well as a 257 square mile lease tract off the New England coast. The two existing projects will deliver 830 MW of contracted clean power to Rhode Island, Connecticut and Long Island, and the newly acquired tract, combined with the existing lease area previously purchased by the partnership's Bay State Wind project, could eventually host approximately 4,000 MW of offshore wind power. The completion of this acquisition, which the partnership began negotiating in 2018 and which was finalized in February 2019, is a significant step in fulfilling Eversource Energy's vision of being a key catalyst for clean energy in the region.

- Through effective management of its corporate operating plan, Eversource Energy's 2018 earnings exceeded the established goal. 2018 earnings were $3.25 per share.



- Eversource Energy's Board of Trustees increased the annual dividend rate by 6.3 percent for 2018 to $2.02 per share, which exceeds the EEI index companies' median dividend growth rate of 5.1 percent. The dividend growth rate for the period 2016 - 2018 has averaged 6.5 percent, well ahead of the utility industry.



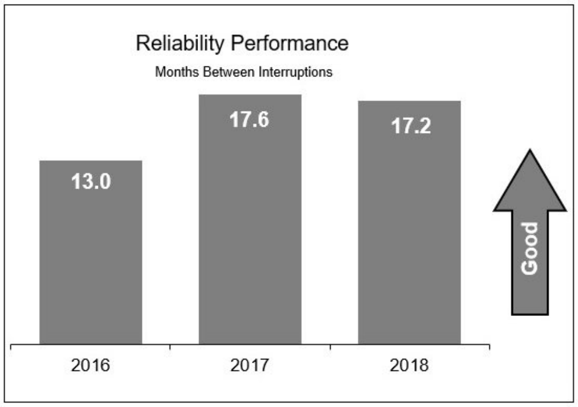
- Eversource Energy's Total Shareholder Return in 2018 was 6.4 percent, compared to the 3.7 percent growth of the EEI Index companies and a 4.4 percent decline for the S&P 500. Eversource Energy has outperformed the EEI Index companies and the S&P 500 over one-, three-, five- and 10-year periods. An investment of $1,000 in Eversource Energy common shares for the five-year period beginning January 1, 2014 was worth $1,804 on December 31, 2018. The following chart represents the comparative one- and five-year total shareholder returns for the periods ending December 31, 2018, respectively:

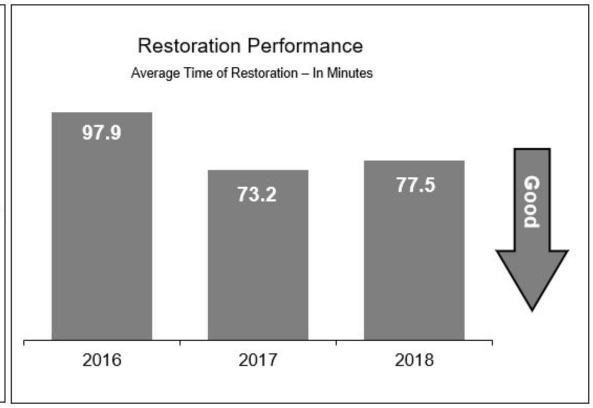
Total Shareholder Return	**2018**	**5-Year**
Eversource	**6.4%**	**80.4%**
EEI Index	3.7%	68.5%
S&P 500	-4.4%	50.3%

- Eversource Energy's Standard & Poor's ("S&P") Credit Rating remained at A+, the highest utility holding company S&P credit rating in the industry, two notches higher than any other company.

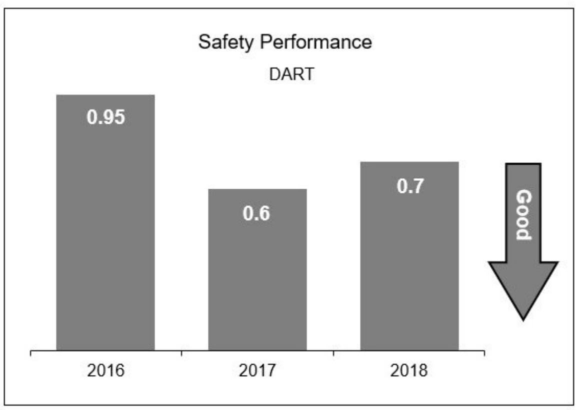
2018 Operational Accomplishments

- Eversource's Electric System Reliability, measured by months between interruptions and average outage minutes per customer, was in the first quartile of the industry. Eversource's overall electric system reliability performance in 2018 continued to outpace the industry; on average, customer power interruptions were 17.2 months apart, and average system outage duration per customer was 77.5 minutes.





- Eversource's safety performance, measured by days away, restricted or transferred ("DART") per 100 workers, has improved significantly since 2016 and continued to outperform the industry.



- Eversource's Massachusetts electric and gas distribution companies each met or exceeded Service Quality Index performance targets established by regulators in Massachusetts, which is the only state in Eversource's service territory that has such targets, and Eversource exceeded its response time for gas service calls goal.

- Eversource exceeded its goal of having 37 percent of new hires and promotions within the supervisor and above management group be women or persons of color by achieving 42 percent of these positions.

- Eversource achieved very constructive regulatory outcomes, including rate reviews of Yankee Gas, CL&P and Aquarion Water Company of Massachusetts; completed the sale of Eversource's remaining PSNH generation assets; and implemented a constructive rate order for NSTAR Electric.

- Eversource Energy led the response to a series of catastrophic natural gas explosions that occurred in another company's service territory at the request of the Massachusetts Governor and successfully completed initial phase of the incident response.

- Eversource's program of transforming the customer experience achieved significant milestones, including the introduction of a new customer outage map, further increases in timely estimates for service restoration, and increased online customer engagement.

2018 Clean Energy/ESG Accomplishments

- Eversource Energy continues to be recognized as the leading energy efficiency program provider in the nation and was recognized by the American Council for an Energy-Efficient Economy with two awards in January of 2019, and by the U. S. Environmental Protection Agency in April of 2018 with the Partner of the Year Sustained Excellence Award for New Hampshire.

- As previously noted, Eversource completed, with its offshore wind partner Ørsted, the acquisition of offshore wind assets that are currently contracted to deliver 830 MW of clean energy, along with offshore lease tracts that in the future may host some 4,000 MW of clean, low cost energy.

- NSTAR Electric is investing $55 million in battery storage initiatives and $45 million in electric vehicle infrastructure.

- Eversource completed construction of 62 MW of solar generation across 19 sites, bringing its total solar ownership to 70 MW.

- Independent sustainability rating agencies consistently rank Eversource in the top quartile or top decile of the industry.

- Eversource's commitment to Diversity and Inclusion and Eversource's programs and practices were recognized as exemplary by the Associated Industries of Massachusetts and the Bloomberg Gender Equality Index.

- Eversource continued to make a significant impact in its communities through its corporate philanthropy programs and extensive employee community volunteer programs, with 30,000 employee hours devoted to volunteerism in 2018.

Achievement of the 2018 performance goals, additional accomplishments and the Compensation Committee's assessment of Eversource and executive performance are more fully described in the section below titled "2018 Annual Incentive Program." Specific decisions regarding executive compensation based upon the Committee's assessment of Eversource and executive performance and market data are also described below.

Pay for Performance Philosophy

The Committee links the compensation of the executive officers, including the Named Executive Officers, to performance that will ultimately benefit Eversource's customers and shareholders. Eversource's compensation program is intended to attract and retain the best executive talent in the industry, motivate its executives to meet or exceed specific stretch financial and operational goals each year, and compensate its executives in a manner that aligns compensation directly with performance. Eversource strives to provide executives with base salary, performance-based annual incentive compensation, and performance-based long-term incentive compensation opportunities that are competitive with market practices and that reward excellent performance.

Executive Compensation Governance

What Eversource DOES:	***What Eversource DOESN'T do:***
✓ Pay for Performance	× No tax gross-ups in any new or materially amended executive compensation agreements
✓ Share ownership and holding guidelines	× No hedging, pledging or similar transactions by Eversource executives and Trustees
✓ Broad clawback policy relating to incentive compensation	× No liberal share recycling
✓ Double-trigger change in control vesting provisions	× No dividends on equity awards before vesting
✓ 100 percent of long-term incentive compensation paid in stock	× No discounts or repricing of options or SARs
✓ Independent compensation consultant	
✓ Annual Say-on-Pay vote	
✓ Payout limitations on incentive awards	
✓ Limited executive trading window	

- Eversource's executive share ownership and holding guidelines noted in this CD&A emphasize the importance of aligning management with shareholders. Under the share ownership guidelines, which require Eversource's Chief Executive Officer to hold shares equal to six times base salary, Eversource requires its executives to hold 100 percent of the shares awarded under the stock compensation program until the share ownership guidelines have been met.

- Eversource's 2018 Incentive Plan includes a clawback provision that requires its executives and other participants to reimburse Eversource for incentive compensation received, not only if earnings are subsequently required to be restated as a result of noncompliance with accounting rules caused by fraud or misconduct, but also for a material violation of Eversource's Code of Business Conduct or material breach of a covenant in an employment agreement. The Plan also imposes limits on awards and on Trustee compensation and prohibits repricing of awards and liberal share recycling.

- Eversource prohibits gross-ups in all new or materially amended executive compensation agreements.

- Eversource has a "no hedging and no pledging" policy that prohibits all Eversource Trustees and executives from purchasing financial instruments or otherwise entering into any transactions that are designed to have the effect of hedging or offsetting any decrease in the market value of Eversource common shares. This policy also prohibits all pledges, derivative transactions or short sales involving Eversource common shares or the holding of any Eversource common shares in a margin account by Eversource Trustees and executives. This policy is under review and will be supplemented as appropriate to comply with the SEC's new rules governing disclosure of hedging policies affecting all employees.

- Eversource's employment agreements and incentive plan provide for "double-trigger" change in control acceleration of compensation.

- Eversource's Compensation Committee annually assesses the independence of its compensation consultant, Pay Governance LLC ("Pay Governance"), which is retained directly by the Committee. Pay Governance performs no other consulting nor provides services for Eversource and has no relationship with Eversource that could result in a conflict of interest. At its February 6, 2019 meeting, the Committee concluded that Pay Governance is independent and that no conflict of interest exists between Pay Governance and Eversource.

Named Executive Officers

The executive officers of CL&P listed in the Summary Compensation Table and whose compensation is discussed in this Item 11 are referred to as the "Named Executive Officers" or "NEOs" under SEC regulations. For 2018, CL&P's Named Executive Officers were:

- James J. Judge, Chairman, President and Chief Executive Officer of Eversource Energy and Chairman of the Board of CL&P
- Philip J. Lembo, Executive Vice President and Chief Financial Officer of Eversource Energy and CL&P
- Werner J. Schweiger, Executive Vice President and Chief Operating Officer of Eversource Energy and Chief Executive Officer of CL&P
- Gregory B. Butler, Executive Vice President and General Counsel of Eversource Energy and CL&P
- Joseph R. Nolan, Jr., Executive Vice President - Customer and Corporate Relations of Eversource Energy and Eversource Service

Overview of the Compensation Program

The Role of the Compensation Committee. The Eversource Board of Trustees has delegated to the Compensation Committee overall responsibility for establishing the compensation program for those senior executive officers, whom are referred to in this CD&A as "executives" and whom are deemed to be "officers" under the SEC's regulations that determine the persons whose compensation is subject to disclosure. In this role, the Committee sets compensation policy and compensation levels, reviews and approves performance goals and evaluates executive performance. Although this discussion and analysis refers principally to compensation for the Named Executive Officers, the same compensation principles and practices apply to all executives. The compensation of Eversource's Chief Executive Officer is subject to the further review and approval of all of the independent Eversource Trustees.

Elements of Compensation. Total direct compensation consists of three elements: base salary, annual cash incentive awards and long-term equity-based incentive awards. Indirect compensation is provided through certain retirement, perquisite, severance, and health and welfare benefit programs.

Eversource's Compensation Objectives. The objectives of Eversource's compensation program are to attract and retain superior executive talent, motivate executives to achieve annual and long-term performance goals set each year, and provide total compensation opportunities that are competitive with market practices. With respect to incentive compensation, the Committee believes it is important to balance short-term goals, such as producing earnings, with longer-term goals, such as long-term value creation for shareholders and maintaining a strong balance sheet. The Committee also places great emphasis on system reliability and customer service. Eversource's compensation program utilizes performance-based incentive compensation to reward individual and corporate performance and to align the interests of executives with Eversource Energy's customers and shareholders. The Committee continually increases expectations to motivate executives and employees to achieve continuous improvement in carrying out their responsibilities to customers to deliver energy reliably, safely, with respect for the environment and Eversource employees, and at a reasonable cost, while providing an above-average total return to Eversource shareholders.

Setting Compensation Levels. To ensure that Eversource achieves its goal of providing market-based compensation levels to attract and retain top quality management, the Committee provides executives with target compensation opportunities approximately equal to median compensation levels for executive officers of companies in the utility industry comparable to Eversource in size. To achieve that goal, the Committee and its independent compensation consultant work together to determine the market values of executive direct compensation elements (base salaries, annual incentives and long-term incentives), as well as total compensation, by using competitive market compensation data. The Committee reviews competitive compensation data obtained from utility and general industry surveys and a specific group of peer utility companies. Levels may be lower than median for those executives who are new to their roles, while long-tenured, high performing executives may be compensated above median. The review by Pay Governance performed in late 2018 indicated that Eversource's aggregate executive compensation levels were aligned with median market rates.

Role of the Compensation Consultant. The Committee has retained Pay Governance as its independent compensation consultant. Pay Governance reports directly to the Committee and does not provide any other services to Eversource. With the consent of the Committee, Pay Governance works cooperatively with Eversource's management to develop analyses and proposals for presentation to the Committee. The Committee generally relies on Pay Governance for peer group market data and information as to market practices and trends to assess the competitiveness of the compensation Eversource pays to its executives and to review the Committee's proposed compensation decisions.

Pay Governance Independence. In February 2019, the Committee assessed the independence of Pay Governance pursuant to SEC and NYSE rules, and concluded that it is independent and that no conflict of interest exists that would prevent Pay Governance from independently advising the Committee. In making this assessment, the Committee considered the independence factors enumerated in Rule 10C-1(b) under the Securities Exchange Act of 1934, as well as the written representations of Pay Governance that Pay Governance does not provide any other services to Eversource, the level of fees received from Eversource as a percentage of Pay Governance's total revenues, the policies and procedures employed by Pay Governance to prevent conflicts of interest, and whether the individual Pay Governance advisers with whom the Committee consulted own any Eversource Energy common shares or have any business or personal relationships with members of the Committee or the Eversource executives.

Role of Management. The role of Eversource's management, and specifically the roles of Eversource's Chief Executive Officer and the Executive Vice President of Human Resources and Information Technology, are to provide current compensation information to the compensation consultant and analyses and recommendations on executive compensation to the Committee based on the market value of the position, individual performance, experience and internal pay equity. Eversource's Chief Executive Officer also provides recommendations on the compensation for the other Eversource Named Executive Officers. None of the executives makes recommendations that affect his or her individual compensation.

MARKET ANALYSIS

The Compensation Committee seeks to provide executives with target compensation opportunities using a range that is approximately equal to the median compensation levels for executive officers of utility companies comparable to Eversource. Set forth below is a description of the sources of the compensation data used by the Committee when reviewing 2018 compensation:

- **Competitive compensation survey data**. The Committee reviews compensation information obtained from surveys of diverse groups of utility and general industry companies that represent Eversource's market for executive officer talent. Utility industry data serve as the primary reference point for benchmarking officer compensation and are based on a defined peer set, as discussed below, while general industry data is derived from compensation consultant surveys and serves as a secondary reference point. General industry data are used for staff positions and are size-adjusted to ensure a close correlation between the market data and Eversource's scope of operations. The Committee references this information, which it obtains from Pay Governance, to evaluate and determine base salaries and incentive opportunities.

- **Peer group data.** In support of executive pay decisions during 2018 and early 2019, the Committee consulted with Pay Governance, which provided the Committee with a competitive assessment analysis of Eversource's executive compensation levels as compared to the 20 peer group companies listed in the table below. This peer group was chosen because these companies are and continue to be similar to Eversource Energy in terms of size, business model and long-term strategies. The group was reduced in January 2019 upon the merger of SCANA and Dominion Energy, and it will be reviewed by the Committee again in 2019.

Alliant Energy Corporation	DTE Energy Company	PPL Corporation
Ameren Corporation	Edison International	Public Service Enterprise Group, Inc.
American Electric Power Co., Inc.	Entergy Corporation	SCANA Corp. (2018)
CenterPoint Energy, Inc.	FirstEnergy Corp.	Sempra Energy
CMS Energy Corp.	NiSource Inc.	WEC Energy Group, Inc.
Consolidated Edison, Inc.	PG&E Corporation	Xcel Energy Inc.
Dominion Energy, Inc.	Pinnacle West Capital Corporation	

The Committee reviews the appropriateness of the peer group periodically and adjusts the target percentages of annual and long-term incentives based on the survey data and recommendations from Eversource's CEO, after discussion with the compensation consultant, to ensure that they are approximately equal to competitive median levels.

The Committee also determines perquisites to the extent they serve business purposes and sets supplemental benefits at levels that provide appropriate compensation opportunities to the executives. The Committee periodically reviews the general market for supplemental benefits and perquisites using utility and general industry survey data, including data obtained from companies in the peer group.

MIX OF COMPENSATION ELEMENTS

Eversource targets the mix of compensation for its Chief Executive Officer and its other Named Executive Officers so that the percentages of each compensation element are approximately equal to the competitive median market mix. The mix is heavily weighted toward incentive compensation, and incentive compensation is heavily weighted toward long-term compensation. Since the most senior positions have the greatest responsibility for implementing the long-term business plans and strategies, a greater proportion of total compensation is based on performance with a long-term focus.

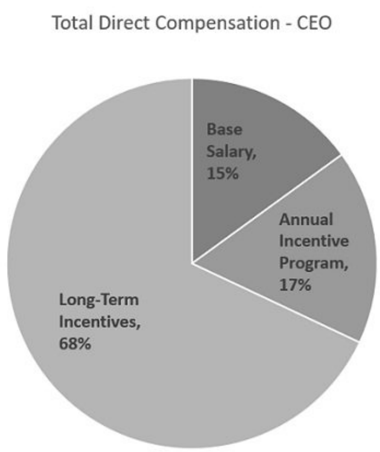
The Committee determines the compensation for each executive based on the relative authority, duties and responsibilities of the executive. Eversource's Chief Executive Officer's responsibilities for the strategic direction and daily operations and management of Eversource are greater than the duties and responsibilities of the other executives. As a result, Eversource's Chief Executive Officer's compensation is higher than the compensation of those other executives. Assisted by the compensation consultant, the Committee regularly reviews market compensation data for executive officer positions similar to those held by Eversource's executives, including its Chief Executive Officer.

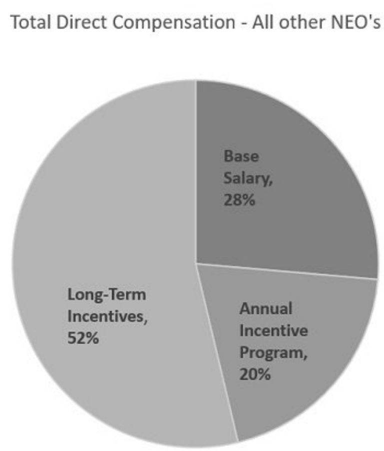
The following table sets forth the contribution to 2018 Total Direct Compensation ("TDC") of each element of compensation at target, reflected as a percentage of TDC, for the Named Executive Officers. The percentages shown in this table are at target and therefore do not correspond to the amounts appearing in the Summary Compensation Table.

	Percentage of TDC at Target				
			Long-Term Incentives		
Named Executive Officer	**Base Salary**	**Annual Incentive (1)**	**Performance Shares (1)**	**RSUs (2)**	**TDC**
James J. Judge	15	17	34	34	100
Philip J. Lembo	26	20	27	27	100
Werner J. Schweiger	26	20	27	27	100
Gregory B. Butler	30	20	25	25	100
Joseph R. Nolan, Jr.	30	20	25	25	100
NEO average, excluding CEO	28	20	26	26	100

(1) The annual incentive compensation element and performance shares under the long-term incentive compensation element are performance-based.

(2) Restricted Share Units (RSUs) vest over three years contingent upon continued employment.





RISK ANALYSIS OF EXECUTIVE COMPENSATION PROGRAM

The overall compensation program includes a mix of compensation elements ranging from a fixed base salary that is not at risk to annual and long-term incentive compensation programs intended to motivate executives and eligible employees to achieve individual and corporate performance goals that reflect an appropriate level of risk. The fundamental objective of the compensation program is to foster the continued growth and success of Eversource's business. The design and implementation of the overall compensation program provides the Committee with opportunities throughout the year to assess risks within the compensation program that may have a material effect on Eversource and its shareholders.

The Compensation Committee assesses the risks associated with the executive compensation program on an on-going basis by reviewing the various elements of incentive compensation. The annual incentive program was designed to ensure an appropriate balance between individual and corporate goals, which were deemed appropriate and supportive of Eversource's annual business plan. Similarly, the long-term incentive program was designed to ensure that the performance metrics were properly weighted and supportive of Eversource's strategy. The Committee reviewed the overall compensation program in the context of risks identified in the annual operating plan. The annual and long-term incentive programs were designed to include mechanisms to mitigate risk. These mechanisms include realistic goal setting and discretion with respect to actual payments, in addition to:

- A mix of annual and long-term performance awards to provide an appropriate balance of short- and long-term risk and reward horizon;

- A variety of performance metrics, including financial, operational, customer service, diversity and safety goals and other strategic initiatives for annual performance awards to avoid excessive focus on a single measure of performance;

- Metrics in Eversource's long-term incentive compensation program that use earnings per share growth and relative total shareholder return, which are both robust measures of shareholder value and which reduce the risk that employees might be encouraged to pursue other objectives that increase risk or reduce financial performance;

- The provisions of Eversource's annual and long-term incentive programs, which cap awards at 200 percent of target;

- Expansive clawback provisions on incentive compensation, including clawback for material violations of the Eversource Code of Conduct; and

- Stock ownership requirements for all executives, including the Named Executive Officers, and prohibitions on hedging, pledging and other derivative transactions related to Eversource common shares.

Based on these factors, the Compensation Committee and Eversource's Board of Trustees believe the overall compensation program risks are mitigated to reduce overall compensation risk.

Results of Eversource's 2018 Say-on-Pay Vote. Eversource provides its shareholders with the required opportunity to cast the annual advisory vote on executive compensation (a "Say-on-Pay" proposal).

At Eversource's Annual Meeting of Shareholders held on May 2, 2018, 90 percent of the votes cast on the Say-on-Pay proposal were voted to approve the 2017 compensation of the Named Executive Officers, as described in Eversource's 2018 proxy statement. Eversource's Say-on-Pay results, along with utility and general industry peers, are reviewed by the Committee annually to help assess whether Eversource shareholders continue to deem the executives' compensation to be appropriate. The Committee has and will continue to consider the outcome of Eversource's Say-on-Pay votes when making future compensation decisions for the Named Executive Officers.

ELEMENTS OF 2018 COMPENSATION

Base Salary

Base salary is designed to attract and retain key executives by providing an element of total compensation at levels competitive with those of other executives employed by companies of similar size and complexity in the utility and general industries. In establishing base salary, the Compensation Committee relies on compensation data obtained from independent third-party surveys of companies and from an industry peer group to ensure that the compensation opportunities Eversource offers are capable of attracting and retaining executives with the experience and talent required to achieve its strategic objectives. Adjustments to base salaries are made on an annual basis except in instances of promotions.

When setting or adjusting base salaries, the Committee considers annual executive performance appraisals; market pay movement across industries (determined through market analysis); targeted market pay positioning for each executive; individual experience; strategic importance of a position; recommendations of Eversource's Chief Executive Officer; and internal pay equity.

Incentive Compensation

Annual incentive and long-term incentive compensation are provided under Eversource's 2018 Incentive Plan. The annual incentive program provides cash compensation intended to reward performance under Eversource's annual operating plan. The long-term stock-based incentive program is designed to reward demonstrated performance and leadership, motivate future performance, align the interests of the executives with those of shareholders, and retain executives during the term of grants. The annual and long-term programs are designed to strike a balance between Eversource's short- and long-term objectives so that the programs work in tandem.

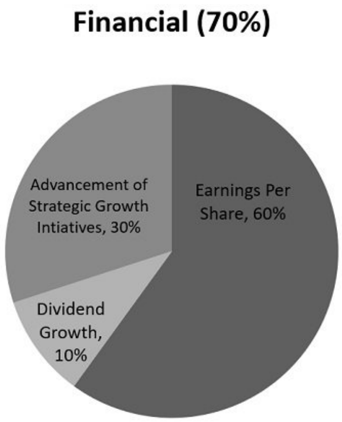
In addition to the specific performance goals, the Committee assesses other factors, as well as the executives' roles and individual performance and then makes annual incentive program awards at the levels and amounts disclosed in this Item 11.

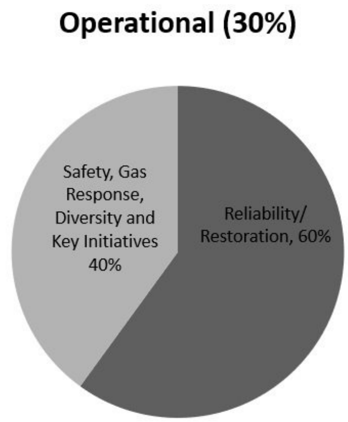
2018 ANNUAL INCENTIVE PROGRAM

In February 2018, the Committee established the terms of the 2018 Annual Incentive Program. As part of the overall program, and after consulting with Pay Governance, the Committee set target award levels for each of the Named Executive Officers that ranged from 65 percent to 120 percent of base salary.

At the February 2018 meeting, the Committee determined that for 2018 it would continue to base 70 percent of the annual incentive performance goals on Eversource's overall financial performance and 30 percent of the annual performance goals on Eversource's overall operational performance. The Committee also determined the specific goals that would be used to assess performance, with potential ratings on each goal ranging from 0 percent to 200 percent of target. The Committee assigned weightings to each of these specific goals. For the financial component, the following goals were used: earnings per share, weighted at 60 percent, dividend growth, weighted at 10 percent, and advancement of strategic growth initiatives, weighted at 30 percent. For the operational component, the Committee used the following goals: combined service reliability and restoration goals, weighted at 60 percent, and combined safety ratings, gas service response, diversity promotions and hires of leadership employee positions goals and key initiatives, weighted at 40 percent.

2018 Performance Goals





At the December 2018 meeting of the Committee, management provided an initial review of Eversource's 2018 performance, followed in February 2019 by a full assessment of the performance goals, the additional accomplishments noted below under the caption "Additional Factors" and the overall performance of Eversource and the executives. In addition to these meetings, the Committee and the Eversource Board were continuously provided updates during 2018 on corporate performance. At the February 6, 2019 meeting, the Committee determined, based on its assessment of the financial and operational performance goals, to set the level of achievement of combined financial and operational performance goals results at 157 percent of target, reflecting the overall strong performance of Eversource and the executive team. In arriving at this determination, the Committee determined that the financial performance goals result was 151 percent of target and the operational performance goals result was 171 percent of target. In particular, the Committee discussed its assessment of the Strategic Growth Initiative goal, and in determining the assessment of 150 percent of a possible 200 percent, it considered the success of Eversource in establishing itself as a leader in clean energy through the greatly expanded Ørsted offshore wind partnership; Eversource's best in industry ranking in energy efficiency; the completed construction of 62 MW in utility scale solar; and the advancement of Eversource's battery storage and electric vehicle infrastructure initiatives. Eversource's Chief Executive Officer recommended to the Committee awards for the executives (other than himself) based on his assessment of each executive's individual performance towards achievement of the performance goals and the additional accomplishments of Eversource, together with each executive's contributions to the overall performance of Eversource. The actual awards determined by the Committee were also based on the same criteria.

Financial Performance Goals Assessment

- Eversource Energy's earnings per share in 2018 increased by 4.5 percent over 2017 and exceeded the established goal of a 3.5 percent increase; 2018 earnings equaled $3.25 per share. Eversource accomplished this by effectively managing its Operating Plan, overcoming several challenges. The Committee determined the earnings per share goal to have attained a 150 percent performance result.

- Eversource Energy increased its dividend to $2.02 per share, a 6.3 percent increase from the prior year, significantly above the utility industry's median dividend growth of 5.1 percent. The Committee determined this goal to have attained a 155 percent performance.

- Eversource Energy significantly advanced its clean energy leadership through the expansion of its offshore wind energy partnership with Ørsted. Completing a project in February 2019 that commenced in 2018, the partnership purchased two projects that have contract commitments of 830 MW, along with a 257 square mile lease tract off the New England coast. Eversource also completed construction of 62 MW of large scale solar in Massachusetts, and achieved solid progress on existing grid modernization projects, including battery storage and electric vehicle infrastructure. In addition, the Committee also recognized advancements made to continue to expand solar and electric vehicle infrastructure in other jurisdictions. Eversource's appeal of the denial of the single final permit for the Northern Pass hydro power transmission project was accepted by the New Hampshire Supreme Court. The totality of these strategic accomplishments was considered by the Committee to have significantly advanced Eversource Energy's long-term strategy of being a clean energy leader. The Committee determined this goal to have attained a 150 percent performance.

Operational Performance Goals Assessment

- Eversource Energy's total electric system reliability performance exceeded that of its peers significantly. Average months between interruptions equaled 17.2 months, near the highest end of the performance zone established by the Committee of 15.5 to 18.5 months and in the first quartile of industry peers. System average restoration duration time equaled 77.5 minutes, within the performance zone established by the Committee of 80 to 67 minutes and also exceeding peers. The Committee determined these goals to have each attained a 175 percent performance result.

- Eversource Energy achieved the safety performance goal of between 0.5 - 0.9 DART per 1,000 employees; DART equaled 0.7 in 2018, within the established performance zone and better than peers. The Committee determined this goal to have attained a 130 percent performance result.

- On-time response to gas customer emergency calls was 99.5 percent, which was at the high end of the performance zone of 99.2 percent to 99.6 percent. The Committee determined this goal to have attained a 150 percent performance result.

- In 2018, 42 percent of new hires and promotions into leadership roles were women or people of color, substantially exceeding the goal of 37 percent. The Committee determined this goal to have attained a 200 percent performance result.

- Eversource Energy successfully completed important efforts to improve the customer experience, including enhanced web/digital capabilities with a new web-based outage map and improved outage communications. Key customer metrics finished above target. Estimated Time to Restoration calls were well-managed 89 percent of the time, exceeding the goal of 85 percent, and digital customer engagement finished above target at 83.2 percent. In addition, Eversource maintained its best in industry ranking in energy efficiency program effectiveness. The Committee determined this goal to have attained a 150 percent performance result.

- Eversource Energy achieved several constructive regulatory outcomes. These included the settlement agreement approved by the PURA for CL&P, a settlement agreement also approved by the PURA on Yankee Gas' rate review, a positive rate outcome for Aquarion Water Company of Massachusetts, and a settlement with FERC in an important docket on transparency, along with progress on the critical docket relating to return on equity for transmission assets. The Committee determined this goal to have attained a 200 percent performance result.

Financial Performance Goals

Category	2018 Goal	Eversource Performance	Assessment
Earnings Per Share	Increase earnings by 3.5 percent	Exceeded: $3.25 per share, a 4.5% increase over 2017 and exceeding goal	150%
Dividend Growth	Increase dividend beyond industry average	Exceeded: Increased to $2.02 per share, a $0.12 increase and 6.3% growth, exceeding the industry median of 5.1%	155%
Strategic Growth Initiatives	Advancement of Key Strategic Projects	Achieved: Significantly advanced Eversource's status as a clean energy leader through the major expansion of Eversource's offshore wind partnership with Ørsted; the Northern Pass project appeal was accepted by New Hampshire Supreme Court; and Eversource completed construction of 62MW of solar in Massachusetts and advanced battery storage and electric vehicle infrastructure initiatives	150%
Weightings = Earnings Per Share: 60%; Dividend Growth: 10%; Strategic Growth Initiatives: 30%			

Operational Performance Goals

Category	2018 Goal	Eversource Performance	Assessment
Reliability - Average Months Between Interruptions (MBI)	Achieve MBI of within 15.5 to 18.5 months	Exceeded: MBI = 17.2 months. At upper level of targeted performance zone, exceeding industry peers	175%
Average Restoration Duration (SAIDI)	Achieve SAIDI of 80 to 67 minutes	Exceeded: SAIDI = 77.5 minutes. Within targeted performance and significantly exceeding industry peers	175%
Safety Rate	0.5 - 0.9 days away/restricted	Achieved: 0.7 DART - Within targeted performance and exceeding industry peers	130%
Gas Service Response	99.2% - 99.6%	Achieved: 99.5%; Upper level of performance range and ahead of industry average. Exceeded all internal and regulatory pipeline safety requirements	150%
Diverse Leadership	37% hires or promotions of leadership level to be women or people of color	Exceeded: 42% - Performed well above target, with 83 of 200 leadership positions filled with diverse candidates. Recognized by industry organizations for diversity leadership	200%
Transform the Customer Experience	Successfully complete new customer outage map, increase accuracy of estimate time to restoration of 85% and achieve digital customer engagement participation at 83%	Achieved: Enhanced web/digital capabilities with new outage map and improved outage communications. Key customer metrics finished above target. Estimated Times for Restoration given to customers were well managed 89% of the time and digital customer engagement finished above target at 83.2%	150%
Positive Regulatory Outcomes	Obtain constructive rate case outcomes	Exceeded: Successfully completed constructive settlements on CL&P and Yankee Gas with PURA. Constructive rate outcome in MA for Aquarion. Reached settlement on FERC Transparency docket with 30 intervenors, and progress made on 4 open FERC ROE complaints, including dismissal of one	200%
Weightings = Reliability and Restoration: 60%; Safety, Gas Response, Diversity and Key Initiatives: 40%			

Performance Goals Assessment

Financial Performance at 151% (weighted 70%)	106%
Operational Performance at 171% (weighted 30%)	51%
Overall Performance	157%

Additional Factors

The following key financial, strategic, environmental and customer-focused results were also considered significant by the Committee in making an assessment of overall financial and operational performance, but were not given specific weightings or assigned a specific performance assessment score:

- At the request of the Massachusetts Governor, Eversource led the emergency response effort to a major natural gas incident that occurred in another company's franchise territory and received widespread recognition for leadership in the major restoration efforts that followed.
- Eversource responded extremely well to major weather events affecting its natural gas, electric and water systems, including three back-to-back major March blizzards, May tornadoes and July heatwaves, and were awarded two industry awards for very effective storm response and recovery from EEI.
- Eversource received awards from industry groups for performance in ERM, Sustainability, Diversity, Energy Efficiency, and Investor Relations. Eversource's ESG ratings for sustainability are top quartile by several major sustainability ratings providers.
- Eversource maintained its standing of having the best credit rating in the industry of "A+", completing $2 billion of long term debt issuances at very competitive rates.
- Eversource completed the sale of its remaining New Hampshire generation assets.
- Eversource's employee engagement initiatives delivered positive results in many areas; the results of Eversource's company-wide employee engagement survey showed significantly higher overall favorability; Eversource's training programs and online employee

community have helped Eversource to deliver better customer service; Eversource advanced Diversity & Inclusion through leadership commitment and active D&I councils and business resource groups; and Eversource continued to foster positive union management relationships, including reaching early contract agreements with two of the largest unions in Massachusetts and Connecticut.

Individual Executives' Performance Factors Considered by the Committee

It is the Committee's philosophy to provide incentives for Eversource executives to work together as a highly effective, integrated team to achieve or exceed the financial, operational, safety, customer, strategic and diversity goals and objectives. The Committee also reviews and assesses individual executive performance. The Committee based the annual incentive payments on team performance and also on the Committee's assessment of each executive's individual performance in supporting the performance goals, additional achievements and Eversource's overall performance. With respect to Eversource's Chief Executive Officer, the Committee and all other independent Eversource Trustees assessed the performance of the Chief Executive Officer and, based on the recommendations of the Chief Executive Officer as to executives other than himself, the Committee assessed the performance of the Named Executive Officers to determine the individual incentive payments as disclosed in the Summary Compensation Table. Based on the Committee's review, which included its assessment of the performance goals, the significant other accomplishments of Eversource and the Named Executive Officers, and the overall performance of Eversource and each of the Named Executive Officers, considered in its totality by the Committee to have been excellent, the Committee approved annual incentive program payments for the Named Executive Officers at levels that ranged from 156 percent to 193 percent of target. These payments reflected the individual and team contributions of the Named Executive Officers in achieving the goals and the additional accomplishments and Eversource's overall performance.

In determining Mr. Judge's annual incentive payment of $2,430,000, which was 157 percent of target and which reflects his and Eversource's continued strong performance, the Committee and the Board considered the totality of Eversource's success in accomplishing the goals set by the Committee, the additional accomplishments of Eversource, and the superior leadership of Mr. Judge in every part of the business, significantly advancing Eversource towards its goal of being recognized as the best energy company in the country by 2020.

2018 Annual Incentive Program Awards

Named Executive Officer	Award
James J. Judge	$ 2,430,000
Philip J. Lembo	765,000
Werner J. Schweiger	815,000
Gregory B. Butler	645,000
Joseph R. Nolan, Jr.	720,000

Long-Term Incentive Program

General

Eversource's long-term incentive program is intended to focus on Eversource's longer-term strategic goals and to help retain its executives. A new three-year program commences every year. For the three programs described below, each executive's target long-term incentive opportunity consisted of 50 percent Performance Shares and 50 percent RSUs. Performance Shares are designed to reward long-term achievements as measured against pre-established performance measures. RSUs are designed to provide executives with an incentive to increase the value of Eversource common shares in alignment with shareholder interests, while also serving as a retention component for executive talent. Eversource believes these compensation elements create a focus on continued Eversource and share price growth to further align the interests of Eversource's executives with the interests of Eversource's shareholders.

Performance Share Grants

General

Performance Shares are designed to reward future financial performance, measured by long-term earnings growth and shareholder returns over a three-year performance period, therefore aligning management compensation with performance. Performance Shares are granted as a target number of Eversource common shares. The number of Performance Shares is determined by dividing the target grant value in dollars by the average daily closing prices of Eversource common shares on the New York Stock Exchange for the ten business days preceding the grant date and rounding to the nearest whole share. Until the end of the performance period, the value of dividends that would have been paid with respect to the Performance Shares had the Performance Shares been actual common shares will be deemed to be invested in additional Performance Shares, which remain at risk and do not vest until actual performance for the period is determined.

Performance Shares under the 2017 - 2019 and 2018 - 2020 Programs

For the 2018 - 2020 Program, the Committee determined it would continue to measure performance using: (i) average diluted earnings per share growth ("EPSG"); and (ii) relative total shareholder return ("TSR") measured against the performance of companies that comprise the EEI Index. As in 2017 and 2016, the Committee selected EPSG and TSR as performance measures because the Committee continues to believe that they are generally recognized as the best indicators of overall corporate performance. Further, the Committee considers it a best practice to use a combination of relative and absolute metrics, with EPS growth serving as a key input to shareholder value and TSR serving as the output.

The number of Performance Shares awarded at the end of the three-year period ranges from 0 percent to 200 percent of target, depending on EPSG and relative TSR performance as set forth in the performance matrix below. Performance Share grants are based on a percentage of annualized base salary at the time of the grant and measured in dollars. The target number of shares under the 2018 - 2020 Program ranged from 35 percent to 233 percent of base salary. For the 2018 - 2020 Program, EPSG ranges from 0 percent to 9 percent, while TSR ranges from below the 10th percentile to above the 90th percentile. The TSR target is 100 percent, which the Committee determined is challenging but achievable. As a result, vesting at 100 percent of target occurs at various combinations of EPSG and TSR performance. In addition, the value of any performance shares that actually vest may increase or decrease over the vesting period based on Eversource's share price performance. The number of performance shares granted at target were approved as set forth in the table below. The Committee and the independent Members of the Eversource Board determined the Performance Share grants for Eversource's Chief Executive Officer. Based on input from the Chief Executive Officer, the Committee determined the Performance Share grants for each of the other executive officers, including the other Named Executive Officers.

For the 2017 - 2019 Program, the Committee used the same performance measures of EPSG and TSR and the same criteria used in the 2018 - 2020 Program described above.

The performance matrix set forth below describes how the Performance Share payout will be determined under the 2017 - 2019 and 2018 - 2020 Long-Term Incentive Programs and how the Performance Share payout was determined under the 2016 - 2018 Program. Three-year average EPSG is cross-referenced with the actual three-year TSR percentile to determine actual performance share payout as a percentage of target:

2016 - 2018, 2017 - 2019 and 2018 - 2020 Long-Term Incentive Programs Performance Share Potential Payout

Three-Year Average EPS Growth	Three-Year Relative Total Shareholder Return Percentiles									
	Below 10th	20th	30th	40th	50th	60th	70th	80th	90th	Above 90th
9%	110%	120%	130%	140%	150%	160%	170%	180%	190%	200%
8%	100%	110%	120%	130%	140%	150%	160%	170%	180%	190%
7%	90%	100%	110%	120%	130%	140%	150%	160%	170%	180%
6%	80%	90%	100%	110%	120%	130%	140%	150%	160%	170%
5%	70%	80%	90%	100%	110%	120%	130%	140%	150%	160%
4%	60%	70%	80%	90%	100%	110%	120%	130%	140%	150%
3%	40%	50%	70%	80%	90%	100%	110%	120%	130%	140%
2%	20%	40%	60%	70%	80%	90%	100%	110%	120%	130%
1%	—	10%	40%	60%	70%	80%	90%	100%	110%	120%
0%	—	—	20%	30%	50%	70%	80%	90%	100%	110%
Below 0%	—	—	—	—	10%	20%	30%	40%	50%	60%

Long-Term Incentive Program Performance Share Grants at Target

Named Executive Officer	2017 - 2019 Performance Share Grant	2018 - 2020 Performance Share Grant
James J. Judge	48,259	48,912
Philip J. Lembo	11,520	10,682
Werner J. Schweiger	11,703	10,845
Gregory B. Butler	9,052	8,410
Joseph R. Nolan, Jr.	7,920	7,737

Results of the 2016 - 2018 Performance Share Program

The 2016 - 2018 Program, which used the same criteria used in the 2018 - 2020 Program described above, was completed on December 31, 2018. The actual performance level achieved under the Program was a three-year average adjusted EPS growth of 5.0 percent and a three-year total shareholder return at the 34th percentile, which when interpolated in accordance with the criteria established by the Committee in 2016 resulted in vesting performance share units at 94 percent of target. At its February 6, 2019 meeting, the Committee confirmed that the actual results achieved were calculated in accordance with established performance criteria. The number of Performance Shares awarded to the Named Executive Officers were approved as set forth in the table below.

2016 – 2018 Long-Term Incentive Program Performance Share Awards

Named Executive Officer	Performance Share Award
James J. Judge	13,206
Philip J. Lembo *	2,029
Werner J. Schweiger	12,987
Gregory B. Butler	8,571
Joseph R. Nolan, Jr.	4,954

* Reflects award in 2016 to Mr. Lembo made prior to his election as Chief Financial Officer.

Restricted Share Units (RSUs)

General

Each RSU granted under the long-term incentive program entitles the holder to receive one Eversource common share at the time of vesting. All RSUs granted under the long-term incentive program vest in equal annual installments over three years. RSU holders are eligible to receive reinvested dividend units on outstanding RSUs held by them to the same extent that dividends are declared and paid on Eversource common shares. Reinvested dividend equivalents are accounted for as additional RSUs that accrue and are distributed with the common shares issued upon vesting of the underlying RSUs. Common shares, including any additional common shares in respect of reinvested dividend equivalents, are not issued for any RSUs that do not vest.

The Committee determined RSU grants for each executive officer participating in the long-term incentive program. RSU grants are based on a percentage of annualized base salary at the time of the grant and measured in dollars. In 2018, the percentage used for each executive officer was based on the executive officer's position in Eversource and ranged from 35 percent to 233 percent of base salary. The Committee reserves the right to increase or decrease the RSU grant from target for each officer under special circumstances. The Committee and all other independent members of the Eversource Board determined the RSU grants for Eversource's Chief Executive Officer. Based on input from the Chief Executive Officer, the Committee determined the RSU grants for each of the other executive officers, including the other Named Executive Officers.

All RSUs are granted on the date of the Committee meeting at which they are approved. RSU grants are subsequently converted from dollars into Eversource common share equivalents by dividing the value of each grant by the average closing price for Eversource common shares over the ten trading days prior to the date of the grant. RSU grants at 100 percent of target were approved as set forth in the table below.

	RSUs Granted		
Named Executive Officer	2016	2017	2018
James J. Judge	12,004	48,259	48,912
Philip J. Lembo	1,844 *	11,520	10,682
Werner J. Schweiger	11,805	11,703	10,845
Gregory B. Butler	7,791	9,052	8,410
Joseph R. Nolan, Jr.	4,503	7,920	7,737

* Reflects grant to Mr. Lembo made prior to his election as Chief Financial Officer.

Clawbacks

If Eversource's earnings were to be restated as a result of noncompliance with accounting rules caused by fraud or misconduct, or if a plan participant engages in a willful material violation of Eversource's Code of Business Conduct or material corporate policy, or the breach of a material covenant in an employment agreement, as determined by the Eversource Board of Trustees, the participant will be required by the Eversource 2018 Incentive Plan to reimburse Eversource for incentive compensation awards received by them just for that year.

No Hedging and No Pledging Policy

Eversource has adopted a policy prohibiting the purchase of financial instruments or otherwise entering into transactions designed to have the effect of hedging or offsetting any decrease in the value of Eversource common shares by Eversource's Trustees and executives. This policy also prohibits all pledging, forward sale contracts, zero cost collars, short sales, the holding of any Company common shares in a margin account, or otherwise pledging Eversource common shares. This policy will be reviewed and amended as appropriate to comply with the SEC's new rules governing disclosure of hedging policies affecting all employees.

Share Ownership Guidelines and Retention Requirements

The Committee has approved share ownership guidelines to further emphasize the importance of share ownership by Eversource officers. As indicated in the table below, the guidelines call for Eversource's Chief Executive Officer to own common shares equal to six times base salary, executive vice presidents to own a number of common shares equal to three times base salary, senior vice presidents to own common shares equal to two times base salary, and all other officers to own a number of common shares equal to one to one and one half times base salary.

Officers and Eversource Trustees may only transact in Eversource common shares during approved trading windows and subject to continuing compliance with these share ownership guidelines.

Executive Officer	Base Salary Multiple
Chief Executive Officer	6
Executive Vice Presidents	3
Operating Company Presidents / Senior Vice Presidents	2
Vice Presidents	1 – 1.5

Eversource requires that its officers attain these ownership levels within five years. All Eversource officers, including Eversource's Named Executive Officers, have satisfied the share ownership guidelines or are expected to satisfy them within the applicable timeframe. Common shares, whether held of record, in street name, or in individual 401(k) accounts, and RSUs satisfy the guideline requirements to hold 100 percent of the net shares. Unvested performance shares do not count toward the ownership guidelines. In addition to the share ownership guidelines noted above, all officers must hold all the shares awarded under Eversource's incentive compensation plan until the share ownership guidelines have been met.

Other Benefits

Retirement Benefits

Eversource provides a qualified defined benefit pension program for certain officers, which is a final average pay program subject to tax code limits. Because of such limits, Eversource also maintain a supplemental non-qualified pension program. Benefits are based on base salary and certain incentive payments, which is consistent with the goal of providing a retirement benefit that replaces a percentage of pre-retirement income. The supplemental program compensates for benefits barred by tax code limits, and generally provides (together with the qualified pension program) benefits equal to approximately 60 percent of pre-retirement compensation (subject to certain reductions) for Messrs. Judge, Lembo, Schweiger and Nolan, and approximately 50 percent of such compensation for Mr. Butler. The supplemental program has been discontinued for newly-elected officers.

As set forth in this CD&A, Mr. Judge and Mr. Lembo were elected to the positions of President and Chief Executive Officer of Eversource and Executive Vice President and Chief Financial Officer of Eversource, respectively, in 2016, such that 2017 was the first year that each served in his new position. Each had a resulting substantial increase in the actuarial, formula-based present values of their pension benefit due to the increase in their base pay and annual bonus. These increases are disclosed in the Change in Pension Value and Non-Qualified Deferred Earnings column of the Summary Compensation Table. These accounting-based increases for Mr. Judge and Mr. Lembo, while representing a substantial portion of their 2017 and 2018 total compensation disclosed in the SEC Total column of the Summary Compensation Table, resulted in no actual 2017 or 2018 W-2 earnings for either of them.

For certain participants, the benefits payable under the Supplemental Non-Qualified Pension Program differ from those described above. The program benefit payable to Mr. Schweiger is fully vested and is further reduced by benefits he is entitled to receive under previous employers' retirement plans.

Also see the narrative accompanying the "Pension Benefits" table and accompanying notes for more detail on the above program.

401(k) Benefits

Eversource offers a qualified 401(k) program for all employees, including executives, subject to tax code limits. After applying these limits, the program provides a match of 50 percent of the first 8 percent of eligible base salary, up to a maximum of $11,000 per year for Messrs. Judge, Lembo, Schweiger and Nolan. For Mr. Butler, the program provides a match of 100 percent of the first 3 percent of eligible base salary, up to a maximum of $8,250 per year.

Deferred Compensation

Eversource offers a non-qualified deferred compensation program for its executives. In 2018, the program allowed deferral of up to 100 percent of base salary, annual incentives and long-term incentive awards. The program allows participants to select investment measures for deferrals based on an array of deemed investment options (including certain mutual funds and publicly traded securities).

See the Non-Qualified Deferred Compensation Table and accompanying notes for additional details on the above program.

Perquisites

Eversource provides executives with limited financial planning benefits, vehicle leasing and access to tickets to sporting events. The current level of perquisites does not factor into decisions on total compensation.

Contractual Agreements

Eversource maintains contractual agreements with all of its Named Executive Officers that provide for potential compensation in the event of certain terminations, including termination following a Change in Control. Eversource believes these agreements are necessary to attract and retain high quality executives and to ensure executive focus on Eversource business during the period leading up to a potential Change in Control. The agreements are "double-trigger" agreements that provide executives with compensation in the event of a Change in Control followed by termination of employment due to one or more of the events set forth in the agreements, while still providing an incentive to remain employed with Eversource for the transition period that follows.

Under the agreements, certain compensation is generally payable if, during the applicable change in control period, the executive is involuntarily terminated (other than for cause) or terminates employment for "good reason." These agreements are described more fully in the tables following this CD&A under "Payments Upon Termination."

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code precludes a public corporation from taking an income tax deduction in any one year for compensation in excess of $1 million payable to its Named Executive Officers (excluding the Chief Financial Officer) who are employed on the last day of the fiscal year, unless certain specific performance goals are satisfied. Until January 1, 2018, there was an exception to the $1 million limitation for performance-based compensation meeting certain requirements. This exception was repealed, effective for taxable years beginning after December 31, 2017, and the limitation on deductibility generally was expanded to include all Named Executive Officers. As a result, compensation paid to the Named Executive Officers in excess of $1 million per officer will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of and not modified after November 2, 2017.

The Committee believes that the availability of a tax deduction for forms of compensation should be one of many factors taken into consideration of providing market-based compensation to attract and retain highly qualified executives. The Committee believes it is in Eversource's best interests to retain discretion to make compensation awards, whether or not deductible.

Eversource has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, *Compensation-Stock Compensation*. In general, Eversource and the Committee do not consider accounting considerations in structuring compensation arrangements.

Equity Grant Practices

Equity awards noted in the compensation tables are made annually at the February meeting of the Compensation Committee (subject to further approval by all of the independent members of Eversource's Board of Trustees of Eversource's Chief Executive Officer's award) when the Committee also determines base salary, annual and long-term incentive compensation targets and annual incentive awards. The date of this meeting is chosen at least a year in advance, and therefore awards are not coordinated with the release of material non-public information.

SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation paid or earned by CL&P's principal executive officer (Mr. Judge), principal financial officer (Mr. Lembo) and the three other most highly compensated executive officers in 2018, determined in accordance with the applicable SEC disclosure rules (collectively, the Named Executive Officers). As explained in the footnotes below, the amounts reflect the economic benefit to each Named Executive Officer of the compensation item paid or accrued on behalf of the Named Executive Officers for the fiscal year ended December 31, 2018 in accordance with such rules. All salaries, annual incentive amounts and long-term incentive amounts shown for each Named Executive Officer were paid for all services rendered to Eversource Energy and its subsidiaries, including CL&P, in all capacities.

Name and Principal Position	Year	Salary	Stock Awards (1)	Non-Equity Incentive Plan (2)	Change in Pension Value and Non-Qualified Deferred Earnings (3)	All Other Compen-sation (4)	SEC Total	Adjusted SEC Total (5)
James J. Judge	2018	$ 1,277,078	$ 5,632,217	$ 2,430,000	$ 5,560,877	$ 25,209	$ 14,925,381	$ 9,364,504
Chairman, President and Chief	2017	1,230,694	5,504,904	2,285,000	6,869,854	25,009	15,915,461	9,045,607
Executive Officer of Eversource Energy; Chairman of CL&P	2016	959,690	1,382,021	2,200,000	1,616,742	24,809	6,183,262	4,566,520
Philip J. Lembo	2018	648,271	1,230,032	765,000	1,535,216	21,685	4,200,204	2,664,988
Executive Vice President and	2017	613,847	1,314,086	700,000	1,246,325	21,485	3,895,743	2,649,418
Chief Financial Officer of Eversource Energy and CL&P	2016	439,208	212,300	600,000	543,133	21,285	1,815,926	1,272,793
Werner J. Schweiger	2018	658,271	1,248,802	815,000	538,978	53,896	3,314,947	2,775,969
Executive Vice President and	2017	634,078	1,334,961	775,000	1,225,581	21,418	3,991,038	2,765,457
Chief Operating Officer of Eversource Energy and CL&P	2016	592,108	1,359,110	700,000	1,156,328	21,135	3,828,681	2,672,353
Gregory B. Butler	2018	618,271	968,412	645,000	634,394	15,143	2,881,220	2,246,826
Executive Vice President and	2017	597,886	1,032,562	625,000	1,670,745	15,361	3,941,554	2,270,809
General Counsel of Eversource Energy and CL&P	2016	514,494	896,978	575,000	539,638	12,886	2,538,996	1,999,358
Joseph R. Nolan, Jr.	2018	561,540	890,916	720,000	1,193,350	56,084	3,421,890	2,228,540
Executive Vice President-	2017	515,578	903,434	680,000	1,486,025	16,076	3,601,113	2,115,088
Customer and Corporate Relations of Eversource Energy and Eversource Service	2016	419,364	518,430	550,000	826,729	15,876	2,330,399	1,503,670

(1) Reflects the aggregate grant date fair value of restricted share units (RSUs) and performance shares granted in each fiscal year, calculated in accordance with FASB ASC Topic 718.

RSUs were granted to each Named Executive Officer as long-term compensation, which vest in equal annual installments over three years.

RSUs were granted to each Named Executive Officer in 2018 as long-term compensation, which vest in equal annual installments over three years. In 2018, each of the Named Executive Officers was also granted performance shares as long-term incentive compensation. These performance shares will vest based on the extent to which the two performance conditions described in the CD&A are achieved as of December 31, 2020. The grant date fair values for the performance shares, assuming achievement of the highest level of both performance conditions, are as follows: Mr. Judge: $4,309,636; Mr. Lembo: $941,191; Mr. Schweiger: $955,553; Mr. Butler: $741,005; and Mr. Nolan: $681,707.

Holders of RSUs and performance shares are eligible to receive dividend equivalent units on outstanding awards to the same extent that dividends are declared and paid on Eversource common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with those common shares that are issued upon vesting of the underlying RSUs and performance shares.

Mr. Judge was elected President and Chief Executive Officer of Eversource Energy on April 6, 2016, upon the retirement of Thomas J. May. Mr. Judge had previously served as Executive Vice President and Chief Financial Officer of Eversource Energy until his election as President and Chief Executive Officer. Mr. Lembo was elected Executive Vice President and Chief Financial Officer of Eversource Energy on May 4, 2016, having previously served as Vice President and Treasurer. Thus, 2017 was the first year during which the Committee made long term incentive program stock awards to Mr. Judge and Mr. Lembo in their then-new positions of President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, respectively.

(2) Includes payments to the Named Executive Officers under the 2018 Annual Incentive Program: Mr. Judge: $2,430,000; Mr. Lembo: $765,000; Mr. Schweiger: $815,000; Mr. Butler: $645,000 and Mr. Nolan: $720,000.

(3) Includes the actuarial increase in the present value from December 31, 2017 to December 31, 2018 of the Named Executive Officers' accumulated benefits under all defined benefit pension programs and agreements, determined using interest rate and mortality rate assumptions consistent with those appearing in the footnotes to this Annual Report on Form 10-K for the fiscal year ended December 31, 2018. The Named Executive Officer may not be fully vested in such amounts. More information on this topic is set forth in the Pension Benefits table. There were no above-market earnings in deferred compensation value during 2018, as the terms of the Deferred Compensation Plan provide for market-based investments, including Eversource common shares. Mr. Judge and Mr. Lembo were elected to the positions of President and Chief Executive Officer of Eversource Energy and Executive Vice President and Chief Financial Officer of Eversource Energy, respectively, in 2016, such that 2017 was the first year that each served in his new position. Each had a resulting substantial increase in the actuarial, formula-based present value of his pension benefit due to the increase in his base pay and annual

bonus and the effect of interest rates. These accounting-based increases, while representing for Mr. Judge and Mr. Lembo a substantial portion of their 2017 and 2018 total compensation disclosed in the SEC Total above, resulted in no actual 2017 W-2 earnings for either of them.

(4) Includes matching contributions allocated by us to the accounts of Named Executive Officers under the 401k Plan as follows: $11,000 for each of Messrs. Judge, Lembo, Schweiger and Nolan, and $8,250 for Mr. Butler. For Mr. Judge, the value shown includes financial planning services valued at $5,000 and $9,209 paid by Eversource for a company-leased vehicle. For Mr. Lembo, the value shown includes financial planning services valued at $5,000 and $5,685 paid by Eversource for a company-leased vehicle. For Mr. Schweiger, the value shown includes financial planning services valued at $5,000 and $5,646 paid by Eversource for a company-leased vehicle. For Mr. Nolan, the value shown includes $5,276 paid by Eversource for a company-leased vehicle. For Messrs. Schweiger and Nolan, the value includes additional compensation of $32,250 and 39,808, respectively, for their efforts in leading the initial response, as directed by the Massachusetts Department of Public Utilities, to a very substantial series of natural gas explosions that occurred in September 2018 in a non-Eversource natural gas company's service territory. None of the other Named Executive Officers received perquisites valued in the aggregate in excess of $10,000.

(5) The amounts in the Adjusted SEC Total column reflect an adjustment to the total compensation reported in the column marked SEC Total. The Adjusted SEC Total subtracts the actuarial change in pension value disclosed in the column titled "Change in Pension Value and Non-Qualified Deferred Earnings" as further described in footnote 3 above in order to reflect compensation earned during the year by the executive without consideration of pension benefit impacts. The amounts in this column differ substantially from, and are not a substitute for, the amounts noted in the SEC Total.

GRANTS OF PLAN-BASED AWARDS DURING 2018

The Grants of Plan-Based Awards Table provides information on the range of potential payouts under all incentive plan awards during the fiscal year ended December 31, 2018. The table also discloses the underlying equity awards and the grant date for equity-based awards. Eversource has not granted any stock options since 2002.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards [1]			All Other Stock Awards: Number of Shares of Stock or Units (#) [2]	Grant Date Fair Value of Stock and Option Awards ($) [3]
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold ($)**	**Target (#)**	**Maximum (#)**		
James J. Judge									
Annual Incentive [4]	02/07/18	$ 742,000	$ 1,484,000	$ 2,968,000	$ —	—	—	—	$ —
Long-Term Incentive [5]	02/07/18	—	—	—	—	48,912	97,824	48,912	5,632,217
Philip J. Lembo									
Annual Incentive [4]	02/07/18	245,500	491,000	982,000	—	—	—	—	—
Long-Term Incentive [5]	02/07/18	—	—	—	—	10,682	21,364	10,682	1,230,032
Werner J. Schweiger									
Annual Incentive [4]	02/07/18	249,500	499,000	998,000	—	—	—	—	—
Long-Term Incentive [5]	02/07/18	—	—	—	—	10,845	21,690	10,845	1,248,802
Gregory B. Butler									
Annual Incentive [4]	02/07/18	203,000	406,000	812,000	—	—	—	—	—
Long-Term Incentive [5]	02/07/18	—	—	—	—	8,410	16,820	8,410	968,412
Joseph R. Nolan, Jr.									
Annual Incentive [4]	02/07/18	187,000	374,000	748,000	—	—	—	—	—
Long-Term Incentive [5]	02/07/18	—	—	—	—	7,737	15,474	7,737	890,916

(1) Reflects the number of performance shares granted to each of the Named Executive Officers on February 7, 2018 under the 2018 - 2020 Long-Term Incentive Program. Performance shares were granted subject to a three-year Performance Period that ends on December 31, 2020. At the end of the Performance Period, Eversource common shares will be awarded based on actual performance results as a percentage of target, subject to reduction for applicable payroll withholding taxes. Holders of performance shares are eligible to receive dividend equivalent units on outstanding performance shares awarded to them to the same extent that dividends are declared and paid on Eversource common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with the number of common shares underlying the performance shares that are actually awarded. The Annual Incentive Program did not include an equity component.

(2) Reflects the number of RSUs granted to each of the Named Executive Officers on February 7, 2018 under the 2018 - 2020 Long-Term Incentive Program. RSUs vest in equal installments on February 7, 2019, 2020 and 2021. Common shares will be distributed with respect to vested RSUs on a one-for-one basis following vesting, after reduction for applicable payroll withholding taxes. Holders of RSUs are eligible to receive dividend equivalent units on outstanding RSUs awarded to them to the same extent that dividends are declared and paid on Eversource common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with those common shares actually distributed in respect of the underlying RSUs.

(3) Reflects the grant date fair value, determined in accordance with FASB ASC Topic 718, of RSUs and performance shares granted to the Named Executive Officers on February 7, 2018 under the 2018 - 2020 Long-Term Incentive Program.

(4) The threshold payment under the Annual Incentive Program is 50 percent of target. The actual payments in 2019 for performance in 2018 are set forth in the Non-Equity Incentive Plan column of the Summary Compensation Table.

(5) Reflects the range of potential payouts, if any, pursuant to performance share awards under the 2018 - 2020 Long-Term Incentive Program, as described in the CD&A.

OUTSTANDING EQUITY GRANTS AT DECEMBER 31, 2018

The following table sets forth RSU and performance share grants outstanding at the end of the fiscal year ended December 31, 2018 for each of the Named Executive Officers. There are no outstanding options.

	Stock Awards (1)			
Name	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested ($) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (5)
James J. Judge	89,263	$ 5,805,692	115,219	$ 7,493,837
Philip J. Lembo	19,907	1,294,719	25,353	1,648,967
Werner J. Schweiger	23,857	1,551,685	36,675	2,385,329
Gregory B. Butler	17,985	1,169,714	26,915	1,750,582
Joseph R. Nolan, Jr.	15,278	993,692	21,396	1,391,576

(1) Awards and market values of awards appearing in the table and the accompanying notes have been rounded to whole units.

(2) A total of 75,187 unvested RSUs will vest on February 7, 2019 (Mr. Judge: 38,407; Mr. Lembo: 8,451; Mr. Schweiger: 12,225; Mr. Butler: 8,972 and Mr. Nolan: 7,132). A total of 61,271 unvested RSUs will vest on February 7, 2020 (Mr. Judge: 34,004; Mr. Lembo: 7,775, Mr. Schweiger: 7,896; Mr. Butler: 6,115; and Mr. Nolan: 5,481). A total of 29,831 unvested RSUs will vest on February 8, 2021 (Mr. Judge: 16,852; Mr. Lembo: 3,680; Mr. Schweiger: 3,736; Mr. Butler: 2,897; and Mr. Nolan: 2,666).

(3) The market value of RSUs is determined by multiplying the number of RSUs by $65.04, the closing price per common share on December 31, 2018, the last trading day of the year.

(4) Reflects the target payout level for performance shares granted under the 2016 - 2018 Program, the 2017 - 2019 Program and the 2018 - 2020 Program.

The performance period for the 2016 - 2018 Program ended on December 31, 2018. Awards under that program are set forth in the CD&A under the "Results of the 2016 - 2018 Performance Share Program."

The performance share award for 2017 - 2019 Program and the 2018 - 2020 Program will be based on actual performance results as a percentage of target, subject to reduction for applicable payroll withholding taxes. As described more fully under "Performance Shares" in the CD&A and footnote (1) to the Grants of Plan-Based Awards table, performance shares will vest following a three-year performance period based on the extent to which the two performance conditions are achieved. Under the 2017 - 2019 Program, a total of 94,319 unearned performance shares (including accrued dividend equivalents) will vest based on the extent to which the two performance conditions described in the CD&A are achieved as of December 31, 2019, assuming achievement of these conditions at a target level of performance: Mr. Judge: 51,459; Mr. Lembo: 12,284; Mr. Schweiger: 12,479, Mr. Butler: 9,652 and Mr. Nolan: 8,445. Under the 2018 - 2020 Program, a total of 89,494 unearned performance shares (including accrued dividend equivalents) will vest based on the extent to which the two performance conditions described in the CD&A are achieved as of December 31, 2020. Assuming achievement of these conditions at a target level of performance, the amount of the awards would be as follows: Mr. Judge: 50,555; Mr. Lembo: 11,041; Mr. Schweiger: 11,209, Mr. Butler: 8,692; and Mr. Nolan: 7,997.

(5) The market value is determined by multiplying the number of performance shares in the adjacent column by $65.04, the closing price of Eversource Energy common shares on December 31, 2018, the last trading day of the year.

OPTION EXERCISES AND STOCK VESTED IN 2018

The following table reports amounts realized on equity compensation during the fiscal year ended December 31, 2018. The Stock Awards columns report the vesting of RSU and performance share grants to the Named Executive Officers in 2018.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#) (1)	Value Realized on Vesting (2)
James J. Judge	35,886	$ 2,073,063
Philip J. Lembo	7,225	417,186
Werner J. Schweiger	23,091	1,336,258
Gregory B. Butler	16,460	952,517
Joseph R. Nolan, Jr.	10,151	587,111

(1) Includes RSUs and performance shares granted to the Named Executive Officers under the long-term incentive programs, including dividend reinvestments, as follows:

Name	2015 Program	2016 Program	2017 Program	2018 Program
James J. Judge	15,033	4,258	16,595	—
Philip J. Lembo	2,608	655	3,962	—
Werner J. Schweiger	14,879	4,188	4,024	—
Gregory B. Butler	10,584	2,764	3,112	—
Joseph R. Nolan, Jr.	5,829	1,598	2,724	—

In all cases, the distribution of common shares is reduced by that number of shares valued in an amount sufficient to satisfy tax withholding obligations.

(2) Values realized on vesting of RSUs granted under the 2015 - 2017, 2016 - 2018 and 2017 - 2019 Programs were based on $57.58 per share, the closing price of Eversource Energy common shares on February 14, 2018. Values realized on vesting of performance shares granted under the 2015 - 2017 Program were based on $58.17 per share, the closing price of Eversource Energy common shares on February 20, 2018.

PENSION BENEFITS IN 2018

The Pension Benefits Table shows the estimated present value of accumulated retirement benefits payable to each Named Executive Officer upon retirement based on the assumptions described below. The table distinguishes between benefits available under the qualified pension program, the supplemental pension program, and any additional benefits available under contractual agreements. See the narrative above in the CD&A under the caption "Other - Retirement Benefits" and "Contractual Agreements" for more detail on benefits under these plans and agreements.

The values shown in the Pension Benefits Table for Messrs. Judge, Lembo, Schweiger and Nolan were calculated as of December 31, 2018, based on benefit payments in the form of a lump sum. For Mr. Butler, a payment of benefits was assumed in the form of a contingent annuitant option. Such earned pension program benefit value could otherwise have changed because of the reduction in mortality factors and potentially rising interest rates.

The values shown in this Table for the Named Executive Officers were based on benefit payments commencing at the earliest possible ages for retirement with unreduced benefits: Mr. Judge: age 60; Mr. Lembo: age 62; Mr. Schweiger: age 55; Mr. Butler: age 62; and Mr. Nolan: age 62.

In addition, benefits were determined under the qualified pension program using tax code limits in effect on December 31, 2018. For Messrs. Judge, Lembo, Schweiger and Nolan, the values shown reflect actual 2018 salary and annual incentives earned in 2017 but paid in 2018 (per applicable supplemental program rules). For Mr. Butler, the values shown reflect actual 2018 salary and annual incentives earned in 2018 but paid in 2019 (per applicable supplemental program rules).

We determined the present value of benefits at retirement age using the discount rate within a range of 4.22 percent to 4.37 percent under ASC 715-30 pension accounting for the 2018 fiscal year end measurement as of December 31, 2018. This present value assumes no pre-retirement mortality, turnover or disability. However, for postretirement period beginning at retirement age, the 2018 IRS lump sum mortality table was used for Mr. Judge, Mr. Lembo, Mr. Schweiger and Mr. Nolan. The RP2014 Employee Table Projected Generationally with Scale MP2018 was used for Mr. Butler. This new mortality table (as published by the Society of Actuaries in 2014) and projection scale were used by the Eversource Pension Plan for year-end 2018 financial disclosure. Additional assumptions appear in the footnotes to this Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit	During Last Fiscal Year
James J. Judge	Retirement Plan	41.33	$ 2,714,417	$ —
	Supplemental Plan	21.00	9,738,848	—
	Supplemental Plan	41.33	12,150,475	—
Philip J. Lembo	Retirement Plan	9.75	1,263,600	—
	Supplemental Plan	9.75	3,962,402	—
Werner J. Schweiger	Retirement Plan	16.83	547,641	—
	Supplemental Plan	16.83	2,209,494	—
	Supplemental Plan	16.00	6,267,490	—
Gregory B. Butler	Retirement Plan	22.00	1,135,545	—
	Supplemental Plan	22.00	4,239,418	—
	Target	22.00	3,335,777	—
Joseph R. Nolan, Jr.	Retirement Plan	19.33	896,939	—
	Supplemental Plan	19.33	2,696,355	—
	Supplemental Plan	19.00	3,092,797	—

NONQUALIFIED DEFERRED COMPENSATION IN 2018

The following table reports amounts contributed in 2018, together with aggregate earnings on contributions and withdrawals or distributions on contributions in 2018, under Eversource's deferred compensation program, along with aggregate balances on contributions. Named Executive Officers who participate in this program are provided with a variety of investment opportunities, which the individual can modify and reallocate under the program terms. See the narrative above in the CD&A under the caption "Elements of 2018 Compensation - Other - Deferred Compensation" for more detail on the non-qualified deferred compensation program.

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings in in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE [(1)]
James J. Judge	$ —	$ —	$ 350,351	$ —	$ 6,043,699
Philip J. Lembo	—	—	(61,055)	—	1,309,411
Werner J. Schweiger	—	—	(1,036,872)	701,236	16,191,292
Gregory B. Butler	—	—	586	—	21,193
Joseph R. Nolan, Jr.	—	—	166,121	—	5,016,295

(1) Includes the total market value of deferred compensation program balances at December 31, 2018, plus the value of vested RSUs or other awards for which the distribution of common shares is currently deferred, based on $65.04, the closing price of Eversource common shares on December 31, 2018, the last trading day of the year. The aggregate balances reflect a significant level of earnings on previously earned and deferred compensation.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The discussion and tables below show compensation payable to each Named Executive Officer who is still an employee of Eversource, in the event of: (i) voluntary termination; (ii) involuntary not-for-cause termination; (iii) termination in the event of death or disability; and (iv) termination following a change in control. No amounts are payable in the event of a termination for cause. The amounts shown assume that each termination was effective as of December 31, 2018, the last business day of the fiscal year.

Generally, a "change in control" means a change in ownership or control effected through (i) the acquisition of 30 percent or more of the combined voting power of common shares or other voting securities (20 percent for Mr. Butler, excluding certain defined transactions); (ii) the acquisition of more than 50 percent of Eversource common shares, excluding certain defined transactions (for Messrs. Judge, Lembo, Schweiger and Nolan); (iii) a change in the majority of the Eversource Board of Trustees, unless approved by a majority of the incumbent Trustees; (iv) certain reorganizations, mergers or consolidations where substantially all of the persons who were the beneficial owners of the outstanding common shares immediately prior to such business combination do not beneficially own more than 50 percent of the voting power of the resulting business entity (excluding in certain cases defined transactions); and (v) complete liquidation or dissolution of Eversource, or a sale or disposition of all or substantially all of the assets of Eversource other than, for Mr. Butler, to an entity with respect to which following completion of the transaction more than 50 percent of common shares or other voting securities is then owned by all or substantially all of the persons who were the beneficial owners of common shares and other voting securities immediately prior to such transaction.

In the event of a change in control, the Named Executive Officers are generally entitled to receive compensation and benefits following either involuntary termination of employment without "cause" or voluntary termination of employment for "good reason" within the applicable period (generally two years following a change in control). The Committee believes that termination for good reason is conceptually the same as termination "without cause" and, in the absence of this provision, potential acquirers would have an incentive to constructively terminate executives to avoid paying severance. Termination for "cause" generally means termination due to a felony or certain other convictions; fraud, embezzlement, or theft in the course of employment; intentional, wrongful damage to Eversource property; gross misconduct or gross negligence in the course of employment or gross neglect of duties harmful to Eversource; or a material breach of obligations under the agreement. "Good reason" for termination generally exists after assignment of duties inconsistent with executive's position, a material reduction in compensation or benefits, a transfer more than 50 miles from the executive's pre-change in control principal business location (or for Messrs. Judge, Lembo, Schweiger and Nolan, an involuntary transfer outside the Greater Boston Metropolitan Area), or requiring business travel to a substantially greater extent than required prior to the change in control.

The summaries above do not purport to be complete and are qualified in their entirety by the actual terms and provisions of the agreements and plans, copies of which have been filed as exhibits to this Annual Report on Form 10-K for the year ended December 31, 2018.

Payments Upon Termination

Regardless of the manner in which the employment of a Named Executive Officer terminates, the executive is entitled to receive certain amounts earned during the executive's term of employment. Such amounts include:

- Vested RSUs and certain other vested awards;
- Amounts contributed and any vested matching contributions under the deferred compensation program;
- Pay for unused vacation; and
- Amounts accrued and vested under the pension/supplemental and 401k programs (except in the event of a termination for cause under the supplemental program).

The following table describes additional compensation payable to the Named Executive Officers in the event of voluntary termination, involuntary termination not for cause, termination in the event of death or disability and termination following a change in control. No benefits are provided in the event of termination for cause. See the section above captioned "Pension Benefits in 2018" for information about the pension program, supplemental program and other benefits, and the section captioned "Nonqualified Deferred Compensation in 2018."

POST-EMPLOYMENT COMPENSATION PAYMENTS UPON TERMINATION

Name	Type of Payments	Voluntary Termination	Involuntary Termination Not for Cause	Termination Upon Death or Disability	Termination Following a Change in Control
James J. Judge	Annual Incentives [1]	$ —	$ —	$ —	$ 1,486,000
	Performance Shares [2]	4,186,357	4,186,357	4,186,357	7,493,837
	RSUs [3]	2,298,133	2,298,133	2,298,133	5,805,692
	Special Retirement Benefit [4]	—	—	—	7,049,367
	Health and Welfare Benefits [5]	—	—	—	98,441
	Perquisites [6]	—	—	—	15,000
	Excise Tax and Gross-ups [7]	—	—	—	8,044,238
	Separation Payment for Liquidated Damages [8]	—	—	—	10,770,000
	Total	$ 6,484,490	$ 6,484,490	$ 6,484,490	$ 40,762,576
Philip J. Lembo	Annual Incentives [1]	$ —	$ —	$ —	$ 491,000
	Performance Shares [2]	904,197	904,197	904,197	1,648,967
	RSUs [3]	505,664	505,664	505,664	1,294,719
	Special Retirement Benefit [4]	—	—	—	1,779,646
	Health and Welfare Benefits [5]	—	—	—	42,998
	Perquisites [6]	—	—	—	10,000
	Separation Payment for Liquidated Damages [8]	—	—	—	2,710,000
	Total	$ 1,409,861	$ 1,409,861	$ 1,409,861	$ 7,977,330
Werner J. Schweiger	Annual Incentives [1]	$ —	$ —	$ —	$ 499,000
	Performance Shares [2]	1,629,030	1,629,030	1,629,030	2,385,329
	RSUs [3]	731,501	731,501	731,501	1,551,685
	Special Retirement Benefit [4]	—	—	—	3,009,271
	Health and Welfare Benefits [5]	—	—	—	87,807
	Perquisites [6]	—	—	—	15,000
	Separation Payment for Liquidated Damages [8]	—	—	—	4,320,000
	Total	$ 2,360,531	$ 2,360,531	$ 2,360,531	$ 11,868,092
Gregory B. Butler	Annual Incentives [1]	$ —	$ —	$ —	$ 406,000
	Performance Shares [2]	1,164,627	1,164,627	1,164,627	1,750,582
	RSUs [3]	536,803	536,803	536,803	1,169,714
	Special Retirement Benefit [4]	–	4,861,592	–	5,283,938
	Health and Welfare Benefits [5]	–	23,500	–	35,251
	Perquisites [6]	–	10,000	–	15,000
	Excise Tax and Gross-Ups [7]	–	1,034,102	–	2,223,174
	Separation Payment for Liquidated Damages [8]	–	1,031,250	–	2,062,500
	Separation Payment for Non-Compete Agreement [9]	–	1,031,250	–	1,031,250
	Total	$ 1,701,430	$ 9,693,124	$ 1,701,430	$ 13,977,409
Joseph R. Nolan, Jr.	Annual Incentives [1]	$ —	$ —	$ —	$ 374,000
	Performance Shares [2]	861,840	861,840	861,840	1,391,576
	RSUs [3]	426,750	426,750	426,750	993,692
	Special Retirement Benefit [4]	—	—	—	3,787,811
	Health and Welfare Benefits [5]	—	—	—	86,223
	Perquisites [6]	—	—	—	15,000
	Excise Tax and Gross-ups [7]	—	—	—	2,444,743
	Separation Payment for Liquidated Damages [8]	—	—	—	3,765,000
	Total	$ 1,288,590	$ 1,288,590	$ 1,288,590	$ 12,858,045

(1) For Termination Following a Change in Control: Represents target 2018 annual incentive awards as described in the Grants of Plan Based Awards Table.

(2) For Voluntary Termination and Termination Not For Cause and Termination Upon Death or Disability: Represents 100 percent of the performance share awards under the 2016 - 2018 Long-Term Incentive Program, 67 percent of the performance share awards under the 2017 - 2019 Long-Term Incentive Program and 33 percent of the performance share awards under the 2018 - 2020 Long-Term Incentive Program. For all of the Named Executive Officers, the values were calculated by multiplying the number of RSUs by $65.04, the closing price of Eversource common shares on December 31, 2018, the last trading day of the year. For Termination Following a Change in Control: Represents 100 percent of the performance share awards under each of the three Programs noted in the previous two sentences.

(3) For Voluntary Termination and Termination Not For Cause and Termination Upon Death or Disability: Represents values of RSUs granted under long-term incentive programs that, at year-end 2018, were unvested under applicable vesting schedules. Under these programs, RSUs vest pro rata based on credited service years and age at termination, and time worked during the vesting period. For all, the values were calculated by multiplying the number of RSUs by $65.04, the closing price of Eversource common shares on December 31, 2018, the last trading day of the year. For Termination Following a Change in Control: Represents values of all RSUs granted under long-term incentive programs that, at year-end 2018, were unvested under applicable vesting schedules, all of which vest in full.

(4) The amount noted in the Involuntary Termination, Not for Cause column, represents for Mr. Butler actuarial present values at year-end 2018 of amounts payable (two years of service) solely under an employment agreement upon termination, which are in addition to amounts due under the pension plan. For Termination Following a Change in Control: represents actuarial present values at year-end 2018 of amounts payable solely under employment agreements upon termination (which are in addition to amounts due under the pension program). For Messrs. Judge, Schweiger, Butler and Nolan, pension benefits were calculated by adding three years of service (two years for Mr. Lembo). A lump sum of this benefit value is payable to Messrs. Judge, Lembo and Schweiger. Pension amounts shown in the table are present values at year-end 2018 of benefits payable upon termination as described with respect to the Pension Benefits Table above.

(5) The amount noted in the Involuntary Termination, Not for Cause column, represents for Mr. Butler the value of two years' employer contributions toward active health, long-term disability, and life insurance benefits, plus a payment to offset any taxes thereon. For Termination Following a Change in Control: represents estimated cost to Eversource at year-end 2018 (estimated by consultants) of providing post-employment health and welfare benefits beyond those available to non-executives upon involuntary termination. The amounts shown in the table for Messrs. Judge, Schweiger and Nolan represent the value of three years (two years for Mr. Lembo) continued health and welfare plan participation. The amounts shown in the table for Mr. Butler represent the value of three years' employer contributions toward active health, long-term disability, and life insurance benefits, plus a payment to offset any taxes on the value of these benefits, less the value of one year of retiree health coverage at retiree rates.

(6) The amount noted in the Involuntary Termination, Not for Cause column, represents for Mr. Butler the cost of reimbursing Mr. Butler for two years financial planning and tax preparation fees. For Termination Following a Change in Control: represents the cost to Eversource of reimbursing for financial planning and tax preparation fees for three years (two years for Mr. Lembo).

(7) For Termination Following a Change in Control: Represents payments made to offset costs associated with certain excise taxes under Section 280G of the Internal Revenue Code. Executives may be subject to certain excise taxes under Section 280G if they receive payments and benefits related to a Termination Following a Change in Control that exceed specified Internal Revenue Service limits. Contractual agreements with the above executives provide for a grossed-up reimbursement of these excise taxes. The amounts in the table are based on the Section 280G excise tax rate of 20 percent, the statutory federal income tax withholding rate of 35 percent, the applicable state income tax rate, and the Medicare tax rate of 1.45 percent.

(8) For Involuntary Termination, Not for Cause: Represents for Mr. Butler a severance payment (two-times the sum of base salary plus relevant annual incentive award) in addition to any non-compete agreement payment described above. For Termination Following a Change in Control: Represents severance payments in addition to any non-compete agreement payments described in the prior note. For Messrs. Judge, Schweiger and Nolan, this payment equals three-times the sum of base salary plus relevant annual incentive award (two-times the sum for Messrs. Lembo and Butler). These payments do not replace, offset or otherwise affect the calculation or payment of the annual incentive awards.

(9) For Involuntary Termination, Not For Cause and Termination Following a Change in Control: Represents payments made under an agreement with Mr. Butler as consideration for agreement not to compete with Eversource following termination of employment, equal to the sum of base salary plus relevant annual incentive award. These payments do not replace, offset or otherwise affect the calculation or payment of the annual incentive awards.

PAY RATIO

Eversource's CEO to median employee pay ratio is calculated pursuant to the requirements of Item 402(u) of Regulation S-K. Eversource identified the median employee by reviewing the 2018 total cash compensation of all full-time employees, excluding Eversource's CEO, who were employed by Eversource and its subsidiaries on December 31, 2018. In Eversource's assessment of median employee compensation, pay was annualized for those employees who commenced work during 2018. Otherwise, no assumptions, adjustments, or estimates were made with respect to total cash compensation, and the compensation for any full-time employees who were not employed by Eversource at the end of 2018 was not annualized. Eversource believes the use of total cash compensation for all employees is a consistently applied compensation measure, as Eversource does not widely distribute annual equity awards to employees.

After identifying the median employee based on total cash compensation, Eversource calculated the annual total compensation for such employee using the same methodology it uses for its named executive officers as set forth in the 2018 Summary Compensation Table.

Mr. Judge had 2018 annual total compensation of $14,925,381, as reflected in the Summary Compensation Table. Eversource's median employee's annual total compensation for 2018 was $129,401. Eversource's 2018 CEO to median employee pay ratio is 115 to 1.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Eversource Energy

In addition to the information below under "Securities Authorized for Issuance Under Equity Compensation Plans," incorporated herein by reference is the information contained in the sections "Common Share Ownership of Certain Beneficial Owners" and "Common Share Ownership of Trustees and Management" of Eversource Energy's definitive proxy statement for solicitation of proxies, expected to be filed with the SEC on or about March 22, 2019.

NSTAR ELECTRIC and PSNH

Certain information required by this Item 12 has been omitted for NSTAR Electric and PSNH pursuant to Instruction I(2)(c) to Form 10-K, Omission of Information by Certain Wholly-Owned Subsidiaries.

CL&P

COMMON SHARE OWNERSHIP OF DIRECTORS AND MANAGEMENT

Eversource Energy owns 100 percent of the outstanding common stock of CL&P. The table below shows the number of Eversource Energy common shares beneficially owned as of February 22, 2019, by each of CL&P's directors and each Named Executive Officer of CL&P, as well as the number of Eversource Energy common shares beneficially owned by all of CL&P's directors and executive officers as a group. The table also includes information about restricted share units and deferred shares credited to the accounts of CL&P's directors and executive officers under certain compensation and benefit plans. No equity securities of CL&P are owned by any of the Trustees, directors or executive officers of Eversource Energy or CL&P. The address for the shareholders listed below is c/o Eversource Energy, Prudential Center, 800 Boylston Street, Boston, Massachusetts 02199 for Messrs. Judge, Lembo, Nolan and Schweiger; c/o Eversource Energy, 56 Prospect Street, Hartford, Connecticut 06103-2818 for Mr. Butler.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)(2)(3)	Percent of Class
James J. Judge, Chairman of CL&P	300,849	*
Philip J. Lembo, Executive Vice President and Chief Financial Officer, Director of CL&P	48,697 (4)	*
Werner J. Schweiger, Chief Executive Officer, Director of CL&P	242,942	*
Gregory B. Butler, Executive Vice President and General Counsel, Director of CL&P	96,569	*
Joseph R. Nolan, Jr., Executive Vice President-Customer and Corporate Relations of Eversource Service	92,197	*
All directors and executive officers as a group (7 persons)	840,596 (5)	*

* Less than 1% of Eversource Energy common shares outstanding.

1. The persons named in the table have sole voting and investment power with respect to all shares beneficially owned by each of them, except as noted below.

2. Also includes restricted share units, deferred restricted share units and/or deferred shares, including dividend equivalents, as to which none of the individuals has voting or investment power, and phantom shares held by executive officers who participate in a deferred compensation plan as follows: Mr. Judge: 187,891 shares; Mr. Lembo: 25,580 shares; Mr. Schweiger: 157,829 shares; Mr. Butler: 17,574 shares; and Mr. Nolan: 73,377 shares.

3. Includes Eversource Energy common shares held as units in the 401(k) Plan invested in the Eversource Energy Common Shares Fund over which the holder has sole voting and investment power (Mr. Judge: 26,415 shares; Mr. Lembo: 3,055 shares; Mr. Schweiger: 500 shares; Mr. Butler: 6,062 shares; and Mr. Nolan: 18,819 shares).

4. Includes 524 common shares held by Mr. Lembo in a custodial account over which Mr. Lembo has sole voting and investment power.

5. Includes 485,144 unissued Eversource Energy common shares (see Note 2) and 59,326 common shares held as units in the 401(k) Plan (see Note 3).

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of Eversource Energy common shares issuable under Eversource Energy equity compensation plans, as well as their weighted exercise price, as of December 31, 2018, in accordance with the rules of the SEC:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights (2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (1))
Equity compensation plans approved by security holders	1,281,929	$—	3,720,650
Equity compensation plans not approved by security holders (3)	—	—	—
Total	1,281,929	$—	3,720,650

(1) Includes 782,365 common shares for distribution in respect of restricted share units, and 499,564 performance shares issuable at target, all pursuant to the terms of our Incentive Plan.

(2) The weighted-average exercise price does not take into account restricted share units or performance shares, which have no exercise price.

(3) Securities set forth in this table are authorized for issuance under compensation plans that have been approved by shareholders of Eversource Energy or the former shareholders of NSTAR.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Eversource Energy

Incorporated herein by reference is the information contained in the sections captioned "Trustee Independence" and "Related Person Transactions" of Eversource Energy's definitive proxy statement for solicitation of proxies, expected to be filed with the SEC on or about March 22, 2019.

NSTAR ELECTRIC and PSNH

Certain information required by this Item 13 has been omitted for NSTAR Electric and PSNH pursuant to Instruction I(2)(c) to Form 10-K, Omission of Information by Certain Wholly-Owned Subsidiaries**.**

CL&P

Eversource Energy's Code of Ethics for Senior Financial Officers applies to the Senior Financial Officers (Chief Executive Officer, Chief Financial Officer and Controller) of Eversource Energy, CL&P and certain other Eversource Energy subsidiaries. Under the Code, one's position as a Senior Financial Officer in the company may not be used to improperly benefit such officer or his or her family or friends. Under the Code, specific activities that may be considered conflicts of interest include, but are not limited to, directly or indirectly acquiring or retaining a significant financial interest in an organization that is a customer, vendor or competitor, or that seeks to do business with the company; serving, without proper safeguards, as an officer or director of, or working or rendering services for an organization that is a customer, vendor or competitor, or that seeks to do business with the company. Waivers of the provisions of the Code of Ethics for Trustees, executive officers or directors must be approved by Eversource Energy's Board of Trustees. Any such waivers will be disclosed pursuant to legal requirements.

Eversource Energy's Code of Conduct, which applies to all Trustees, directors, officers and employees of Eversource Energy and its subsidiaries, including CL&P, contains a Conflict of Interest Policy that requires all such individuals to disclose any potential conflicts of interest. Such individuals are expected to discuss their particular situations with management to ensure appropriate steps are in place to avoid a conflict of interest. All disclosures must be reviewed and approved by management to ensure a particular situation does not adversely impact the individual's primary job and role.

Eversource Energy's Related Persons Transactions Policy is administered by the Corporate Governance Committee of Eversource Energy's Board of Trustees. The Policy generally defines a "Related Persons Transaction" as any transaction or series of transactions in which (i) Eversource Energy or a subsidiary is a participant, (ii) the aggregate amount involved exceeds $120,000 and (iii) any "Related Persons" has a direct or indirect material interest. A "Related Persons" is defined as any Trustee or nominee for Trustee, any executive officer, any shareholder owning more than 5 percent of Eversource Energy's total outstanding shares, and any immediate family member of any such person. Management submits to the Corporate Governance Committee for consideration any Related Persons Transaction into which Eversource Energy or a subsidiary proposes to enter. The Corporate Governance Committee recommends to the Eversource Energy Board of Trustees for approval only those transactions that are in Eversource Energy's best interests. If management causes the company to enter into a Related Persons Transaction prior to approval by the Corporate Governance Committee, the transaction will be subject to ratification by the Eversource Energy Board of Trustees. If the Eversource Energy Board of Trustees determines not to ratify the transaction, then management will make all reasonable efforts to cancel or annul such transaction.

The directors of CL&P are employees of CL&P and/or other subsidiaries of Eversource Energy, and thus are not considered independent.

Item 14. Principal Accountant Fees and Services

Eversource Energy

Incorporated herein by reference is the information contained in the section "Relationship with Independent Auditors" of Eversource Energy's definitive proxy statement for solicitation of proxies, expected to be filed with the SEC on or about March 22, 2019.

CL&P, NSTAR ELECTRIC and PSNH

Pre-Approval of Services Provided by Principal Auditors

None of CL&P, NSTAR Electric and PSNH is subject to the audit committee requirements of the SEC, the national securities exchanges or the national securities associations. CL&P, NSTAR Electric and PSNH obtain audit services from the independent auditor engaged by the Audit Committee of Eversource Energy's Board of Trustees. Eversource Energy's Audit Committee has established policies and procedures regarding the pre-approval of services provided by the principal auditors. Those policies and procedures delegate pre-approval of services to the Eversource Energy Audit Committee Chair provided that such offices are held by Trustees who are "independent" within the meaning of the Sarbanes-Oxley Act of 2002 and that all such pre-approvals are presented to the Eversource Energy Audit Committee at the next regularly scheduled meeting of the Committee.

The following relates to fees and services for the entire Eversource Energy system, including Eversource Energy, CL&P, NSTAR Electric and PSNH.

Fees Billed By Principal Independent Registered Public Accounting Firm

The aggregate fees billed to the Company and its subsidiaries by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the Deloitte Entities), for the years ended December 31, 2018 and 2017 totaled $5,076,922 and $4,533,922, respectively. In addition, affiliates of Deloitte & Touche LLP, as noted below, provide other accounting services to the Company. Fees consisted of the following:

1. **Audit Fees**

   The aggregate fees billed to the Company and its subsidiaries by Deloitte & Touche LLP for audit services rendered for the years ended December 31, 2018 and 2017 totaled $4,464,500 and $4,243,000, respectively. The audit fees were incurred for audits of consolidated financial statements of Eversource Energy and its subsidiaries, reviews of financial statements included in the Combined Quarterly Reports on Form 10-Q of Eversource Energy and its subsidiaries and other costs. The fees also included audits of internal controls over financial reporting as of December 31, 2018 and 2017.

2. **Audit-Related Fees**

   The aggregate fees billed to the Company and its subsidiaries by the Deloitte Entities for audit-related services rendered for the years ended December 31, 2018 and 2017 totaled $597,500 and $283,000, respectively. The audit-related fees were incurred for procedures performed in the ordinary course of business in support of certain regulatory filings, comfort letters, and consents and other costs related to registration statements and financings.

3. **Tax Fees**

   The aggregate fees billed to the Company and its subsidiaries by the Deloitte Entities for tax services rendered for the year ended December 31, 2018 totaled $7,500. The tax service fees were incurred for procedures performed in the ordinary course of business in support of certain employee benefit plan federal filings. There were no tax fees for the year ended December 31, 2017.

4. **All Other Fees**

   The aggregate fees billed to the Company and its subsidiaries by the Deloitte Entities for services, other than the services described above, for the years ended December 31, 2018 and 2017 totaled $57,422 and $7,922, respectively. These fees were for the review of benefit payment calculations and a license for access to an accounting standards research tool.

The Audit Committee pre-approves all auditing services and permitted audit-related or other services (including the fees and terms thereof) to be performed for us by our independent registered public accounting firm, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate its authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals are presented to the full Audit Committee at its next scheduled meeting. During 2018, all services described above were pre-approved by the Audit Committee or its Chair.

The Audit Committee has considered whether the provision by the Deloitte Entities of the non-audit services described above was allowed under Rule 2-01(c)(4) of Regulation S-X and was compatible with maintaining the independence of the registered public accountants and has concluded that the Deloitte Entities were and are independent of us in all respects.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements:

The financial statements filed as part of this Annual Report on Form 10-K are set forth under Item 8, "Financial Statements and Supplementary Data."

2. Schedules

I. Financial Information of Registrant:

All other schedules of the companies for which inclusion is required in the applicable regulations of the SEC are permitted to be omitted under the related instructions or are not applicable, and therefore have been omitted.

Item 16. Form 10-K Summary

Not applicable.

SCHEDULE I
EVERSOURCE ENERGY (PARENT)
FINANCIAL INFORMATION OF REGISTRANT
BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND 2017
(Thousands of Dollars)

	2018	2017
ASSETS		
Current Assets:		
Cash	$ 591	$ 521
Accounts Receivable from Subsidiaries	32,175	3,397
Dividend Receivable from Subsidiary	—	150,000
Notes Receivable from Subsidiaries	991,400	844,500
Prepayments and Other Current Assets	26,861	18,568
Total Current Assets	1,051,027	1,016,986
Deferred Debits and Other Assets:		
Investments in Subsidiary Companies, at Equity	12,009,659	10,945,986
Notes Receivable from Subsidiaries	323,500	312,190
Accumulated Deferred Income Taxes	40,454	47,940
Goodwill	3,231,811	3,231,811
Other Long-Term Assets	73,669	58,313
Total Deferred Debits and Other Assets	15,679,093	14,596,240
Total Assets	$ 16,730,120	$ 15,613,226
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 631,500	$ 778,087
Long-Term Debt - Current Portion	378,883	32,114
Accounts Payable	286	292
Accounts Payable to Subsidiaries	8,432	18,242
Other Current Liabilities	57,591	56,601
Total Current Liabilities	1,076,692	885,336
Deferred Credits and Other Liabilities	134,614	118,176
Long-Term Debt	4,031,997	3,523,472
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid in	6,241,222	6,239,940
Retained Earnings	3,953,974	3,561,084
Accumulated Other Comprehensive Loss	(60,000)	(66,403)
Treasury Stock	(317,771)	(317,771)
Common Shareholders' Equity	11,486,817	11,086,242
Total Liabilities and Capitalization	$ 16,730,120	$ 15,613,226

See the Combined Notes to Financial Statements in this Annual Report on Form 10-K for a description of significant accounting matters related to Eversource parent, including Eversource common shares information as described in Note 18, "Common Shares," material obligations and guarantees as described in Note 12, "Commitments and Contingencies," and debt agreements as described in Note 7, "Short-Term Debt," and Note 8, "Long-Term Debt."

SCHEDULE I
EVERSOURCE ENERGY (PARENT)
FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Thousands of Dollars, Except Share Information)

	2018	2017	2016
Operating Revenues	$ —	$ —	$ —
Operating Expenses:			
Other	(6,552)	(32,189)	(39,453)
Operating Income	6,552	32,189	39,453
Interest Expense	123,638	80,700	59,420
Other Income, Net:			
Equity in Earnings of Subsidiaries	1,049,748	993,063	922,321
Other, Net	47,581	23,339	4,267
Other Income, Net	1,097,329	1,016,402	926,588
Income Before Income Tax Benefit	980,243	967,891	906,621
Income Tax Benefit	(52,757)	(20,105)	(35,681)
Net Income	$ 1,033,000	$ 987,996	$ 942,302
Basic Earnings per Common Share	$ 3.25	$ 3.11	$ 2.97
Diluted Earnings per Common Share	$ 3.25	$ 3.11	$ 2.96
Weighted Average Common Shares Outstanding:			
Basic	317,370,369	317,411,097	317,650,180
Diluted	317,993,934	318,031,580	318,454,239

STATEMENTS OF COMPREHENSIVE INCOME

	2018	2017	2016
Net Income	$ 1,033,000	$ 987,996	$ 942,302
Other Comprehensive Income/(Loss), Net of Tax:			
Qualified Cash Flow Hedging Instruments	1,756	1,974	2,137
Changes in Unrealized (Losses)/Gains on Marketable Securities	(547)	(350)	2,294
Change in Funded Status of Pension, SERP and PBOP Benefit Plans	5,194	(2,745)	(2,869)
Other Comprehensive Income/(Loss), Net of Tax	6,403	(1,121)	1,562
Comprehensive Income	$ 1,039,403	$ 986,875	$ 943,864

See the Combined Notes to Financial Statements in this Annual Report on Form 10-K for a description of significant accounting matters related to Eversource parent, including Eversource common shares information as described in Note 18, "Common Shares," material obligations and guarantees as described in Note 12, "Commitments and Contingencies," and debt agreements as described in Note 7, "Short-Term Debt," and Note 8, "Long-Term Debt."

SCHEDULE I
EVERSOURCE ENERGY (PARENT)
FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 and 2016
(Thousands of Dollars)

	2018	2017	2016
Operating Activities:			
Net Income	$ 1,033,000	$ 987,996	$ 942,302
Adjustments to Reconcile Net Income to Net Cash			
Flows Provided by Operating Activities:			
Equity in Earnings of Subsidiaries	(1,049,748)	(993,063)	(922,321)
Cash Dividends Received from Subsidiaries	569,500	753,300	724,877
Deferred Income Taxes	20,032	37,867	19,008
Other	(31,093)	(36,052)	(27,963)
Changes in Current Assets and Liabilities:			
Accounts Receivables from Subsidiaries	(28,716)	29,405	(9,173)
Taxes Receivable/Accrued, Net	(20,207)	1,555	8,050
Accounts Payable, Including Affiliate Payables	(9,817)	9,763	(6,908)
Other Current Assets and Liabilities, Net	2,553	7,536	(7,433)
Net Cash Flows Provided by Operating Activities	485,504	798,307	720,439
Investing Activities:			
Capital Contributions to Subsidiaries	(955,700)	(1,156,731)	(589,500)
Return of Capital from Subsidiary	530,000	—	—
(Increase)/Decrease in Notes Receivable from Subsidiaries	(158,210)	(192,100)	14,510
Other Investing Activities	(1,149)	1,484	—
Net Cash Flows Used in Investing Activities	(585,059)	(1,347,347)	(574,990)
Financing Activities:			
Cash Dividends on Common Shares	(640,110)	(602,083)	(564,486)
Issuance of Long-Term Debt	1,550,000	1,200,000	500,000
Retirements of Long-Term Debt	(450,000)	—	—
Decrease in Notes Payable	(347,810)	(42,690)	(76,453)
Other Financing Activities	(12,455)	(5,759)	(4,484)
Net Cash Flows Provided by/(Used in) Financing Activities	99,625	549,468	(145,423)
Net Increase in Cash	70	428	26
Cash - Beginning of Year	521	93	67
Cash - End of Year	$ 591	$ 521	$ 93
Supplemental Cash Flow Information:			
Cash Paid/(Received) During the Year for:			
Interest	$ 118,533	$ 73,868	$ 58,018
Income Taxes	$ (30,239)	$ (59,526)	$ (65,531)

See the Combined Notes to Financial Statements in this Annual Report on Form 10-K for a description of significant accounting matters related to Eversource parent, including Eversource common shares information as described in Note 18, "Common Shares," material obligations and guarantees as described in Note 12, "Commitments and Contingencies," and debt agreements as described in Note 7, "Short-Term Debt," and Note 8, "Long-Term Debt."

SCHEDULE II
EVERSOURCE ENERGY AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Thousands of Dollars)

Column A	Column B	Column C		Column D	Column E
		Additions			
		(1)	(2)		
Description:	Balance as of Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts - Describe (a)	Deductions - Describe (b)	Balance as of End of Year
Eversource:					
Reserves Deducted from Assets -					
Reserves for Uncollectible Accounts:					
2018	$ 195,708	$ 61,337	$ 48,671	$ 92,993	$ 212,723
2017	200,630	44,665	47,630	97,217	195,708
2016	190,680	69,466	45,452	104,968	200,630
CL&P:					
Reserves Deducted from Assets -					
Reserves for Uncollectible Accounts:					
2018	$ 78,872	$ 15,831	$ 29,524	$ 36,193	$ 88,034
2017	86,391	5,312	25,533	38,364	78,872
2016	79,479	17,572	28,801	39,461	86,391
NSTAR Electric:					
Reserves Deducted from Assets -					
Reserves for Uncollectible Accounts:					
2018	$ 69,666	$ 22,279	$ 14,971	$ 32,400	$ 74,516
2017	70,284	21,252	14,273	36,143	69,666
2016	66,676	31,728	11,253	39,373	70,284
PSNH:					
Reserves Deducted from Assets -					
Reserves for Uncollectible Accounts:					
2018	$ 10,481	$ 6,383	$ 953	$ 6,752	$ 11,065
2017	9,941	6,917	464	6,841	10,481
2016	8,733	7,288	498	6,578	9,941

(a) Amounts relate to uncollectible accounts receivables reserved for that are not charged to bad debt expense. The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows NSTAR Electric and NSTAR Gas to recover in rates, amounts associated with certain uncollectible hardship accounts receivable.

(b) Amounts written off, net of recoveries.

EXHIBIT INDEX

Each document described below is incorporated by reference by the registrant(s) listed to the files identified, unless designated with a (*), which exhibits are filed herewith. Management contracts and compensation plans or arrangements are designated with a (+).

Exhibit
Number **Description**

3. Articles of Incorporation and By-Laws

(A) Eversource Energy

3.1 Declaration of Trust of Eversource Energy, as amended through May 3, 2017 (Exhibit 3.1, Eversource Form 10-Q filed on May 5, 2017)

(B) The Connecticut Light and Power Company

3.1 Certificate of Incorporation of CL&P, restated to March 22, 1994 (Exhibit 3.2.1, 1993 CL&P Form 10-K, File No. 000-00404) (Exhibit 3.2.1, 1993 CL&P Form 10-K, File No. 000-00404)

3.1.1 Certificate of Amendment to Certificate of Incorporation of CL&P, dated December 26, 1996 (Exhibit 3.2.2, 1996 CL&P Form 10-K filed March 25, 1997, File No. 001-11419)

3.1.2 Certificate of Amendment to Certificate of Incorporation of CL&P, dated April 27, 1998 (Exhibit 3.2.3, 1998 CL&P Form 10-K filed March 23, 1999, File No. 000-00404)

3.1.3 Amended and Restated Certificate of Incorporation of CL&P, dated effective January 3, 2012 (Exhibit 3(i), CL&P Current Report on Form 8-K filed January 9, 2012, File No. 000-00404)

3.2 By-laws of CL&P, as amended and restated effective September 29, 2014 (Exhibit 3.1, CL&P Current Report on Form 8-K filed October 2, 2014, File No. 000-00404)

(C) NSTAR Electric Company

3.1 Restated Articles of Organization of NSTAR Electric Company, fka Boston Edison Company (Exhibit 3.1, NSTAR Electric Form 10-Q for the Quarter Ended June 30, 1994 filed August 12, 1994, File No. 001-02301)

3.2 Bylaws of NSTAR Electric Company, as amended and restated effective September 29, 2014 (Exhibit 3.1, NSTAR Electric Current Report on Form 8-K filed October 2, 2014, File No. 000-02301)

(D) Public Service Company of New Hampshire

3.1 Articles of Incorporation, as amended to May 16, 1991 (Exhibit 3.3.1, 1993 PSNH Form 10-K filed March 25, 1994, File No. 001-06392)

3.2 By-laws of PSNH, as in effect June 27, 2008 (Exhibit 3, PSNH Form 10-Q for the Quarter Ended June 30, 2008 filed August 7, 2008, File No. 001-06392)

4. Instruments defining the rights of security holders, including indentures

(A) Eversource Energy

4.1 Indenture between Eversource Energy and The Bank of New York as Trustee dated as of April 1, 2002 (Exhibit A-3, Eversource Energy 35-CERT filed April 16, 2002, File No. 070-09535)

4.1.1 Fifth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of May 1, 2013, relating to $450 million of Senior Notes, Series F, due 2023 (Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed May 16, 2013, File No. 001-05324)

4.1.2 Sixth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of January 1, 2015, relating to $300 million of Senior Notes, Series H, due 2025 (Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed January 21, 2015, File No. 001-05324)

4.1.3 Seventh Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of March 7, 2016, relating to $250 million of Senior Notes, Series I, due 2021 and $250 million of Senior Notes, Series J, due 2026 (Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed March 15, 2016, File No. 001-05324)

4.1.4 Eighth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of March 10, 2017, relating to $300 million of Senior Notes, Series K, Due 2022 (Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed March 16, 2017, File No. 001-05324)

4.1.5 Ninth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of October 1, 2017, relating to $450 million of Senior Notes, Series K, due 2022 and $450 million of Senior Notes, Series L, due 2024 (Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed October 12, 2017, File No. 001-05324)

4.1.6 Tenth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of January 1, 2018, relating to $200 million of Senior Notes, Series I, Due 2021 and $450 million of Senior Notes, Series M, Due 2028 (Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed January 12, 2018, File No. 001-05324)

4.1.7 Eleventh Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of December 1, 2018, relating to 400 million of Senior Notes, Series N, Due 2023 and $500 million of Senior Notes, Series O, Due 2029 (Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed December 18, 2018, File No. 001-05324)

4.2 Indenture dated as of January 12, 2000, between Eversource Energy, as successor to NSTAR LLC, as successor to NSTAR, and Bank One Trust Company N.A. (Exhibit 4.1 to NSTAR Registration Statement on Form S-3, filed January 14, 2000, on File No. 333-94735)

4.2.1 Form of 4.50% Debenture Due 2019 (Exhibit 99.2, NSTAR Form 8-K filed November 16, 2009, File No. 001-14768)

(B) The Connecticut Light and Power Company

4.1 Indenture of Mortgage and Deed of Trust between CL&P and Bankers Trust Company, Trustee, dated as of May 1, 1921 (Composite including all twenty-four amendments to May 1, 1967) (Exhibit 4.1, 2017 Eversource 10-K filed on February 26, 2018)

4.1.1 Series D Supplemental Indentures to the Composite May 1, 1921 Indenture of Mortgage and Deed of Trust between CL&P and Bankers Trust Company, dated as of October 1, 1994 (Exhibit 4.2.16, 1994 CL&P Form 10-K filed March 27, 1995, File No. 001-11419)

4.1.2 Series B Supplemental Indenture between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of September 1, 2004 (Exhibit 99.5, CL&P Current Report on Form 8-K filed September 22, 2004, File No. 000-00404)

4.2 Composite Indenture of Mortgage and Deed of Trust between CL&P and Deutsche Bank Trust Company Americas f/k/a Bankers Trust Company, dated as of May 1, 1921, as amended and supplemented by seventy-three supplemental mortgages to and including Supplemental Mortgage dated as of April 1, 2005 (Exhibit 99.5, CL&P Current Report on Form 8-K filed April 13, 2005, File No. 000-00404)

4.2.1 Supplemental Indenture (2005 Series B Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of April 1, 2005 (Exhibit 99.2, CL&P Current Report on Form 8-K filed April 13, 2005, File No. 000-00404)

4.2.2 Supplemental Indenture (2006 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of June 1, 2006 (Exhibit 99.2, CL&P Current Report on Form 8-K filed June 7, 2006, File No. 000-00404)

4.2.3 Supplemental Indenture (2007 Series B Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of March 1, 2007 (Exhibit 99.2, CL&P Current Report on Form 8-K filed March 29, 2007, File No. 000-00404)

4.2.4 Supplemental Indenture (2007 Series D Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of September 1, 2007 (Exhibit 4, CL&P Current Report on Form 8-K filed September 19, 2007, File No. 000-00404)

4.2.5 Supplemental Indenture (2009 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of February 1, 2009 (Exhibit 4, CL&P Current Report on Form 8-K filed February 19, 2009, File No. 000-00404)

4.2.6 Supplemental Indenture (2013 Series A Bond) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of January 1, 2013 (Exhibit 4.1, CL&P Current Report on Form 8-K filed January 22, 2013, File No. 000-00404)

4.2.7 Supplemental Indenture (2014 Series A Bond) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of April 1, 2014 (Exhibit 4.1, CL&P Current Report on Form 8-K filed April 29, 2014, File No. 000-00404)

4.2.8 Supplemental Indenture (2015 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of May 1, 2015 (Exhibit 4.1, CL&P Current Report on Form 8-K filed May 26, 2015, File No. 000-00404)

4.2.9 Supplemental Indenture (2015 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of November 1, 2015 (Exhibit 4.1, CL&P Current Report on Form 8-K filed December 4, 2015, File No. 000-00404)

4.2.10 Supplemental Indenture (2017 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of March 1, 2017 (Exhibit 4.1, CL&P Current Report on Form 8-K filed on March 16, 30017, File No. 000-00404)

4.2.11 Supplemental Indenture (2014 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of August 1, 2017 (Exhibit 4.1, CL&P Current Report on Form 8-K filed August 23, 2017, File No. 000-00404)

4.2.12 Supplemental Indenture (2018 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of March 1, 2018 (Exhibit 4.1, CL&P Current Report on Form 8-K filed April 2, 2018, File No. 000-00404)

4.3 Loan Agreement between Connecticut Development Authority and CL&P (Pollution Control Revenue Refunding Bonds - 2011A Series) dated as of October 1, 2011 (Exhibit 1.1, CL&P Current Report on Form 8-K filed October 28, 2011, File No. 000-00404)

(C) NSTAR Electric Company

4.1 Indenture between Boston Edison Company and the Bank of New York (as successor to Bank of Montreal Trust Company) (Exhibit 4.1, 2017 Eversource Form 10-K filed February 26, 2018)

4.1.1 A Form of 5.75% Debenture Due March 15, 2036 (Exhibit 99.2, Boston Edison Company Current Report on Form 8-K filed March 17, 2006, File No. 001-02301)

4.1.2 A Form of 5.50% Debenture Due March 15, 2040 (Exhibit 99.2, NSTAR Electric Company Current Report on Form 8-K filed March 15, 2010, File No. 001-02301)

4.1.3 A Form of 2.375% Debenture Due 2022 (Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed October 18, 2012, File No. 001-02301)

4.1.4 A Form of 4.40% Debenture Due 2044 (Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed March 13, 2014, File No. 001-02301)

4.1.5 A Form of 3.25% Debenture due 2025 (Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed on November 20, 2015, File No. 001-02301)

4.1.6 A Form of 2.70% Debenture due 2026 (Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed on May, 31, 2016, File No. 001-02301)

4.1.7 Form of 3.20% Debenture due May 15, 2027 (Exhibit 4, NSTAR Electric Company Current Report on Form 8-K/A filed on October 12, 2017 File No. 001-02301)

4.2 Amended and Restated Credit Agreement, dated December 8, 2017, by and between NSTAR Electric Company and the Banks named therein, pursuant to which Barclays Bank PLC serves as Administrative Agent and Swing Line Lender (Exhibit 4.2, 2017 Eversource Form 10-K filed on February 26, 2018)

4.3 Indenture between NSTAR Electric Company, as successor to Western Massachusetts Electric Company ("WMECO"), and The Bank of New York, as Trustee, dated as of September 1, 2003 (Exhibit 99.2, WMECO Current Report on Form 8-K filed October 8, 2003, File No. 000-07624)

4.3.1 Second Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York, as Trustee dated as of September 1, 2004 (Exhibit 4.1, WMECO Current Report on Form 8-K filed September 27, 2004, File No. 000-07624)

4.3.2 Fourth Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust, as Trustee, dated as of August 1, 2007 (Exhibit 4.1, WMECO Current Report on Form 8-K filed August 20, 2007, File No. 000-07624)

4.3.3 Fifth Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust Company, N.A., as Trustee, dated as of March 1, 2010 (Exhibit 4.1, Exhibit 4.1, WMECO Current Report on Form 8-K filed March 10, 2010, File No. 000-07624)

4.3.4 Sixth Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust Company, N.A., as Trustee, dated as of September 15, 2011 (Exhibit 4.1, WMECO Current Report on Form 8-K filed September 19, 2011, File No. 000-07624)

4.3.5 Seventh Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust Company, N.A., as Trustee, dated as of November 1, 2013 (Exhibit 4.1, WMECO Current Report on Form 8-K filed November 21, 2013, File No. 000-07624)

4.3.6 Eighth Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust Company, N.A., as Trustee, dated as of June 1, 2016 (Exhibit 4.1, WMECO Current Report on Form 8-K filed June 29, 2016, File No. 000-07624)

(D) Public Service Company of New Hampshire

4.1 First Mortgage Indenture between PSNH and First Fidelity Bank, National Association, New Jersey, now First Union National Bank, Trustee, dated as of August 15, 1978 (Composite including all amendments effective June 1, 2011) (included as Exhibit C to the Eighteenth Supplemental Indenture filed as Exhibit 4.1 to PSNH Current Report on Form 8-K filed June 2, 2011, File No. 001-06392)

4.1.1 Fourteenth Supplemental Indenture between PSNH and Wachovia Bank, National Association successor to First Union National Bank, as successor to First Fidelity Bank, National Association, as Trustee dated as of October 1, 2005 (Exhibit 99.2, PSNH Current Report on Form 8-K filed October 6, 2005, File No. 001-06392)

4.1.2 Seventeenth Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of December 1, 2009 (Exhibit 4.1, PSNH Current Report on Form 8-K filed December 15, 2009 (File No. 001-06392)

4.1.3 Eighteenth Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of May 1, 2011 (Exhibit 4.1, PSNH Current Report on Form 8-K filed June 2, 2011 (File No. 001-06392)

4.1.4 Nineteenth Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of September 1, 2011 (Exhibit 4.1, PSNH Current Report on Form 8-K filed September 16, 2011 (File No. 001-06392)

4.1.5 Twentieth Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of November 1, 2013 (Exhibit 4.1, PSNH Current Report on Form 8-K filed November 20, 2013 (File No. 001-06392)

4.1.6 Twenty-first Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of October 1, 2014 (Exhibit 4.1, PSNH Current Report on Form 8-K filed October 17, 2014 (File No. 001-06392)

4.2 Series A Loan and Trust Agreement among Business Finance Authority of the State of New Hampshire and PSNH and State Street Bank and Trust Company, as Trustee (Tax Exempt Pollution Control Bonds) dated as of October 1, 2001 (Exhibit 4.3.4, 2001 Eversource Energy Form 10-K filed March 22, 2002, File No. 001-05324)

(F) Eversource Energy, The Connecticut Light and Power Company and Public Service Company of New Hampshire

4.1 Amended and Restated Credit Agreement, dated December 8, 2017, by and among Eversource Energy, CL&P, NSTAR Gas, PSNH and Yankee Gas Services Company and the Banks named therein, pursuant to which Bank of America, N.A. serves as Administrative Agent (Exhibit 4.1, 2017 Eversource Form 10-K filed on February 26, 2018)

10. Material Contracts

(A) Eversource Energy

10.1 Lease between The Rocky River Realty Company and Eversource Energy Service Company, dated as of July 1, 2008 (Exhibit 10.1, 2017 Eversource Form 10-K filed on February 26, 2018)

*+10.2 Eversource Energy Board of Trustees' Compensation Arrangement Summary (Exhibit 10.3, 2016 Eversource Energy Form 10-K filed February 23, 2017, File No. 001-05324)

+10.3 Amended and Restated Memorandum Agreement between Eversource Energy and Leon J. Olivier effective January 1, 2009 (Exhibit 10.9, 2008 Eversource Energy Form 10-K filed February 27, 2009, File No. 001-05324)

+10.4 Eversource Supplemental Executive Retirement Program effective as of January 1, 2015 (Exhibit 10.5, 2015 Eversource Energy Form 10-K filed February 26, 2016, File No. 001-05324)

+10.5 Composite Transmission Service Agreement, by and between Northern Pass Transmission LLC, as Owner and H.Q. Hydro Renewable Energy, Inc., as Purchaser dated October 4, 2010 and effective February 14, 2014 (Exhibit 10.5, 2013 Eversource Energy Form 10-K filed on February 25, 2014, File No. 001-05324)

10.6 Eversource Energy Deferred Compensation Plan for Executives effective as of January 1, 2014 (Exhibit 10.6, 2015 Eversource Energy Form 10-K filed February 26, 2016, File No. 001-05324)

*+10.6.1 Amendment No 1 to the Eversource Deferred Compensation Plan effective February 7, 2018

+10.7 NSTAR Excess Benefit Plan, effective August 25, 1999 (Exhibit 10.1 1999 NSTAR Form 10-K/A filed September 29, 2000, File No. 001-14768)

+10.7.1 NSTAR Excess Benefit Plan, incorporating the NSTAR 409A Excess Benefit Plan, as amended and restated effective January 1, 2008, dated December 24, 2008 (Exhibit 10.1.1 2008 NSTAR Form 10-K filed February 9, 2009, File No. 001-14768)

+10.8 Amended and Restated Change in Control Agreement by and between James J. Judge and NSTAR, dated November 15, 2007 (Exhibit 10.9, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768)

+10.9 Amended and Restated Change in Control Agreement by and between Joseph R. Nolan, Jr. and NSTAR, dated November 15, 2007 (Exhibit 10.13, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768)

+10.10 Amended and Restated Change in Control Agreement by and between Werner J. Schweiger and NSTAR, dated November 15, 2007 (Exhibit 10.14, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768)

+10.11 Amended and Restated Change in Control Agreement by and between Senior Vice President and NSTAR, dated November 15, 2007 (Exhibit 10.15, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768)

+10.12 Master Trust Agreement between NSTAR and State Street Bank and Trust Company (Rabbi Trust), effective August 25, 1999 (Exhibit 10.5, NSTAR Form 10-Q for the Quarter Ended September 30, 2000 filed November 14, 2000, File No. 001-14768)

+10.13 Currently effective Change in Control Agreement between NSTAR's Vice Presidents and NSTAR (in form) (Exhibit 10.17, 2009 NSTAR Form 10-K filed February 25, 2010, File No. 001-14768)

(B) Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company and Public Service Company of New Hampshire

10.1 Amended and Restated Form of Service Contract between each of Eversource Energy, CL&P, NSTAR Electric Company and Eversource Energy Service Company dated as of January 1, 2014. (Exhibit 10.1, Eversource Energy Form 10-K filed on February 25, 2014, File No. 001-05324)

10.2 Transmission Operating Agreement between the Initial Participating Transmission Owners, Additional Participating Transmission Owners and ISO New England, Inc. dated as of February 1, 2005 (Exhibit 10.29, 2004 Eversource Energy Form 10-K filed March 17, 2005, File No. 001-05324)

10.2.1 Rate Design and Funds Disbursement Agreement among the Initial Participating Transmission Owners, Additional Participating Transmission Owners and ISO New England, Inc., effective June 30, 2006 (Exhibit 10.22.1, 2006 Eversource Energy Form 10-K filed March 1, 2007, File No. 001-05324)

10.3 Eversource Energy's Third Amended and Restated Tax Allocation Agreement dated as of April 10, 2012, (Exhibit 10.1 Eversource Energy Form 10-Q for Quarter Ended June 30, 2012 filed August 7, 2012, File No. 001-05324)

+10.4 Amended and Restated Incentive Plan Effective January 1, 2009 (Exhibit 10.3, Eversource Energy Form 10-Q for the Quarter Ended September 30, 2008 filed November 10, 2008, File No. 001-05324)

+10.5 2018 Eversource Energy Incentive Plan (Exhibit 99.2, Eversource Energy Current Report on Form 8-K dated May 3, 2018)

+10.6 Trust under Supplemental Executive Retirement Plan dated May 2, 1994 (Exhibit 10.33, 2002 Eversource Energy Form 10-K filed March 21, 2003, File No. 001-05324)

+10.6.1 First Amendment to Trust Under Supplemental Executive Retirement Plan, effective as of December 10, 2002 (Exhibit 10 (B) 10.19.1, 2003 Eversource Energy Form 10-K filed March 12, 2004, File No. 001-05324)

+10.6.2 Second Amendment to Trust Under Supplemental Executive Retirement Plan, effective as of November 12, 2008 (Exhibit 10.12.2, 2008 Eversource Energy Form 10-K filed February 27, 2009, File No. 001-05324)

+10.7 Special Severance Program for Officers of Eversource Energy Companies as of January 1, 2009 (Exhibit 10.2 Eversource Energy Form 10-Q for Quarter Ended September 30, 2008 filed November 10, 2008, File No. 001-05324)

+10.8 Amended and Restated Employment Agreement with Gregory B. Butler, effective January 1, 2009 (Exhibit 10.7, 2008 Eversource Energy 2010 Form 10-K filed February 27, 2009, File No. 001-05324)

(C) Eversource Energy, The Connecticut Light and Power Company, Public Service Company of New Hampshire and NSTAR Electric Company

10.1 Agreements among New England Utilities with respect to the Hydro-Quebec interconnection projects

10.1.1 Composite conformed copy of Equity Funding Agreement for New England Hydro-Transmission Electric Company., dated as of June 1, 1985 (Massachusetts) (Exhibit 10.1.1, 2017 Eversource Form 10-K filed February 26, 2018)

10.1.2 Composite conformed copy of Equity Funding Agreement of Equity Funding Agreement for New England Hydro-Transmission Electric Company, Inc., dated as of June 1, 1985 (New Hampshire) (Exhibit 10.1.2, 2017 Eversource Form 10-K filed February 26, 2018)

10.1.3 Composite conformed copy of Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985 (Exhibit 10.1.3, 2017 Eversource Form 10-K filed February 26, 2018)

10.1.4 Composite conformed copy of Phase II New England Power AC Facilities Support Agreement dated June 1, 1985 (Exhibit 10.1.4, 2017 Eversource Form 10-K filed on February 26, 2018)

10.1.5 Composite conformed copy of Phase II New Hampshire Transmission Facilities Support Agreement dated as of June 1, 1985 (Exhibit 10.1.5, Eversource 10-K filed on February 26, 2018)

10.2 Eversource Energy Service Company Transmission and Ancillary Service Wholesale Revenue Allocation Methodology among The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire, Holyoke Water Power Company and Holyoke Power and Electric Company Trustee dated as of January 1, 2008 (Exhibit 10.1, Eversource Energy Form 10-Q for the Quarter Ended March 31, 2008 filed May 9, 2008, File No. 001-05324)

(D) Eversource Energy and The Connecticut Light and Power Company

10.1 CL&P Agreement Re: Connecticut NEEWS Projects by and between CL&P and The United Illuminating Company dated July 14, 2010 (Exhibit 10, CL&P Form 10-Q for the Quarter Ended June 30, 2010 filed August 6, 2010, File No. 000-00404)

*21. Subsidiaries of the Registrant

*23. Consents of Independent Registered Public Accounting Firm

*31. Rule 13a - 14(a)/15 d - 14(a) Certifications

(A) Eversource Energy

31 Certification by the Chief Executive Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.1 Certification by the Chief Financial Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(B) The Connecticut Light and Power Company

31 Certification by the Chairman of CL&P pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.1 Certification by the Chief Financial Officer of CL&P pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(C) NSTAR Electric Company

31 Certification by the Chairman of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.1 Certification by the Chief Financial Officer of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(D) Public Service Company of New Hampshire

31 Certification by the Chairman of PSNH pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.1 Certification by the Chief Financial Officer of PSNH pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

*32 18 U.S.C. Section 1350 Certifications

(A) Eversource Energy

32 Certification by the Chief Executive Officer and Chief Financial Officer of Eversource Energy pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(B) The Connecticut Light and Power Company

32 Certification by the Chairman and the Chief Financial Officer of CL&P pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(C) NSTAR Electric Company

32 Certification by the Chairman and the Chief Financial Officer of NSTAR Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(D) Public Service Company of New Hampshire

32 Certification by the Chairman and the Chief Financial Officer of PSNH pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*101.INS XBRL Instance Document

*101.SCH XBRL Taxonomy Extension Schema

*101.CAL XBRL Taxonomy Extension Calculation

*101.DEF XBRL Taxonomy Extension Definition

*101.LAB XBRL Taxonomy Extension Labels

*101.PRE XBRL Taxonomy Extension Presentation

EVERSOURCE ENERGY

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERSOURCE ENERGY

February 26, 2019

By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Gregory B. Butler, Philip J. Lembo and Jay S. Buth and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ James J. Judge James J. Judge	Chairman of the Board, President and Chief Executive Officer and a Trustee (Principal Executive Officer)	February 26, 2019
/s/ Philip J. Lembo Philip J. Lembo	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2019
/s/ Jay S. Buth Jay S. Buth	Vice President, Controller and Chief Accounting Officer	February 26, 2019
/s/ Cotton M. Cleveland Cotton M. Cleveland	Trustee	February 26, 2019
/s/ Sanford Cloud, Jr. Sanford Cloud, Jr.	Trustee	February 26, 2019

Signature	Title	Date
/s/ James S. DiStasio James S. DiStasio	Trustee	February 26, 2019
/s/ Francis A. Doyle Francis A. Doyle	Trustee	February 26, 2019
/s/ Linda Dorcena Forry Linda Dorcena Forry	Trustee	February 26, 2019
/s/ John Y. Kim John Y. Kim	Trustee	February 26, 2019
/s/ Kenneth R. Leibler Kenneth R. Leibler	Trustee	February 26, 2019
/s/ William C. Van Faasen William C. Van Faasen	Trustee	February 26, 2019
/s/ Frederica M. Williams Frederica M. Williams	Trustee	February 26, 2019
/s/ Dennis R. Wraase Dennis R. Wraase	Trustee	February 26, 2019

THE CONNECTICUT LIGHT AND POWER COMPANY

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CONNECTICUT LIGHT AND POWER COMPANY

February 26, 2019

By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Gregory B. Butler, Philip J. Lembo and Jay S. Buth and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ James J. Judge James J. Judge	Chairman and a Director (Principal Executive Officer)	February 26, 2019
/s/ Werner J. Schweiger Werner J. Schweiger	Chief Executive Officer and a Director	February 26, 2019
/s/ Philip J. Lembo Philip J. Lembo	Executive Vice President and Chief Financial Officer and a Director (Principal Financial Officer)	February 26, 2019
/s/ Gregory B. Butler Gregory B. Butler	Executive Vice President and General Counsel and a Director	February 26, 2019
/s/ Jay S. Buth Jay S. Buth	Vice President, Controller and Chief Accounting Officer	February 26, 2019

NSTAR ELECTRIC COMPANY

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NSTAR ELECTRIC COMPANY

February 26, 2019 By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Gregory B. Butler, Philip J. Lembo and Jay S. Buth and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ James J. Judge James J. Judge	Chairman and a Director (Principal Executive Officer)	February 26, 2019
/s/ Werner J. Schweiger Werner J. Schweiger	Chief Executive Officer and a Director	February 26, 2019
/s/ Philip J. Lembo Philip J. Lembo	Executive Vice President and Chief Financial Officer and a Director (Principal Financial Officer)	February 26, 2019
/s/ Gregory B. Butler Gregory B. Butler	Executive Vice President and General Counsel and a Director	February 26, 2019
/s/ Jay S. Buth Jay S. Buth	Vice President, Controller and Chief Accounting Officer	February 26, 2019

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

February 26, 2019 By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Gregory B. Butler, Philip J. Lembo and Jay S. Buth and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ James J. Judge James J. Judge	Chairman and a Director (Principal Executive Officer)	February 26, 2019
/s/ Werner J. Schweiger Werner J. Schweiger	Chief Executive Officer and a Director	February 26, 2019
/s/ Philip J. Lembo Philip J. Lembo	Executive Vice President and Chief Financial Officer and a Director (Principal Financial Officer)	February 26, 2019
/s/ Gregory B. Butler Gregory B. Butler	Executive Vice President and General Counsel and a Director	February 26, 2019
/s/ Jay S. Buth Jay S. Buth	Vice President, Controller and Chief Accounting Officer	February 26, 2019

EVERSOURCE ENERGY

780 N. Commercial Street, Manchester, NH 03101

Eversource Energy
P.O. Box 330
Manchester, NH 03105-0330
(603) 634-2701
Fax (603) 634-2511

Christopher J. Goulding
Revenue Requirements - NH

E-Mail: Christopher.goulding@eversource.com

May 11, 2018

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, New Hampshire 03301-2429

Re: Docket No. IR 90-218
PSNH d/b/a Eversource Energy Monitoring

Dear Ms. Howland:

Pursuant to Commission Order No. 23,122 in the above Docket, please find enclosed one copy of the following report which was also filed electronically with the NHPUC:

- Eversource Energy Combined Form 10-Q, which includes PSNH, for the quarter ended March 31, 2018.

If you would like additional copies of this report, please do not hesitate to contact me.

Very truly yours,

Christopher J. Goulding
Manager
Revenue Requirements – New Hampshire

CJG/kd
Enclosure
c: Mr. R. A. Bersak
Mr. A. M. Desbiens
Mr. T. C. Frantz, NHPUC
Mr. D. Kreis, NHOCA
Mr. J. W. Hunt, III
Mr. W. J. Quinlan

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2018

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
1-5324	**EVERSOURCE ENERGY** (a Massachusetts voluntary association) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (800) 286-5000	04-2147929
0-00404	**THE CONNECTICUT LIGHT AND POWER COMPANY** (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (800) 286-5000	06-0303850
1-02301	**NSTAR ELECTRIC COMPANY** (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (800) 286-5000	04-1278810
1-6392	**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134 Telephone: (800) 286-5000	02-0181050

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes	No
☒	☐

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Yes	No
☒	☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Eversource Energy	☒	☐	☐	☐	☐
The Connecticut Light and Power Company	☐	☐	☒	☐	☐
NSTAR Electric Company	☐	☐	☒	☐	☐
Public Service Company of New Hampshire	☐	☐	☒	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

	Yes	No
Eversource Energy	☐	☒
The Connecticut Light and Power Company	☐	☒
NSTAR Electric Company	☐	☒
Public Service Company of New Hampshire	☐	☒

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

Company - Class of Stock	Outstanding as of April 30, 2018
Eversource Energy Common Shares, $5.00 par value	316,885,808 shares
The Connecticut Light and Power Company Common Stock, $10.00 par value	6,035,205 shares
NSTAR Electric Company Common Stock, $1.00 par value	200 shares
Public Service Company of New Hampshire Common Stock, $1.00 par value	301 shares

Eversource Energy holds all of the 6,035,205 shares, 200 shares, and 301 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire, respectively.

NSTAR Electric Company and Public Service Company of New Hampshire each meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q, and each is therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) of Form 10-Q.

Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire each separately file this combined Form 10-Q. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

GLOSSARY OF TERMS

The following is a glossary of abbreviations and acronyms that are found in this report:

Current or former Eversource Energy companies, segments or investments:	
Eversource, ES or the Company	Eversource Energy and subsidiaries
Eversource parent or ES parent	Eversource Energy, a public utility holding company
ES parent and other companies	ES parent and other companies are comprised of Eversource parent, Eversource Service and other subsidiaries, which primarily includes our unregulated businesses, HWP Company, The Rocky River Realty Company (a real estate subsidiary), and the consolidated operations of CYAPC and YAEC
CL&P	The Connecticut Light and Power Company
NSTAR Electric	NSTAR Electric Company
PSNH	Public Service Company of New Hampshire
NSTAR Gas	NSTAR Gas Company
Yankee Gas	Yankee Gas Services Company
Aquarion	Eversource Aquarion Holdings, Inc and its subsidiaries (formerly known as Macquarie Utilities Inc)
NPT	Northern Pass Transmission LLC
Northern Pass	The HVDC and associated alternating-current transmission line project from Canada into New Hampshire
Eversource Service	Eversource Energy Service Company
Bay State Wind	A project being developed jointly by Eversource and Denmark-based Ørsted (formerly known as DONG Energy) to construct an offshore wind farm off the coast of Massachusetts
CYAPC	Connecticut Yankee Atomic Power Company
MYAPC	Maine Yankee Atomic Power Company
YAEC	Yankee Atomic Electric Company
Yankee Companies	CYAPC, YAEC and MYAPC
Regulated companies	The Eversource regulated companies are comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric and PSNH, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, NPT, Aquarion, the generation facilities of PSNH, and the solar power facilities of NSTAR Electric
Regulators:	
DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission
SJC	Supreme Judicial Court of Massachusetts
Other Terms and Abbreviations:	
Access Northeast	A project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge"), and National Grid plc ("National Grid") through Algonquin Gas Transmission, LLC to bring needed additional natural gas pipeline and storage capacity to New England.
ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance For Funds Used During Construction
AOCI	Accumulated Other Comprehensive Income
ARO	Asset Retirement Obligation
Bcf	Billion cubic feet
C&LM	Conservation and Load Management
CfD	Contract for Differences
Clean Air Project	The construction of a wet flue gas desulphurization system, known as "scrubber technology," to reduce mercury emissions of the Merrimack coal-fired generation station in Bow, New Hampshire
CO_2	Carbon dioxide
CTA	Competitive Transition Assessment
CWIP	Construction Work in Progress
EDC	Electric distribution company
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974

ESOP	Employee Stock Ownership Plan
ESPP	Employee Share Purchase Plan
Eversource 2017 Form 10-K	The Eversource Energy and Subsidiaries 2017 combined Annual Report on Form 10-K as filed with the SEC
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt-Hours
HQ	Hydro-Québec, a corporation wholly-owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High-voltage direct current
Hydro Renewable Energy	Hydro Renewable Energy, Inc., a wholly-owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kVa	Kilovolt-ampere
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LBR	Lost Base Revenue
LNG	Liquefied natural gas
LRS	Supplier of last resort service
MG	Million gallons
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
MMcf	Million cubic feet
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
NETOs	New England Transmission Owners (including Eversource, National Grid and Avangrid)
NOx	Nitrogen oxides
OCI	Other Comprehensive Income/(Loss)
PAM	Pension and PBOP Rate Adjustment Mechanism
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree benefits, primarily medical, dental and life insurance
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
RNS	Regional Network Service
ROE	Return on Equity
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plans and non-qualified defined benefit retirement plans
SIP	Simplified Incentive Plan
SO_2	Sulfur dioxide
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY

TABLE OF CONTENTS

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of March 31, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 303,810	$ 38,165
Receivables, Net	1,086,282	925,083
Unbilled Revenues	164,082	201,361
Fuel, Materials, Supplies and Inventory	264,171	223,063
Regulatory Assets	683,211	741,868
Prepayments and Other Current Assets	210,534	138,009
Assets Held for Sale	59,346	219,550
Total Current Assets	2,771,436	2,487,099
Property, Plant and Equipment, Net	23,958,688	23,617,463
Deferred Debits and Other Assets:		
Regulatory Assets	4,655,521	4,497,447
Goodwill	4,427,266	4,427,266
Marketable Securities	580,446	585,419
Other Long-Term Assets	646,626	605,692
Total Deferred Debits and Other Assets	10,309,859	10,115,824
Total Assets	$ 37,039,983	$ 36,220,386
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 1,049,305	$ 1,088,087
Long-Term Debt – Current Portion	1,097,288	549,631
Accounts Payable	984,343	1,085,034
Regulatory Liabilities	205,970	128,071
Other Current Liabilities	759,112	738,222
Total Current Liabilities	4,096,018	3,589,045
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	3,389,606	3,297,518
Regulatory Liabilities	3,703,735	3,637,273
Derivative Liabilities	415,402	377,257
Accrued Pension, SERP and PBOP	1,026,181	1,228,091
Other Long-Term Liabilities	1,053,765	1,073,501
Total Deferred Credits and Other Liabilities	9,588,689	9,613,640
Capitalization:		
Long-Term Debt	12,015,992	11,775,889
Noncontrolling Interest – Preferred Stock of Subsidiaries	155,570	155,570
Equity:		
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid In	6,224,620	6,239,940
Retained Earnings	3,670,603	3,561,084
Accumulated Other Comprehensive Loss	(63,130)	(66,403)
Treasury Stock	(317,771)	(317,771)
Common Shareholders' Equity	11,183,714	11,086,242
Total Capitalization	23,355,276	23,017,701

Total Liabilities and Capitalization	$	37,039,983	$	36,220,386

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars, Except Share Information)	For the Three Months Ended March 31, 2018	2017
Operating Revenues	$ 2,287,962	$ 2,105,135
Operating Expenses:		
Purchased Power, Fuel and Transmission	946,747	753,649
Operations and Maintenance	332,549	338,307
Depreciation	204,266	186,805
Amortization	45,194	24,017
Energy Efficiency Programs	134,241	146,158
Taxes Other Than Income Taxes	182,433	155,222
Total Operating Expenses	1,845,430	1,604,158
Operating Income	442,532	500,977
Interest Expense	121,129	103,429
Other Income, Net	33,789	21,619
Income Before Income Tax Expense	355,192	419,167
Income Tax Expense	83,766	157,829
Net Income	271,426	261,338
Net Income Attributable to Noncontrolling Interests	1,880	1,880
Net Income Attributable to Common Shareholders	$ 269,546	$ 259,458
Basic and Diluted Earnings Per Common Share	$ 0.85	$ 0.82
Dividends Declared Per Common Share	$ 0.51	$ 0.48
Weighted Average Common Shares Outstanding:		
Basic	317,397,052	317,463,151
Diluted	317,992,999	318,124,536

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Net Income	$ 271,426	$ 261,338
Other Comprehensive Income, Net of Tax:		
Qualified Cash Flow Hedging Instruments	724	534
Changes in Unrealized (Losses)/Gains on Marketable Securities	(444)	1,645
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	2,993	962
Other Comprehensive Income, Net of Tax	3,273	3,141
Comprehensive Income Attributable to Noncontrolling Interests	(1,880)	(1,880)
Comprehensive Income Attributable to Common Shareholders	$ 272,819	$ 262,599

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Operating Activities:		
Net Income	$ 271,426	$ 261,338
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	204,266	186,805
Deferred Income Taxes	88,481	141,398
Pension, SERP and PBOP (Income)/Expense, Net	(1,965)	5,828
Pension and PBOP Contributions	(171,244)	(45,700)
Regulatory Overrecoveries, Net	70,457	56,734
Amortization	45,194	24,017
Other	(54,969)	(36,176)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(156,888)	(50,251)
Fuel, Materials, Supplies and Inventory	(26,956)	(33,058)
Taxes Receivable/Accrued, Net	(5,061)	32,313
Accounts Payable	(61,571)	(57,701)
Other Current Assets and Liabilities, Net	(23,456)	(40,198)
Net Cash Flows Provided by Operating Activities	177,714	445,349
Investing Activities:		
Investments in Property, Plant and Equipment	(607,334)	(523,560)
Proceeds from Sales of Marketable Securities	145,438	154,772
Purchases of Marketable Securities	(143,264)	(149,688)
Proceeds from the Sale of PSNH Generation Assets	130,641	—
Other Investing Activities	(5,200)	(16,105)
Net Cash Flows Used in Investing Activities	(479,719)	(534,581)
Financing Activities:		
Cash Dividends on Common Shares	(160,027)	(150,521)
Cash Dividends on Preferred Stock	(1,880)	(1,880)
Decrease in Notes Payable	(240,005)	(173,000)
Issuance of Long-Term Debt	1,150,000	600,000
Retirements of Long-Term Debt	(150,218)	(150,000)
Other Financing Activities	(19,140)	(15,832)
Net Cash Flows Provided by Financing Activities	578,730	108,767
Net Increase in Cash, Cash Equivalents and Restricted Cash	276,725	19,535
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	85,890	106,750
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 362,615	$ 126,285

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of March 31, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 240,217	$ 6,028
Receivables, Net	411,437	370,676
Accounts Receivable from Affiliated Companies	29,122	28,181
Unbilled Revenues	48,763	54,154
Materials, Supplies and Inventory	53,637	48,438
Regulatory Assets	229,735	200,281
Prepayments and Other Current Assets	56,413	46,926
Total Current Assets	1,069,324	754,684
Property, Plant and Equipment, Net	8,406,595	8,271,030
Deferred Debits and Other Assets:		
Regulatory Assets	1,499,588	1,444,935
Other Long-Term Assets	171,092	159,597
Total Deferred Debits and Other Assets	1,670,680	1,604,532
Total Assets	$ 11,146,599	$ 10,630,246
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ —	$ 69,500
Long-Term Debt – Current Portion	550,000	300,000
Accounts Payable	346,676	367,605
Accounts Payable to Affiliated Companies	90,481	82,201
Regulatory Liabilities	66,949	38,967
Other Current Liabilities	264,064	234,486
Total Current Liabilities	1,318,170	1,092,759
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,133,045	1,103,367
Regulatory Liabilities	1,136,361	1,112,136
Derivative Liabilities	415,036	376,918
Accrued Pension, SERP and PBOP	266,824	354,469
Other Long-Term Liabilities	124,056	128,135
Total Deferred Credits and Other Liabilities	3,075,322	3,075,025
Capitalization:		
Long-Term Debt	3,003,562	2,759,135
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	2,119,765	2,110,765
Retained Earnings	1,452,919	1,415,741
Accumulated Other Comprehensive Income	309	269
Common Stockholder's Equity	3,633,345	3,587,127
Total Capitalization	6,753,107	6,462,462
Total Liabilities and Capitalization	$ 11,146,599	$ 10,630,246

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Operating Revenues	$ 784,983	$ 732,310
Operating Expenses:		
Purchased Power and Transmission	301,889	244,938
Operations and Maintenance	117,292	128,737
Depreciation	67,498	59,751
Amortization of Regulatory Assets, Net	28,006	12,803
Energy Efficiency Programs	22,760	36,591
Taxes Other Than Income Taxes	90,300	73,979
Total Operating Expenses	627,745	556,799
Operating Income	157,238	175,511
Interest Expense	36,823	34,964
Other Income, Net	6,560	3,267
Income Before Income Tax Expense	126,975	143,814
Income Tax Expense	28,407	53,606
Net Income	$ 98,568	$ 90,208

The accompanying notes are an integral part of these unaudited condensed financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Net Income	$ 98,568	$ 90,208
Other Comprehensive Income, Net of Tax:		
Qualified Cash Flow Hedging Instruments	52	111
Changes in Unrealized (Losses)/Gains on Marketable Securities	(12)	56
Other Comprehensive Income, Net of Tax	40	167
Comprehensive Income	$ 98,608	$ 90,375

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
(Thousands of Dollars)	2018	2017
Operating Activities:		
Net Income	$ 98,568	$ 90,208
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	67,498	59,751
Deferred Income Taxes	29,109	47,864
Pension Contributions	(82,276)	(625)
Regulatory Underrecoveries, Net	(8,878)	(18,734)
Amortization of Regulatory Assets, Net	28,006	12,803
Other	(11,870)	(1,710)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(46,330)	(1,280)
Taxes Receivable/Accrued, Net	42,460	32,920
Accounts Payable	(28,408)	(16,957)
Other Current Assets and Liabilities, Net	(23,160)	(30,823)
Net Cash Flows Provided by Operating Activities	64,719	173,417
Investing Activities:		
Investments in Property, Plant and Equipment	(202,126)	(181,601)
Other Investing Activities	56	32
Net Cash Flows Used in Investing Activities	(202,070)	(181,569)
Financing Activities:		
Cash Dividends on Common Stock	(60,000)	(49,600)
Cash Dividends on Preferred Stock	(1,390)	(1,390)
Capital Contributions from Eversource Parent	9,000	—
Issuance of Long-Term Debt	500,000	300,000
Retirement of Long-Term Debt	—	(150,000)
Decrease in Notes Payable to Eversource Parent	(69,500)	(76,700)
Other Financing Activities	(6,539)	(3,631)
Net Cash Flows Provided by Financing Activities	371,571	18,679
Net Increase in Cash and Restricted Cash	234,220	10,527
Cash and Restricted Cash- Beginning of Period	9,619	8,403
Cash and Restricted Cash - End of Period	$ 243,839	$ 18,930

The accompanying notes are an integral part of these unaudited condensed financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of March 31, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 9,471	$ 1,763
Receivables, Net	406,599	341,341
Accounts Receivable from Affiliated Companies	26,335	40,723
Unbilled Revenues	41,213	49,865
Materials, Supplies and Inventory	132,943	95,517
Regulatory Assets	276,962	333,882
Prepayments and Other Current Assets	42,250	24,499
Total Current Assets	935,773	887,590
Property, Plant and Equipment, Net	8,323,826	8,246,494
Deferred Debits and Other Assets:		
Regulatory Assets	1,287,282	1,190,575
Prepaid PBOP	133,650	126,948
Other Long-Term Assets	86,898	84,766
Total Deferred Debits and Other Assets	1,507,830	1,402,289
Total Assets	$ 10,767,429	$ 10,536,373
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 367,000	$ 234,000
Accounts Payable	329,558	340,115
Accounts Payable to Affiliated Companies	137,132	91,260
Obligations to Third Party Suppliers	101,654	88,721
Renewable Portfolio Standards Compliance Obligations	139,174	111,524
Regulatory Liabilities	89,230	79,562
Other Current Liabilities	57,333	79,916
Total Current Liabilities	1,221,081	1,025,098
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,297,365	1,275,814
Regulatory Liabilities	1,530,103	1,514,451
Accrued Pension and SERP	80,248	89,995
Other Long-Term Liabilities	197,371	198,176
Total Deferred Credits and Other Liabilities	3,105,087	3,078,436
Capitalization:		
Long-Term Debt	2,943,915	2,943,759
Preferred Stock Not Subject to Mandatory Redemption	43,000	43,000
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	1,595,442	1,502,942
Retained Earnings	1,860,621	1,944,961
Accumulated Other Comprehensive Loss	(1,717)	(1,823)
Common Stockholder's Equity	3,454,346	3,446,080
Total Capitalization	6,441,261	6,432,839

Total Liabilities and Capitalization	$ 10,767,429	$ 10,536,373

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Operating Revenues	$ 770,127	$ 733,808
Operating Expenses:		
Purchased Power and Transmission	332,579	273,852
Operations and Maintenance	118,682	115,872
Depreciation	70,542	67,218
Amortization of Regulatory Assets, Net	6,364	4,489
Energy Efficiency Programs	74,793	77,976
Taxes Other Than Income Taxes	48,186	37,821
Total Operating Expenses	651,146	577,228
Operating Income	118,981	156,580
Interest Expense	26,464	28,279
Other Income, Net	12,601	8,349
Income Before Income Tax Expense	105,118	136,650
Income Tax Expense	27,969	53,269
Net Income	$ 77,149	$ 83,381

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Net Income	$ 77,149	$ 83,381
Other Comprehensive Income, Net of Tax:		
Changes in Funded Status of SERP Benefit Plan	1	(4)
Qualified Cash Flow Hedging Instruments	109	109
Changes in Unrealized (Losses)/Gains on Marketable	(4)	16
Other Comprehensive Income, Net of Tax	106	121
Comprehensive Income	$ 77,255	$ 83,502

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Operating Activities:		
Net Income	$ 77,149	$ 83,381
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	70,542	67,218
Deferred Income Taxes	22,542	45,375
Pension, SERP and PBOP Benefits, Net	(9,295)	(10,548)
Regulatory Overrecoveries, Net	17,618	3,921
Amortization of Regulatory Assets, Net	6,364	4,489
Other	(2,204)	(3,877)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(52,949)	(9,275)
Materials, Supplies and Inventory	(37,427)	(33,342)
Taxes Receivable/Accrued, Net	(22,698)	37,566
Accounts Payable	43,170	(29,015)
Other Current Assets and Liabilities, Net	23,703	1,251
Net Cash Flows Provided by Operating Activities	136,515	157,144
Investing Activities:		
Investments in Property, Plant and Equipment	(192,036)	(164,849)
Other Investing Activities	(654)	(3,608)
Net Cash Flows Used in Investing Activities	(192,690)	(168,457)
Financing Activities:		
Cash Dividends on Common Stock	(161,000)	(56,000)
Cash Dividends on Preferred Stock	(490)	(490)
Capital Contributions from Eversource Parent	92,500	—
Increase in Notes Payable	133,000	68,400
Other Financing Activities	(78)	(38)
Net Cash Flows Provided by Financing Activities	63,932	11,872
Increase in Cash, Cash Equivalents and Restricted Cash	7,757	559
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	14,708	15,506
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 22,465	$ 16,065

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of March 31, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 2,917	$ 900
Receivables, Net	94,179	92,774
Accounts Receivable from Affiliated Companies	10,253	5,297
Unbilled Revenues	41,444	49,448
Taxes Receivable	34,871	5,838
Materials, Supplies and Inventory	49,582	40,285
Regulatory Assets	122,481	130,134
Prepayments and Other Current Assets	15,918	23,093
Assets Held for Sale	59,346	219,550
Total Current Assets	430,991	567,319
Property, Plant and Equipment, Net	2,693,951	2,642,274
Deferred Debits and Other Assets:		
Regulatory Assets	816,194	810,677
Other Long-Term Assets	53,656	42,391
Total Deferred Debits and Other Assets	869,850	853,068
Total Assets	$ 3,994,792	$ 4,062,661
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 271,300	$ 262,900
Long-Term Debt – Current Portion	110,000	110,000
Accounts Payable	94,498	128,685
Accounts Payable to Affiliated Companies	33,828	24,676
Dividends Payable to Eversource Parent	—	150,000
Renewable Portfolio Standards Compliance Obligations	35,447	27,765
Regulatory Liabilities	15,607	6,251
Other Current Liabilities	59,876	40,159
Total Current Liabilities	620,556	750,436
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	490,487	443,468
Regulatory Liabilities	449,588	444,397
Accrued Pension, SERP and PBOP	121,414	124,639
Other Long-Term Liabilities	34,990	56,689
Total Deferred Credits and Other Liabilities	1,096,479	1,069,193
Capitalization:		
Long-Term Debt	891,801	892,438
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	843,134	843,134
Retained Earnings	546,475	511,382
Accumulated Other Comprehensive Loss	(3,653)	(3,922)
Common Stockholder's Equity	1,385,956	1,350,594
Total Capitalization	2,277,757	2,243,032

Total Liabilities and Capitalization	$ 3,994,792	$ 4,062,661

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Operating Revenues	$ 267,350	$ 253,157
Operating Expenses:		
Purchased Power, Fuel and Transmission	109,717	61,747
Operations and Maintenance	51,380	63,964
Depreciation	23,493	30,735
Amortization of Regulatory Assets, Net	5,035	5,445
Energy Efficiency Programs	5,157	3,746
Taxes Other Than Income Taxes	16,801	20,881
Total Operating Expenses	211,583	186,518
Operating Income	55,767	66,639
Interest Expense	12,772	12,808
Other Income, Net	4,749	2,811
Income Before Income Tax Expense	47,744	56,642
Income Tax Expense	12,651	22,330
Net Income	$ 35,093	$ 34,312

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Net Income	$ 35,093	$ 34,312
Other Comprehensive Income, Net of Tax:		
Qualified Cash Flow Hedging Instruments	290	291
Changes in Unrealized (Losses)/Gains on Marketable Securities	(21)	97
Other Comprehensive Income, Net of Tax	269	388
Comprehensive Income	$ 35,362	$ 34,700

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31, 2018	2017
Operating Activities:		
Net Income	$ 35,093	$ 34,312
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	23,493	30,735
Deferred Income Taxes	43,021	11,290
Regulatory Overrecoveries, Net	129	3,507
Amortization of Regulatory Assets, Net	5,035	5,445
Other	(15,212)	(4,405)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(80)	1,149
Fuel, Materials, Supplies and Inventory	4,854	(3,371)
Taxes Receivable/Accrued, Net	(5,867)	1,778
Accounts Payable	(18,760)	5,475
Other Current Assets and Liabilities, Net	24,543	27,332
Net Cash Flows Provided by Operating Activities	96,249	113,247
Investing Activities:		
Investments in Property, Plant and Equipment	(72,287)	(75,327)
Proceeds from the Sale of Generation Assets	130,641	—
Other Investing Activities	97	(145)
Net Cash Flows Provided by/(Used in) Investing Activities	58,451	(75,472)
Financing Activities:		
Cash Dividends on Common Stock	(150,000)	(18,500)
Increase/(Decrease) in Notes Payable to Eversource Parent	8,400	(16,000)
Other Financing Activities	(38)	(112)
Net Cash Flows Used in Financing Activities	(141,638)	(34,612)
Net Increase in Cash and Restricted Cash	13,062	3,163
Cash and Restricted Cash - Beginning of Period	2,191	5,953
Cash and Restricted Cash - End of Period	$ 15,253	$ 9,116

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY

COMBINED NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout the combined notes to the unaudited condensed financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Eversource Energy is a public utility holding company primarily engaged, through its wholly-owned regulated utility subsidiaries, in the energy delivery business. Eversource Energy's wholly-owned regulated utility subsidiaries consist of CL&P, NSTAR Electric and PSNH (electric utilities), Yankee Gas and NSTAR Gas (natural gas utilities) and Aquarion (water utilities). Eversource provides energy delivery and/or water service to approximately four million electric, natural gas and water customers through eight regulated utilities in Connecticut, Massachusetts and New Hampshire.

On December 31, 2017, Western Massachusetts Electric Company ("WMECO") was merged into NSTAR Electric. In accordance with accounting guidance on combinations between entities under common control, the net assets, results of operations and cash flows of WMECO are reflected in the NSTAR Electric financial statements. NSTAR Electric's financial statements for all prior periods presented in this combined Quarterly Report on Form 10-Q have been retrospectively recast as if the merger occurred on the first day of the earliest reporting period.

The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH include the accounts of each of their respective subsidiaries. Intercompany transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P are herein collectively referred to as the "financial statements."

The combined notes to the financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. The accompanying financial statements should be read in conjunction with the *Combined Notes to Financial Statements* included in Item 8, "Financial Statements and Supplementary Data," of the Eversource 2017 Form 10-K, which was filed with the SEC on February 26, 2018. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements contain, in the opinion of management, all adjustments (including normal, recurring adjustments) necessary to present fairly Eversource's, CL&P's, NSTAR Electric's and PSNH's financial position as of March 31, 2018 and December 31, 2017, and the results of operations, comprehensive income and cash flows for the three months ended March 31, 2018 and 2017. The results of operations, comprehensive income and cash flows for the three months ended March 31, 2018 and 2017 are not necessarily indicative of the results expected for a full year.

Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's and PSNH's combined ownership interest in each of these entities is greater than 50 percent. Intercompany transactions between CL&P, NSTAR Electric, PSNH and the CYAPC and YAEC companies have been eliminated in consolidation of the Eversource financial statements.

Eversource's utility subsidiaries' electric and natural gas distribution (including generation assets), transmission and water distribution businesses are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for entities with rate-regulated operations, which considers the effect of regulation on the differences in the timing of the recognition of certain revenues and expenses from those of other businesses and industries. See Note 2, "Regulatory Accounting," for further information.

Certain reclassifications of prior period data were made in the accompanying financial statements to conform to the current period presentation.

On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, this act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. Our regulated companies have established a reserve in revenue to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate. Eversource, CL&P, NSTAR Electric and PSNH's effective tax rate has decreased, as compared to the prior period, as a result of incurring a lower federal income tax expense, which is reflected on the statements of income as of March 31, 2018. See Note 15, "Revenues," for further information on the amounts reserved in revenues.

B. Accounting Standards

Accounting Standards Issued but Not Yet Effective: In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, which changes existing lease accounting guidance and is required to be applied in the first quarter of 2019, with earlier application permitted. The ASU lease criteria are required to be applied to leases and lease renewals entered into effective January 1, 2019. The Company will implement the ASU in the first quarter of 2019. The requirements of the ASU include balance sheet recognition of leases previously deemed to be operating leases, and additional disclosure requirements. The Company is in the process of evaluating what impact the ASU will have on its financial statements. As of December 31, 2017, Eversource's total future undiscounted minimum rental payments, excluding executory costs, under long-term noncancelable operating and capital leases were less than $100 million.

Accounting Standards Recently Adopted: On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted ASU 2014-09, *Revenue from Contracts with Customers*, which amended existing revenue recognition guidance, using the modified retrospective method (cumulatively at the date of initial application) applying it only to contracts that were not complete at January 1, 2018. Under this method of adoption, prior year reported results were not restated. Implementation of the ASU did not have a material effect on the results of operations, financial position or cash flows of Eversource, CL&P, NSTAR Electric or PSNH. See Note 15, "Revenues," for further information.

The Company identified an item that was accounted for differently under the new revenue guidance, as compared to the previously existing guidance. As a result of applying guidance on the unit of account under the new standard, purchases of power from and sales of power to ISO-New England are now accounted for net by the hour, rather than net by the month. This change increased Operating Revenues and Purchased Power, Fuel and Transmission by $19 million for the three months ended March 31, 2018, with no impact on net income.

On January 1, 2018, Eversource adopted ASU 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Liabilities*. The ASU removed the available-for-sale designation for equity securities, whereby changes in fair value were previously recorded in accumulated other comprehensive income within shareholders' equity, and required changes in fair value of all equity securities to be recorded in earnings effective January 1, 2018. There was no cumulative effect of adoption. For the three months ended March 31, 2018, unrealized losses recorded in Other Income, Net were $0.7 million. For further information, see Note 5, "Marketable Securities," to the financial statements.

On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted ASU 2017-07, *Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The ASU required separate presentation of service cost from other components of net pension and PBOP costs, with the other components presented as non-operating income and not subject to capitalization. The ASU has been applied retrospectively for the separate presentation in the income statement of service costs and other components and prospectively in the balance sheet for the capitalization of only the service cost component. As of March 31, 2018, the non-service cost components of net pension, SERP and PBOP costs that were not capitalized in plant were recorded as an increase to regulatory liabilities of approximately $10 million, as these amounts continue to be included in rates. See Note 1F, "Summary of Significant Accounting Policies - Other Income, Net," to the financial statements for the portion of pension and PBOP costs that are presented as non-operating income for the three months ended March 31, 2018 and 2017. The March 31, 2017 amounts, which were previously presented within Operations and Maintenance expense on the statements of income, totaled $8.0 million at Eversource, $0.5 million at CL&P, $5.0 million at NSTAR Electric and $1.6 million at PSNH, and have been retrospectively presented to Other Income, Net.

On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted two accounting standards relating to the statement of cash flows; ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments,* and ASU 2016-18, *Restricted Cash.* As a result of implementing ASU 2016-15, dividends from equity method investments of $6.2 million and $4.8 million in the first quarter of 2018 and 2017, respectively, are presented in operating activities at Eversource, for which the 2017 amounts were previously classified in investing activities. ASU 2016-18 required that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. Both standards were applied retrospectively, as required, and neither had a material impact on Eversource's, CL&P's, NSTAR Electric's or PSNH's statements of cash flows. See Note 1H, "Summary of Significant Accounting Policies - Supplemental Cash Flow Information," to the financial statements for a reconciliation of cash and cash equivalents as reported on the balance sheet to the statement of cash flows, which includes amounts described as restricted cash and restricted cash equivalents.

C. Northern Pass

Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire. As of March 31, 2018, our capitalized Northern Pass project costs were approximately $289 million.

In March 2018, the Massachusetts EDCs terminated contract negotiations with and conditional selection of Northern Pass under the Massachusetts Clean Energy RFP, and the New Hampshire Site Evaluation Committee ("NHSEC") issued a written decision denying Northern Pass' siting application. NPT reviewed the written decision and filed a motion for rehearing with the NHSEC on April 27, 2018. The NHSEC denial of Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount is recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs are recoverable based on our expectation that the Northern Pass project remains probable of being placed in service.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. If as a result of future events and changes in circumstances a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass' project costs to the estimated fair value, which could result in most of our $289 million of capitalized project costs being written off. Such a write off could have a material adverse effect on our financial position and results of operations.

D. Provision for Uncollectible Accounts

Eversource, including CL&P, NSTAR Electric and PSNH, presents its receivables at estimated net realizable value by maintaining a provision for uncollectible accounts. This provision is determined based upon a variety of judgments and factors, including the application of an estimated uncollectible percentage to each receivable aging category. The estimate is based upon historical collection and write-off experience and management's assessment of collectability from customers. Management continuously assesses the collectability of receivables and adjusts collectability estimates based on actual experience. Receivable balances are written off against the provision for uncollectible accounts when the customer accounts are terminated and these balances are deemed to be uncollectible.

The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows NSTAR Electric and NSTAR Gas to recover in rates, amounts associated with certain uncollectible hardship accounts receivable. These uncollectible hardship customer account balances are included in Regulatory Assets or Other Long-Term Assets on the balance sheets.

The total provision for both uncollectible accounts and for uncollectible hardship accounts (the uncollectible hardship balance is included in the total provision) is included in Receivables, Net on the balance sheets, and is as follows:

	Total Provision for Uncollectible Accounts		Uncollectible Hardship	
(Millions of Dollars)	As of March 31, 2018	As of December 31, 2017	As of March 31, 2018	As of December 31, 2017
Eversource	$ 207.7	$ 195.7	$ 123.7	$ 122.5
CL&P	82.8	78.9	67.7	65.5
NSTAR Electric	72.6	69.7	38.5	40.3
PSNH	10.9	10.5	—	—

In accordance with new revenue accounting guidance, bad debt expense associated with customers' accounts receivable included in Operations and Maintenance expense on the statements of income is presented as follows:

	For the Three Months Ended	
(Millions of Dollars)	March 31, 2018	March 31, 2017
Eversource	$ 19.6	$ 15.9
CL&P	3.9	2.8
NSTAR Electric	7.5	6.5
PSNH	1.7	1.7

E. Fair Value Measurements

Fair value measurement guidance is applied to derivative contracts that are not elected or designated as "normal purchases" or "normal sales" ("normal") and to the marketable securities held in trusts. Fair value measurement guidance is also applied to valuations of the investments used to calculate the funded status of pension and PBOP plans, the nonrecurring fair value measurements of nonfinancial assets such as goodwill and AROs, and the estimated fair value of preferred stock and long-term debt.

Fair Value Hierarchy: In measuring fair value, Eversource uses observable market data when available in order to minimize the use of unobservable inputs. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. Eversource evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and Eversource's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

> Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
>
> Level 2 - Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.
>
> Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy-related products.

Determination of Fair Value: The valuation techniques and inputs used in Eversource's fair value measurements are described in Note 4, "Derivative Instruments," Note 5, "Marketable Securities," and Note 10, "Fair Value of Financial Instruments," to the financial statements.

F. Other Income, Net

The components of Other Income, Net on the statements of income were as follows:

	For the Three Months Ended							
	March 31, 2018				March 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Pension, SERP and PBOP Non-Service Income Components [(1)]	$ 15.2	$ 3.0	$ 8.4	$ 2.3	$ 8.0	$ 0.5	$ 5.0	$ 1.6
AFUDC Equity	9.7	2.8	3.4	—	6.7	2.0	1.9	—
Equity in Earnings	4.6	—	—	—	4.6	—	0.1	—
Investment Income/(Loss)	0.7	(0.1)	0.6	—	0.7	(0.3)	1.2	0.7
Interest Income	3.5	0.9	0.2	2.4	1.6	1.1	0.1	0.5
Other	0.1	—	—	—	—	—	—	—
Total Other Income, Net [(1)]	$ 33.8	$ 6.6	$ 12.6	$ 4.7	$ 21.6	$ 3.3	$ 8.3	$ 2.8

(1) As a result of the adoption of new accounting guidance, the non-service related components of pension, SERP and PBOP benefit costs are presented as non-operating income and recorded in Other Income, Net on the statements of income. The 2017 amounts, which were previously presented within Operations and Maintenance expense on the statements of income, have been retrospectively presented to Other Income, Net for the three months ended March 31, 2017. Eversource elected the practical expedient in the accounting guidance that allows the Company to use the amounts disclosed in its Pension Benefits and Postretirement Benefits Other Than Pension footnote for the prior period presentations as the estimation basis for applying the retrospective presentation requirements.

G. Other Taxes

Eversource's companies that serve customers in Connecticut collect gross receipts taxes levied by the state of Connecticut from their customers. These gross receipts taxes are shown separately with collections in Operating Revenues and with payments in Taxes Other Than Income Taxes on the statements of income as follows:

	For the Three Months Ended	
(Millions of Dollars)	March 31, 2018	March 31, 2017
Eversource	$ 43.4	$ 42.2
CL&P	35.6	33.9

As agents for state and local governments, Eversource's companies that serve customers in Connecticut and Massachusetts collect certain sales taxes that are recorded on a net basis with no impact on the statements of income.

Separately from the amounts above are $12.7 million of expense recorded as Taxes Other than Income Taxes in the first quarter of 2018 related to the future remittance of energy efficiency funds collected from customers in Operating Revenues to the State of Connecticut. These amounts are shown separately with collections in Operating Revenues and expenses in Taxes Other than Income Taxes on the Eversource and CL&P statements of income.

H. Supplemental Cash Flow Information

Non-cash investing activities include plant additions included in Accounts Payable as follows:

(Millions of Dollars)	As of March 31, 2018	As of March 31, 2017
Eversource	$ 274.4	$ 220.5
CL&P	117.7	104.2
NSTAR Electric	59.5	49.4
PSNH	36.0	28.7

The following table reconciles cash and cash equivalents as reported on the balance sheets to the cash, cash equivalents, and restricted cash as reported on the statements of cash flows:

	As of March 31, 2018				As of December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Cash and Cash Equivalents as reported on the Balance Sheets	$ 303.8	$ 240.2	$ 9.5	$ 2.9	$ 38.2	$ 6.0	$ 1.8	$ 0.9
Restricted cash included in:								
Prepayments and Other Current Assets	35.5	3.1	12.9	11.6	24.4	3.1	12.8	0.5
Marketable Securities	23.3	0.5	0.1	0.8	23.3	0.5	0.1	0.8
Cash, Cash Equivalents, and Restricted Cash reported on the Statements of Cash Flows	$ 362.6	$ 243.8	$ 22.5	$ 15.3	$ 85.9	$ 9.6	$ 14.7	$ 2.2

Restricted cash included in Prepayments and Other Current Assets, shown above, primarily represents required ISO-NE cash deposits. Restricted cash included in Marketable Securities, shown above, represents money market funds held in trusts to fund certain non-qualified executive benefits and restricted trusts to fund CYAPC and YAEC's spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

2. REGULATORY ACCOUNTING

Eversource's utility companies are subject to rate regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The regulated companies' financial statements reflect the effects of the rate-making process. The rates charged to the customers of Eversource's regulated companies are designed to collect each company's costs to provide service, including a return on investment.

Management believes it is probable that each of the regulated companies will recover its respective investments in long-lived assets, including regulatory assets. If management were to determine that it could no longer apply the accounting guidance applicable to rate-regulated enterprises to any of the regulated companies' operations, or if management could not conclude it is probable that costs would be recovered from customers in future rates, the costs would be charged to net income in the period in which the determination is made.

Regulatory Assets: The components of regulatory assets were as follows:

Eversource

(Millions of Dollars)	As of March 31, 2018	As of December 31, 2017
Benefit Costs	$ 2,033.5	$ 2,068.8
Income Taxes, Net	727.1	768.9
Deferred Costs from Generation Asset Sale	539.6	516.1
Storm Restoration Costs	544.4	404.8
Regulatory Tracker Mechanisms	461.1	509.9
Derivative Liabilities	388.0	367.2
Goodwill-related	361.0	365.2
Asset Retirement Obligations	88.9	101.0
Other Regulatory Assets	195.1	137.4
Total Regulatory Assets	5,338.7	5,239.3
Less: Current Portion	683.2	741.9
Total Long-Term Regulatory Assets	$ 4,655.5	$ 4,497.4

	As of March 31, 2018			As of December 31, 2017		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Benefit Costs	$ 460.6	$ 549.9	$ 208.6	$ 469.2	$ 560.7	$ 212.3
Income Taxes, Net	451.8	115.6	20.5	453.8	113.2	21.7
Deferred Costs from Generation Asset Sale	—	—	539.6	—	—	516.1
Storm Restoration Costs	254.4	246.4	43.6	216.7	146.6	41.5
Regulatory Tracker Mechanisms	118.0	221.4	107.7	85.3	273.0	116.4
Derivative Liabilities	386.5	—	—	362.3	—	—
Goodwill-related	—	310.0	—	—	313.6	—
Asset Retirement Obligations	30.8	39.8	3.4	30.3	39.0	17.0
Other Regulatory Assets	27.2	81.2	15.3	27.6	78.4	15.8
Total Regulatory Assets	1,729.3	1,564.3	938.7	1,645.2	1,524.5	940.8
Less: Current Portion	229.7	277.0	122.5	200.3	333.9	130.1
Total Long-Term Regulatory Assets	$ 1,499.6	$ 1,287.3	$ 816.2	$ 1,444.9	$ 1,190.6	$ 810.7

Regulatory Costs in Long-Term Assets: Eversource's regulated companies had $123.3 million (including $21.4 million for CL&P, $43.6 million for NSTAR Electric and $38.7 million for PSNH) and $105.8 million (including $18.2 million for CL&P, $42.7 million for NSTAR Electric and $27.2 million for PSNH) of additional regulatory costs as of March 31, 2018 and December 31, 2017, respectively, that were included in long-term assets on the balance sheets. These amounts represent incurred costs for which recovery has not yet been specifically approved by the applicable regulatory agency. However, based on regulatory policies or past precedent on similar costs, management believes it is probable that these costs will ultimately be approved and recovered from customers in rates.

Storms: In March 2018, several significant storms caused extensive damage to our electric distribution systems and significant customer outages across all three states. A storm must meet certain criteria to qualify as a major storm with the criteria specific to each state jurisdiction and utility company. Once a storm qualifies as a major storm, all qualifying expenses incurred during storm restoration efforts are deferred and recovered from customers. Costs for storms that do not meet this criteria are not separately recoverable from customers and are expensed as incurred. These March 2018 storms resulted in deferred storm restoration costs of approximately $156 million ($52 million for CL&P, $100 million for NSTAR Electric, and $4 million for PSNH). Management believes the storm restoration costs were prudent and meet the criteria for specific cost recovery in Connecticut, Massachusetts and New Hampshire, and that recovery from customers is probable through the applicable regulatory recovery process.

Regulatory Liabilities: The components of regulatory liabilities were as follows:

Eversource

(Millions of Dollars)	As of March 31, 2018	As of December 31, 2017
Excess ADIT due to Tax Cuts and Jobs Act	$ 2,895.9	$ 2,882.0
Cost of Removal	522.8	502.1
Benefit Costs	128.0	132.3
Regulatory Tracker Mechanisms	216.8	136.7
AFUDC - Transmission	67.6	67.1
Revenue Subject to Refund (1)	26.0	—
Other Regulatory Liabilities	52.6	45.2
Total Regulatory Liabilities	3,909.7	3,765.4
Less: Current Portion	206.0	128.1
Total Long-Term Regulatory Liabilities	$ 3,703.7	$ 3,637.3

	As of March 31, 2018			As of December 31, 2017		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Excess ADIT due to Tax Cuts and Jobs Act	$ 1,031.6	$ 1,091.1	$ 405.1	$ 1,031.6	$ 1,087.9	$ 405.1
Cost of Removal	34.4	298.5	39.0	23.2	293.8	37.9
Benefit Costs	—	109.0	—	—	112.6	—
Regulatory Tracker Mechanisms	55.9	89.2	15.1	34.6	77.8	5.0
AFUDC - Transmission	48.5	19.1	—	48.8	18.3	—
Revenue Subject to Refund (1)	12.5	3.7	3.1	—	—	—
Other Regulatory Liabilities	20.4	8.7	2.9	12.9	3.7	2.7
Total Regulatory Liabilities	1,203.3	1,619.3	465.2	1,151.1	1,594.1	450.7
Less: Current Portion	66.9	89.2	15.6	39.0	79.6	6.3
Total Long-Term Regulatory Liabilities	$ 1,136.4	$ 1,530.1	$ 449.6	$ 1,112.1	$ 1,514.5	$ 444.4

(1) The regulatory liability balance represents a reserve established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018, NSTAR Electric's base rates charged to customers have been adjusted to reflect the new federal income tax rate.

3. PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

The following tables summarize property, plant and equipment by asset category:

Eversource

(Millions of Dollars)	As of March 31, 2018	As of December 31, 2017
Distribution - Electric	$ 14,511.0	$ 14,410.5
Distribution - Natural Gas	3,273.2	3,244.2
Transmission - Electric	9,420.9	9,270.9
Distribution - Water	1,556.4	1,558.4
Generation and Solar (1)	36.2	36.2
Utility	28,797.7	28,520.2
Other (2)	698.4	693.7
Property, Plant and Equipment, Gross	29,496.1	29,213.9
Less: Accumulated Depreciation		
Utility	(6,927.5)	(6,846.9)
Other	(300.0)	(286.9)
Total Accumulated Depreciation	(7,227.5)	(7,133.8)
Property, Plant and Equipment, Net	22,268.6	22,080.1
Construction Work in Progress	1,690.1	1,537.4
Total Property, Plant and Equipment, Net	$ 23,958.7	$ 23,617.5

	As of March 31, 2018			As of December 31, 2017		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Distribution	$ 5,939.9	$ 6,532.5	$ 2,078.9	$ 5,888.3	$ 6,479.0	$ 2,083.4
Transmission	4,322.6	3,842.7	1,207.1	4,239.9	3,821.2	1,161.3
Generation and Solar (1)	—	36.2	—	—	36.2	—
Property, Plant and Equipment, Gross	10,262.5	10,411.4	3,286.0	10,128.2	10,336.4	3,244.7
Less: Accumulated Depreciation	(2,274.4)	(2,599.3)	(734.9)	(2,239.0)	(2,550.2)	(751.8)
Property, Plant and Equipment, Net	7,988.1	7,812.1	2,551.1	7,889.2	7,786.2	2,492.9
Construction Work in Progress	418.5	511.7	142.9	381.8	460.3	149.4
Total Property, Plant and Equipment, Net	$ 8,406.6	$ 8,323.8	$ 2,694.0	$ 8,271.0	$ 8,246.5	$ 2,642.3

(1) On January 10, 2018, PSNH completed the sale of its thermal generation assets, pursuant to an agreement dated October 11, 2017. PSNH expects to complete the sale of its hydroelectric generation assets, pursuant to the agreement dated October 11, 2017, in the second quarter of 2018. As of March 31, 2018 and December 31, 2017, PSNH has classified its generation assets as held for sale. See Note 9, "Assets Held for Sale," for further information.

(2) These assets are primarily comprised of building improvements, computer software, hardware and equipment at Eversource Service.

4. DERIVATIVE INSTRUMENTS

The electric and natural gas companies purchase and procure energy and energy-related products, which are subject to price volatility, for their customers. The costs associated with supplying energy to customers are recoverable from customers in future rates. These regulated companies manage the risks associated with the price volatility of energy and energy-related products through the use of derivative and non-derivative contracts.

Many of the derivative contracts meet the definition of, and are designated as, normal and qualify for accrual accounting under the applicable accounting guidance. The costs and benefits of derivative contracts that meet the definition of normal are recognized in Operating Expenses on the statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not designated as normal are recorded at fair value as current or long-term Derivative Assets or Derivative Liabilities on the balance sheets. For the electric and natural gas companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivatives, as contract settlement amounts are recovered from, or refunded to, customers in their respective energy supply rates.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with current and long-term portions, on the balance sheets. The following table presents the gross fair values of contracts, categorized by risk type, and the net amounts recorded as current or long-term derivative assets or liabilities:

		As of March 31, 2018			As of December 31, 2017		
(Millions of Dollars)	Fair Value Hierarchy	Commodity Supply and Price Risk Management	Netting (1)	Net Amount Recorded as a Derivative	Commodity Supply and Price Risk Management	Netting (1)	Net Amount Recorded as a Derivative
Current Derivative Assets:							
CL&P	Level 3	$ 8.5	$ (6.5)	$ 2.0	$ 9.5	$ (7.1)	$ 2.4
Long-Term Derivative Assets:							
CL&P	Level 3	80.2	(4.1)	76.1	71.9	(5.3)	66.6
Current Derivative Liabilities:							
Eversource	Level 2	(1.3)	0.2	(1.1)	(4.5)	—	(4.5)
CL&P	Level 3	(49.6)	—	(49.6)	(54.4)	—	(54.4)
Long-Term Derivative Liabilities:							
Eversource	Level 2	(0.4)	—	(0.4)	(0.4)	—	(0.4)
CL&P	Level 3	(415.0)	—	(415.0)	(376.9)	—	(376.9)

(1) Amounts represent derivative assets and liabilities that Eversource elected to record net on the balance sheets. These amounts are subject to master netting agreements or similar agreements for which the right of offset exists.

For further information on the fair value of derivative contracts, see Note 1E, "Summary of Significant Accounting Policies - Fair Value Measurements," to the financial statements.

Derivative Contracts at Fair Value with Offsetting Regulatory Amounts
Commodity Supply and Price Risk Management: As required by regulation, CL&P, along with UI, has capacity-related contracts with generation facilities. CL&P has a sharing agreement with UI, with 80 percent of the costs or benefits of each contract borne by or allocated to CL&P and 20 percent borne by or allocated to UI. The combined capacity of these contracts is 787 MW. The capacity contracts extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set capacity price and the capacity market price received in the ISO-NE capacity markets. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

As of March 31, 2018 and December 31, 2017, Eversource had New York Mercantile Exchange ("NYMEX") financial contracts for natural gas futures in order to reduce variability associated with the purchase price of 5.9 million and 9.5 million MMBtu of natural gas, respectively.

For the three months ended March 31, 2018 and 2017, there were losses of $36.1 million and $26.5 million, respectively, deferred as regulatory costs, which reflect the change in fair value associated with Eversource's derivative contracts.

Fair Value Measurements of Derivative Instruments
Derivative contracts classified as Level 2 in the fair value hierarchy relate to the financial contracts for natural gas futures. Prices are obtained from broker quotes and are based on actual market activity. The contracts are valued using NYMEX natural gas prices. Valuations of these contracts also incorporate discount rates using the yield curve approach.

The fair value of derivative contracts classified as Level 3 utilizes significant unobservable inputs. The fair value is modeled using income techniques, such as discounted cash flow valuations adjusted for assumptions related to exit price. Significant observable inputs for valuations of these contracts include energy and energy-related product prices in future years for which quoted prices in an active market exist. Fair value measurements categorized in Level 3 of the fair value hierarchy are prepared by individuals with expertise in valuation techniques, pricing of energy and energy-related products, and accounting requirements. The future power and capacity prices for periods that are not quoted in an active market or established at auction are based on available market data and are escalated based on estimates of inflation in order to address the full term of the contract.

Valuations of derivative contracts using a discounted cash flow methodology include assumptions regarding the timing and likelihood of scheduled payments and also reflect non-performance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the Company's credit rating for liabilities. Valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using historical market transactions adjusted for the terms of the contract.

The following is a summary of CL&P's Level 3 derivative contracts and the range of the significant unobservable inputs utilized in the valuations over the duration of the contracts:

	As of March 31, 2018					As of December 31, 2017				
CL&P	Range				Period Covered	Range				Period Covered
Capacity Prices	$ 4.30	—	5.99	per kW-Month	2021 - 2026	$ 5.00	—	8.70	per kW-Month	2021 - 2026
Forward Reserve	$ 0.95	—	1.00	per kW-Month	2018 - 2024	$ 1.00	—	2.00	per kW-Month	2018 - 2024

Exit price premiums of 3 percent through 16 percent are also applied to these contracts and reflect the uncertainty and illiquidity premiums that would be required based on the most recent market activity available for similar type contracts.

Significant increases or decreases in future energy or capacity prices in isolation would decrease or increase, respectively, the fair value of the derivative liability. Any increases in risk premiums would increase the fair value of the derivative liability. Changes in these fair values are recorded as a regulatory asset or liability and do not impact net income.

Valuations using significant unobservable inputs: The following table presents changes in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis.

CL&P	For the Three Months Ended March 31,	
(Millions of Dollars)	2018	2017
Derivatives, Net:		
Fair Value as of Beginning of Period	$ (362.3)	$ (420.5)
Net Realized/Unrealized Losses Included in Regulatory Assets and Liabilities	(36.9)	(14.6)
Settlements	12.7	21.6
Fair Value as of End of Period	$ (386.5)	$ (413.5)

5. MARKETABLE SECURITIES

Eversource maintains trusts that hold marketable securities to fund certain non-qualified executive benefits. These trusts are not subject to regulatory oversight by state or federal agencies. CYAPC and YAEC maintain legally restricted trusts, each of which holds marketable securities, to fund the spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

Equity Securities: In accordance with new accounting guidance, unrealized gains and losses on the equity securities held in Eversource's non-qualified executive benefit trust are recorded in Other Income, Net on the statements of income. The fair value of equity securities subject to this guidance as of March 31, 2018 and December 31, 2017 was approximately $50 million. For the three months ended March 31, 2018, there were unrealized losses of $0.7 million recorded in Other Income, Net related to these equity securities.

Eversource's equity securities also include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts, which had fair values of $267.3 million and $263.8 million as of March 31, 2018 and December 31, 2017, respectively. Unrealized gains and losses for these nuclear decommissioning trusts are subject to regulatory accounting treatment and are recorded in Marketable Securities with the corresponding offset to Other Long-Term Liabilities on the balance sheets, with no impact on the statements of income.

Available-for-Sale Debt Securities: The following is a summary of the available-for-sale debt securities, which are recorded at fair value and are included in current and long-term Marketable Securities on the balance sheets.

	As of March 31, 2018				As of December 31, 2017			
Eversource *(Millions of Dollars)*	Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value	Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value
Debt Securities	$ 282.1	$ 0.8	$ (3.3)	$ 279.6	$ 284.9	$ 3.2	$ (1.1)	$ 287.0

Eversource's debt securities include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts in the amounts of $235.7 million and $242.3 million as of March 31, 2018 and December 31, 2017, respectively.

Unrealized gains and losses on available-for-sale debt securities held in Eversource's non-qualified benefit trust are recorded in Accumulated Other Comprehensive Income. There have been no significant unrealized losses, other-than-temporary impairments or credit losses for the three months ended March 31, 2018 or 2017. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset-backed debt securities, underlying collateral and expected future cash flows are also evaluated.

As of March 31, 2018, the contractual maturities of available-for-sale debt securities were as follows:

Eversource *(Millions of Dollars)*	Amortized Cost	Fair Value
Less than one year [(1)]	$ 36.0	$ 35.9
One to five years	44.6	45.1
Six to ten years	63.9	63.3
Greater than ten years	137.6	135.3
Total Debt Securities	$ 282.1	$ 279.6

(1) Amounts in the Less than one year category include securities in the CYAPC and YAEC nuclear decommissioning trusts, which are restricted and are classified in long-term Marketable Securities on the balance sheets.

Realized Gains and Losses: Realized gains and losses are recorded in Other Income, Net for Eversource's non-qualified benefit trust and are offset in Other Long-Term Liabilities for CYAPC and YAEC. Eversource utilizes the specific identification basis method for the Eversource non-qualified benefit trust, and the average cost basis method for the CYAPC and YAEC nuclear decommissioning trusts to compute the realized gains and losses on the sale of marketable securities.

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

Eversource *(Millions of Dollars)*	As of March 31, 2018	As of December 31, 2017
Level 1:		
Mutual Funds and Equities	$ 317.3	$ 313.8
Money Market Funds	23.3	23.3
Total Level 1	$ 340.6	$ 337.1
Level 2:		
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 68.0	$ 70.2
Corporate Debt Securities	43.7	50.9
Asset-Backed Debt Securities	20.7	21.2
Municipal Bonds	114.3	110.7
Other Fixed Income Securities	9.6	10.7
Total Level 2	$ 256.3	$ 263.7
Total Marketable Securities	$ 596.9	$ 600.8

U.S. government issued debt securities are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate debt securities are valued using a market approach, utilizing recent trades of the same or similar instruments and also incorporating yield curves, credit spreads and specific bond terms and conditions. Asset-backed debt securities include collateralized mortgage obligations, commercial mortgage backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset-backed debt securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates, and tranche information. Municipal bonds are valued using a market approach that incorporates reported trades and benchmark yields. Other fixed income securities are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

6. SHORT-TERM AND LONG-TERM DEBT

Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's $1.45 billion commercial paper program.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's $650 million commercial paper program.

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of March 31, 2018 or December 31, 2017. Eversource's water distribution business has a $100 million revolving credit facility, which expires on August 19, 2019, and there were no amounts outstanding as of March 31, 2018 and $76.0 million outstanding as of December 31, 2017.

The amount of borrowings outstanding and available under the commercial paper programs were as follows:

	Borrowings Outstanding as of		Available Borrowing Capacity as of		Weighted-Average Interest Rate as of	
(Millions of Dollars)	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Eversource Parent Commercial Paper Program	$ 682.3	$ 979.3	$ 767.7	$ 470.7	2.31%	1.86%
NSTAR Electric Commercial Paper Program	367.0	234.0	283.0	416.0	1.75%	1.55%

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, $201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

As of March 31, 2018, there were no intercompany loans from Eversource parent to CL&P and $271.3 million to PSNH. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $276.3 million to Eversource Service as of March 31, 2018. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $115.9 million to Eversource Service and $198.0 million to NSTAR Gas as of December 31, 2017. These intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets. Intercompany loans from Eversource parent are eliminated in consolidation on Eversource's balance sheets.

Long-Term Debt: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	2048	Repay long-term debt due to mature in 2018 and repay short-term borrowings
5.65% 2008 Series A First Mortgage Bonds (1)	May 2008	(300.0)	2018	N/A
PSNH:				
6.00% 2008 Series O First Mortgage Bonds (1)	May 2008	(110.0)	2018	N/A
Eversource Parent:				
2.50% Series I Senior Notes (2)	January 2018	200.0	2021	Repay long-term debt due to mature in 2018 and repay short-term borrowings
3.30% Series M Senior Notes	January 2018	450.0	2028	Repay long-term debt due to mature in 2018
1.60% Series G Senior Notes (3)	January 2015	(150.0)	2018	N/A
1.45% Series E Senior Notes (1)	May 2013	(300.0)	2018	N/A

(1) Represents a repayment at maturity paid on May 1, 2018.
(2) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount for these notes is now $450 million.
(3) Represents a repayment at maturity paid on January 15, 2018.

As a result of the Eversource parent debt issuances in January 2018, $446.8 million of current portion of long-term debt related to two Eversource parent issuances maturing in 2018 and $201.2 million of commercial paper borrowings were reclassified to Long-Term Debt as of December 31, 2017.

7. PENSION BENEFITS AND POSTRETIREMENT BENEFITS OTHER THAN PENSION

Eversource provides defined benefit retirement plans ("Pension Plans") that cover eligible employees, including, among others, employees of CL&P, NSTAR Electric and PSNH. In addition to the Pension Plans, Eversource maintains non-qualified defined benefit retirement plans ("SERP Plans"), which provide benefits in excess of Internal Revenue Code limitations to eligible participants consisting of current and retired employees. Eversource also provides defined benefit postretirement plans (the "PBOP Plans") that provide life insurance and a health reimbursement arrangement created for the purpose of reimbursing retirees and dependents for health insurance premiums and certain medical expenses to eligible employees that met certain age and service eligibility requirements.

The components of net periodic benefit expense for the Pension, SERP and PBOP Plans are shown below. The service cost component of net periodic benefit expense and the intercompany allocations, less the capitalized portions, are included in Operations and Maintenance expense on the statements of income. The remaining components of net periodic benefit costs for pension, SERP and PBOP are included in Other Income, Net on the statements of income. Capitalized amounts relate to employees working on capital projects and are included in Property, Plant and Equipment, Net on the balance sheets. Pension, SERP and PBOP expense reflected in the statements of cash flows for CL&P, NSTAR Electric and PSNH does not include the intercompany allocations or the corresponding capitalized portion, as these amounts are cash settled on a short-term basis.

	Pension and SERP	
Eversource	For the Three Months Ended	
(Millions of Dollars)	March 31, 2018	March 31, 2017
Service Cost	$ 22.7	$ 18.7
Interest Cost	48.4	46.3
Expected Return on Pension Plan Assets	(98.0)	(83.5)
Actuarial Loss	36.0	33.6
Prior Service Cost	2.2	1.1
Total Net Periodic Benefit Expense	$ 11.3	$ 16.2
Capitalized Pension Expense	$ 7.5	$ 5.4

Eversource	PBOP	
	For the Three Months Ended	
(Millions of Dollars)	March 31, 2018	March 31, 2017
Service Cost	$ 2.7	$ 2.4
Interest Cost	7.6	7.2
Expected Return on Plan Assets	(18.1)	(15.9)
Actuarial Loss	2.6	2.0
Prior Service Credit	(5.9)	(5.3)
Total Net Periodic Benefit Income	$ (11.1)	$ (9.6)
Capitalized PBOP Expense/(Income)	$ 0.8	$ (4.6)

	Pension and SERP					
	For the Three Months Ended March 31, 2018			For the Three Months Ended March 31, 2017		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Service Cost	$ 5.7	$ 4.7	$ 2.9	$ 4.8	$ 4.1	$ 2.5
Interest Cost	10.6	10.8	5.3	10.5	10.4	5.2
Expected Return on Pension Plan Assets	(20.8)	(25.2)	(10.9)	(18.0)	(22.0)	(9.9)
Actuarial Loss	7.4	10.5	3.3	6.9	10.1	2.8
Prior Service Cost	0.4	0.2	0.1	0.4	0.2	0.1
Total Net Periodic Benefit Expense	$ 3.3	$ 1.0	$ 0.7	$ 4.6	$ 2.8	$ 0.7
Intercompany Allocations	$ 1.4	$ 1.5	$ 0.5	$ 2.5	$ 2.4	$ 0.8
Capitalized Pension Expense	$ 2.3	$ 2.1	$ 0.8	$ 2.5	$ 1.8	$ 0.3

	PBOP					
	For the Three Months Ended March 31, 2018			For the Three Months Ended March 31, 2017		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Service Cost	$ 0.5	$ 0.5	$ 0.3	$ 0.5	$ 0.5	$ 0.3
Interest Cost	1.4	2.2	0.8	1.4	2.4	0.8
Expected Return on Plan Assets	(2.6)	(8.1)	(1.5)	(2.4)	(7.1)	(1.3)
Actuarial Loss	0.3	0.7	0.2	0.2	0.9	0.1
Prior Service Cost/(Credit)	0.3	(4.3)	0.1	0.3	(4.3)	0.1
Total Net Periodic Benefit Income	$ (0.1)	$ (9.0)	$ (0.1)	$ —	$ (7.6)	$ —
Intercompany Allocations	$ (0.3)	$ (0.3)	$ (0.1)	$ (0.3)	$ (0.3)	$ (0.1)
Capitalized PBOP Expense/(Income)	$ 0.2	$ 0.2	$ 0.1	$ (0.1)	$ (3.8)	$ —

8. COMMITMENTS AND CONTINGENCIES

A. Environmental Matters

Eversource, CL&P, NSTAR Electric and PSNH are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. Eversource, CL&P, NSTAR Electric and PSNH have an active environmental auditing and training program and each believes it is substantially in compliance with all enacted laws and regulations.

The number of environmental sites and related reserves for which remediation or long-term monitoring, preliminary site work or site assessment is being performed are as follows:

	As of March 31, 2018		As of December 31, 2017	
	Number of Sites	Reserve (in millions)	Number of Sites	Reserve (in millions)
Eversource	58	$ 63.8	59	$ 54.9
CL&P	14	5.1	14	4.7
NSTAR Electric	15	2.8	15	2.7
PSNH	9	5.6	10	5.7

Included in the Eversource number of sites and reserve amounts above are former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which Eversource may have potential liability. The reserve balances related to these former MGP sites were $57.8 million and $49.0 million as of March 31, 2018 and December 31, 2017, respectively, and related primarily to the natural gas business segment. The increase in the reserve balance at the MGP sites in the first quarter of 2018 was primarily due to changes in cost estimates at sites under investigation for which additional remediation will be required.

These reserve estimates are subjective in nature as they take into consideration several different remediation options at each specific site. The reliability and precision of these estimates can be affected by several factors, including new information concerning either the level of contamination at the site, the extent of Eversource's, CL&P's, NSTAR Electric's and PSNH's responsibility for remediation or the extent of remediation required, recently enacted laws and regulations, or changes in cost estimates due to certain economic factors. It is possible that new information or future developments could require a reassessment of the potential exposure to related environmental matters. As this information becomes available, management will continue to assess the potential exposure and adjust the reserves accordingly.

B. Guarantees and Indemnifications
In the normal course of business, Eversource parent provides credit assurances on behalf of its subsidiaries, including CL&P, NSTAR Electric and PSNH, in the form of guarantees.

Eversource parent issued a guaranty on behalf of its subsidiary, NPT, under which, beginning at the time the Northern Pass Transmission line goes into commercial operation, Eversource parent will guarantee the financial obligations of NPT under the TSA with HQ in an amount not to exceed $25 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations. Eversource parent has also entered into a guaranty on behalf of NPT under which Eversource parent will guarantee NPT's obligations under a facility with a financial institution pursuant to which NPT may request letters of credit in an aggregate amount of up to approximately $14 million.

Eversource parent has also guaranteed certain indemnification and other obligations as a result of the sales of former unregulated subsidiaries and the termination of an unregulated business, with maximum exposures either not specified or not material.

Management does not anticipate a material impact to net income or cash flows as a result of these various guarantees and indemnifications. The following table summarizes Eversource parent's exposure to guarantees and indemnifications of its subsidiaries to external parties, as of March 31, 2018:

Company	Description	Maximum Exposure (in millions)	Expiration Dates
On behalf of subsidiaries:			
Eversource Gas Transmission LLC	Access Northeast Project Capital Contributions Guaranty (1)	$ 185.0	2021
Various	Surety Bonds (2)	41.2	2018 - 2019
Eversource Service and Rocky River Realty Company	Lease Payments for Vehicles and Real Estate	7.3	2019 - 2024

(1) Eversource parent issued a declining balance guaranty on behalf of its subsidiary, Eversource Gas Transmission LLC, to guarantee the payment of the subsidiary's capital contributions for its investment in the Access Northeast project. The guaranty decreases as capital contributions are made. The guaranty will expire upon the earlier of the full performance of the guaranteed obligations or December 31, 2021.

(2) Surety bond expiration dates reflect termination dates, the majority of which will be renewed or extended. Certain surety bonds contain credit ratings triggers that would require Eversource parent to post collateral in the event that the unsecured debt credit ratings of Eversource parent are downgraded.

C. Spent Nuclear Fuel Obligations - Yankee Companies
CL&P, NSTAR Electric and PSNH have plant closure and fuel storage cost obligations to the Yankee Companies, which have each completed the physical decommissioning of their respective nuclear facilities and are now engaged in the long-term storage of their spent fuel. The Yankee Companies collect these costs through wholesale, FERC-approved rates charged under power purchase agreements with several New England utilities, including CL&P, NSTAR Electric and PSNH. These companies in turn recover these costs from their customers through state regulatory commission-approved retail rates. The Yankee Companies have collected or are currently collecting amounts that management believes are adequate to recover the remaining plant closure and fuel storage cost estimates for the respective plants. Management believes CL&P and NSTAR Electric will recover their shares of these obligations from their customers. PSNH has recovered its total share of these costs from its customers.

Spent Nuclear Fuel Litigation:
The Yankee Companies have filed complaints against the DOE in the Court of Federal Claims seeking monetary damages resulting from the DOE's failure to provide for a permanent facility to store spent nuclear fuel pursuant to the terms of the 1983 spent fuel and high level waste disposal contracts between the Yankee Companies and the DOE. The court had previously awarded the Yankee Companies damages for Phase I, II and III of litigation resulting from the DOE's failure to meet its contractual obligations. These Phases covered damages incurred in the years 1998 through 2012, and the awarded damages have been received by the Yankee Companies with certain amounts of the damages refunded to their customers.

DOE Phase IV Damages - On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking monetary damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal covering the years from 2013 to 2016 ("DOE Phase IV"). No date is set for the DOE Phase IV trial.

D. FERC ROE Complaints
Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

Hearings on the fourth complaint were held in December 2017 before the FERC Administrative Law Judge ("ALJ"). On March 27, 2018, the FERC ALJ issued an initial decision in that complaint, finding that the current base ROE of 10.57 percent, which has an incentive cap ROE of 11.74 percent, is not unjust and not unreasonable.

A summary of the four separate complaints and the base ROEs pertinent to those complaints are as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date (1)	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 (1)	Reserve (Pre-Tax and Excluding Interest) as of March 31, 2018 (in millions)		FERC ALJ Recommendation of Base ROE on Second, Third and Fourth Complaints
First	10/1/2011 - 12/31/2012	11.14%	10.57%	$—	(2)	N/A
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1	(3)	9.59%
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—		10.90%
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—		10.57%

(1) The ROE billed during the period October 1, 2011 through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and an incentive cap at 11.74 percent for the first complaint period. This was also effective for all prospective billings to customers beginning October 16, 2014. This FERC order was vacated on April 14, 2017.

(2) CL&P, NSTAR Electric and PSNH have refunded all amounts associated with the first complaint period, totaling $38.9 million (pre-tax and excluding interest) at Eversource (consisting of $22.4 million at CL&P, $13.7 million at NSTAR Electric and $2.8 million at PSNH), reflecting both the base ROE and incentive cap prescribed by the FERC order.

(3) The reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH as of March 31, 2018.

On June 5, 2017, the NETOs, including Eversource, submitted a filing to the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. On October 6, 2017, the FERC did not accept the NETOs filing, temporarily leaving in place the ROEs (10.57 percent base ROE with an 11.74 percent incentive cap ROE) set in the first complaint proceeding until the FERC addresses the Court's decision. On November 6, 2017, the NETOs submitted a request for rehearing of the FERC's October 6, 2017 Order rejecting the compliance filing.

On October 5, 2017, the NETOs filed a series of motions, requesting that the FERC dismiss the four complaint proceedings. Alternatively, if the FERC does not dismiss the proceedings, the NETOs requested that the FERC consolidate all four complaint proceedings for expeditious resolution and/or stay the trial in the fourth complaint proceeding and resolve it based on the standards set in the April 14, 2017 Court decision.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. No events in 2017 or 2018 provided a reasonable basis for a change to the reserve balance of $39.1 million (pre-tax and excluding interest) for the second complaint period, and the Company has not changed its reserve or recognized ROEs for any of the complaint periods. Eversource, CL&P, NSTAR Electric and PSNH currently record revenues at the 10.57 percent base ROE and incentive cap at 11.74 percent established in the October 16, 2014 FERC order.

At this time, the Company cannot predict the timing or ultimate effect of the Court decision or future FERC action on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric or PSNH.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

E. Eversource and NSTAR Electric Boston Harbor Civil Action

On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

The parties reached a settlement pursuant to which HEEC agreed to install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit will result in the initial $17.5 million of construction costs on the new cable to be expensed as incurred. Of this amount, NSTAR Electric expensed $11.1 million (pre-tax) of costs incurred on the new cable in 2017 and expensed an additional $2.1 million (pre-tax) in the first three months of 2018. Construction of the new cable is underway and is expected to be completed in 2019.

9. ASSETS HELD FOR SALE

In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, under the terms of which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approval for this agreement, as well as NHPUC approval of the final divestiture plan and auction process, were received in the second half of 2016. In October 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of $175 million and $83 million, respectively, subject to adjustments as set forth in the Agreements. The NHPUC approved the Agreements in late November 2017, at which time the Company classified these assets as held for sale.

On January 10, 2018, PSNH completed the sale of its thermal generation assets, pursuant to the Agreement dated October 11, 2017. In accordance with the Purchase and Sale Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million, resulting in net proceeds of $134.1 million. As of March 31, 2018, deferred costs resulting from the thermal generation asset sale totaled $539.6 million and were included in Regulatory Assets on the Eversource and PSNH Balance Sheets. As of December 31, 2017, this balance totaled $516.1 million and represented the difference between the carrying value and the fair value less cost to sell of the thermal generation assets.

PSNH expects to complete the sale of its hydroelectric generation assets in the second quarter of 2018 at an amount above net carrying value, and are therefore stated at carrying value. As of March 31, 2018, the difference between the carrying value of the hydroelectric generation assets and the anticipated sale proceeds was approximately $23 million, which will be recognized as a reduction to stranded costs upon completion of the sale.

Full recovery of the costs of PSNH's generation assets and transaction-related expenses is expected to occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs primarily via the issuance of bonds that will be secured by a non-bypassable charge billed to PSNH's customers.

For the three months ended March 31, 2018, pre-tax income associated with the hydroelectric assets held for sale was $5.9 million. For the three months ended March 31, 2017, pre-tax income associated with PSNH's generation assets was $14.8 million.

As of March 31, 2018, PSNH's hydroelectric generation assets held for sale, which are included in current assets on the Eversource and PSNH balance sheets, and are part of the Electric Distribution reportable segment, were as follows:

(Millions of Dollars)	
Hydroelectric Gross Plant	$ 86.6
Accumulated Depreciation	(27.4)
Net Plant	59.2
Materials and Supplies	0.1
Total Hydroelectric Generation Assets Held for Sale	$ 59.3

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Preferred Stock and Long-Term Debt: The fair value of CL&P's and NSTAR Electric's preferred stock is based upon pricing models that incorporate interest rates and other market factors, valuations or trades of similar securities and cash flow projections. The fair value of long-term debt securities is based upon pricing models that incorporate quoted market prices for those issues or similar issues adjusted for market conditions, credit ratings of the respective companies and treasury benchmark yields. The fair values provided in the tables below are classified as Level 2 within the fair value hierarchy. Carrying amounts and estimated fair values are as follows:

	As of March 31, 2018		As of December 31, 2017	
Eversource *(Millions of Dollars)*	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 165.8	$ 155.6	$ 160.8
Long-Term Debt	13,113.3	13,376.1	12,325.5	12,877.1

	CL&P		NSTAR Electric		PSNH	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
As of March 31, 2018:						
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 122.3	$ 43.0	$ 43.5	$ —	$ —
Long-Term Debt	3,553.6	3,821.9	2,943.9	3,071.7	1,001.8	1,025.2
As of December 31, 2017:						
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 116.5	$ 43.0	$ 44.3	$ —	$ —
Long-Term Debt	3,059.1	3,430.5	2,943.8	3,156.5	1,002.4	1,038.2

Derivative Instruments and Marketable Securities: Derivative instruments and investments in marketable securities are carried at fair value. For further information, see Note 4, "Derivative Instruments," and Note 5, "Marketable Securities," to the financial statements.

See Note 1E, "Summary of Significant Accounting Policies - Fair Value Measurements," for the fair value measurement policy and the fair value hierarchy.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in accumulated other comprehensive income/(loss) by component, net of tax, is as follows:

	For the Three Months Ended March 31, 2018				For the Three Months Ended March 31, 2017			
Eversource *(Millions of Dollars)*	Qualified Cash Flow Hedging Instruments	Unrealized Losses on Marketable Securities	Defined Benefit Plans	Total	Qualified Cash Flow Hedging Instruments	Unrealized Gains on Marketable Securities	Defined Benefit Plans	Total
Balance as of Beginning of Period	$ (6.2)	$ —	$ (60.2)	$ (66.4)	$ (8.2)	$ 0.4	$ (57.5)	$ (65.3)
OCI Before Reclassifications	—	(0.4)	—	(0.4)	—	1.7	—	1.7
Amounts Reclassified from AOCI	0.7	—	3.0	3.7	0.5	—	1.0	1.5
Net OCI	0.7	(0.4)	3.0	3.3	0.5	1.7	1.0	3.2
Balance as of End of Period	$ (5.5)	$ (0.4)	$ (57.2)	$ (63.1)	$ (7.7)	$ 2.1	$ (56.5)	$ (62.1)

Eversource's qualified cash flow hedging instruments represent interest rate swap agreements on debt issuances that were settled in prior years. The settlement amount was recorded in AOCI and is being amortized into Net Income over the term of the underlying debt instrument. CL&P, NSTAR Electric and PSNH continue to amortize interest rate swaps settled in prior years from AOCI into Interest Expense over the remaining life of the associated long-term debt. Such interest rate swaps are not material to their respective financial statements.

Defined benefit plan OCI amounts before reclassifications relate to actuarial gains and losses and prior service costs that arose during the year and were recognized in AOCI. The unamortized actuarial gains and losses and prior service costs on the defined benefit plans are amortized from AOCI into Other Income, Net over the average future employee service period, and are reflected in amounts reclassified from AOCI. For further information, see Note 1F, "Summary of Significant Accounting Policies - Other Income, Net," and Note 7, "Pension Benefits and Postretirement Benefits Other Than Pension."

12. COMMON SHARES

The following table sets forth the Eversource parent common shares and the shares of common stock of CL&P, NSTAR Electric and PSNH that were authorized and issued, as well as the respective per share par values:

	Shares			
		Authorized as of March 31, 2018 and	Issued as of	
	Par Value	December 31, 2017	March 31, 2018	December 31, 2017
Eversource	$ 5	380,000,000	333,878,402	333,878,402
CL&P	$ 10	24,500,000	6,035,205	6,035,205
NSTAR Electric	$ 1	100,000,000	200	200
PSNH	$ 1	100,000,000	301	301

As of both March 31, 2018 and December 31, 2017, there were 16,992,594 Eversource common shares held as treasury shares. As of both March 31, 2018 and December 31, 2017, there were 316,885,808 Eversource common shares outstanding.

13. COMMON SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS

Dividends on the preferred stock of CL&P and NSTAR Electric totaled $1.9 million for each of the three months ended March 31, 2018 and 2017. These dividends were presented as Net Income Attributable to Noncontrolling Interests on the Eversource statements of income. Noncontrolling Interest – Preferred Stock of Subsidiaries on the Eversource balance sheets totaled $155.6 million as of March 31, 2018 and December 31, 2017. On the Eversource balance sheets, Common Shareholders' Equity was fully attributable to the parent and Noncontrolling Interest – Preferred Stock of Subsidiaries was fully attributable to the noncontrolling interest.

14. EARNINGS PER SHARE

Basic EPS is computed based upon the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of common shares outstanding plus the potential dilutive effect of certain share-based compensation awards as if they were converted into common shares. The dilutive effect of unvested RSU and performance share awards is calculated using the treasury stock method. RSU and performance share awards are included in basic weighted average common shares outstanding as of the date that all necessary vesting conditions have been satisfied. For the three months ended March 31, 2018 and 2017, there were no antidilutive share awards excluded from the computation of diluted EPS.

The following table sets forth the components of basic and diluted EPS:

Eversource *(Millions of Dollars, except share information)*	For the Three Months Ended March 31, 2018	March 31, 2017
Net Income Attributable to Common Shareholders	$ 269.5	$ 259.5
Weighted Average Common Shares Outstanding:		
Basic	317,397,052	317,463,151
Dilutive Effect	595,947	661,385
Diluted	317,992,999	318,124,536
Basic and Diluted EPS	$ 0.85	$ 0.82

15. REVENUES

On January 1, 2018, Eversource, including CL&P, NSTAR Electric and PSNH, adopted ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*" using the modified retrospective approach. The core principle of this accounting guidance is that revenue is recognized when promised goods or services (referred to as performance obligations) are transferred to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard uses a five-step model for recognizing and measuring revenue from contracts with customers, which includes identifying the contract with the customer, identifying the performance obligations promised within the contract, determining the transaction price (the amount of consideration to which the company expects to be entitled), allocating the transaction price to the performance obligations and recognizing revenue when (or as) the performance obligation is satisfied.

The following table presents operating revenues disaggregated by revenue source:

Eversource *(Millions of Dollars)*	For the Three Months Ended March 31, 2018 Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Revenue from Contracts with Customers							
Retail Tariff Sales							
Residential	$ 994.4	$ 248.9	$ —	$ 26.4	$ —	$ —	$ 1,269.7
Commercial	611.4	134.7	—	13.8	—	—	759.9
Industrial	81.5	29.5	—	1.0	—	(2.5)	109.5
Total Retail Tariff Sales Revenue	$ 1,687.3	$ 413.1	$ —	$ 41.2	$ —	$ (2.5)	$ 2,139.1
Wholesale Transmission Revenue	$ —	$ —	$ 313.6	$ —	$ 10.1	$ (258.7)	$ 65.0
Wholesale Market Sales Revenue	58.5	17.8	—	0.8	—	—	77.1
Other Revenue from Contracts with Customers	16.0	(0.6)	3.1	4.0	220.8	(221.4)	21.9
Reserve for Revenue Subject to Refund	(19.3)	(4.5)	—	(2.2)	—	—	(26.0)
Total Revenue from Contracts with Customers	$ 1,742.5	$ 425.8	$ 316.7	$ 43.8	$ 230.9	$ (482.6)	$ 2,277.1
Alternative Revenue Programs	8.7	(1.7)	(11.7)	0.7	—	10.6	6.6
Other Revenue	3.4	0.8	—	0.1	—	—	4.3
Total Operating Revenues	$ 1,754.6	$ 424.9	$ 305.0	$ 44.6	$ 230.9	$ (472.0)	$ 2,288.0

(Millions of Dollars)	For the Three Months Ended March 31, 2018 CL&P	NSTAR Electric	PSNH
Revenue from Contracts with Customers			
Retail Tariff Sales			
Residential	$ 483.4	$ 364.2	$ 146.8
Commercial	222.5	314.4	74.9
Industrial	35.8	28.1	17.6
Total Retail Tariff Sales Revenue	$ 741.7	$ 706.7	$ 239.3
Wholesale Transmission Revenue	$ 150.8	$ 118.6	$ 44.2
Wholesale Market Sales Revenue	10.3	24.9	24.1
Other Revenue from Contracts with Customers	7.5	8.3	3.5
Reserve for Revenue Subject to Refund	(12.5)	(3.7)	(3.1)
Total Revenue from Contracts with Customers	$ 897.8	$ 854.8	$ 308.0
Alternative Revenue Programs	(5.1)	6.7	(4.6)
Other Revenue	1.3	1.7	0.4
Eliminations	(109.0)	(93.1)	(36.4)
Total Operating Revenues	$ 785.0	$ 770.1	$ 267.4

Retail Tariff Sales: Regulated utilities provide products and services to their regulated customers under rates, pricing, payment terms and conditions of service, regulated by each state regulatory agency. The arrangement whereby a utility provides commodity service to a customer for a price approved by the respective state regulatory commission is referred to as a tariff sale contract, and the tariff governs all aspects of the provision of regulated services by utilities. The majority of revenue for Eversource, CL&P, NSTAR Electric and PSNH is derived from regulated retail tariff sales for the sale and distribution of electricity, natural gas and water to residential, commercial and industrial retail customers.

The utility's performance obligation for the regulated tariff sales is to provide electricity, natural gas or water to the customer as demanded.
The promise to provide the commodity represents a single performance obligation, as it is a promise to transfer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by the utility, and the utility satisfies its performance obligation. Revenue is recognized based on the output method as there is a directly observable output to the customer (electricity, natural gas or water units delivered to the customer and immediately consumed). Each Eversource utility is entitled to be compensated for performance completed to date (service taken by the customer) until service is terminated.

In regulated tariff sales, the transaction prices are the rates approved by the respective state regulatory commissions. In general, rates can only be changed through formal proceedings with the state regulatory commissions. These rates are designed to recover the costs to provide service to customers and include a return on investment. Regulatory commission-approved tracking mechanisms are included in these rates and are also used to recover, on a fully-reconciling basis, certain costs, such as the procurement of energy supply, retail transmission charges, energy efficiency program costs, net metering for distributed generation, and restructuring and stranded costs. These tracking mechanisms result in rates being changed periodically to ensure recovery of actual costs incurred.

Customers may elect to purchase electricity from each Eversource electric utility or may contract separately with a competitive third party supplier. Revenue is not recorded for the sale of the electricity commodity to customers who have contracted separately with these suppliers, only the delivery to a customer, as the utility is acting as an agent on behalf of the third party supplier.

Wholesale Transmission Revenues: The Eversource electric transmission-owning companies (CL&P, NSTAR Electric and PSNH) each own and maintain transmission facilities that are part of an interstate power transmission grid over which electricity is transmitted throughout New England. CL&P, NSTAR Electric and PSNH, as well as most other New England utilities, are parties to a series of agreements that provide for coordinated planning and operation of the region's transmission facilities and the rules by which they acquire transmission services. The Eversource electric transmission-owning companies have a combination of FERC-approved regional and local formula rates that work in tandem to recover all their transmission costs. These rates are part of the ISO-NE Tariff. Regional rates recover the costs of higher voltage transmission facilities that benefit the region and are collected from all New England transmission customers, including the Eversource distribution businesses. Eversource's local rates recover the companies' total transmission revenue requirements, less revenues received from regional rates and other sources, and are collected from Eversource's distribution businesses and other transmission customers. The distribution businesses of Eversource, in turn, recover the FERC approved charges from retail customers through annual or semiannual tracking mechanisms, which are retail tariff sales.

The utility's performance obligation for regulated wholesale transmission sales is to provide transmission services to the customer as demanded. The promise to provide transmission service represents a single performance obligation. The transaction prices are the transmission rate formulas as defined by the ISO-NE Tariff and are regulated and established by FERC. Wholesale transmission revenue is recognized over time as the performance obligation is completed, which occurs as transmission services are provided to customers. The revenue is recognized based on the output method. Each Eversource utility is entitled to be compensated for performance completed to date (e.g., use of the transmission system by the customer).

Wholesale Market Sales Revenues: Wholesale market sales transactions include sales of energy and energy-related products into the ISO-NE wholesale electricity market, sales of natural gas to third party marketers, and also the sale of RECs to various counterparties. ISO-NE oversees the region's wholesale electricity market and administers the transactions and terms and conditions, including payment terms, which are established in the ISO-NE tariff, between the buyers and sellers in the market. Pricing is set by the wholesale market. The wholesale transactions in the ISO-NE market occur on a day-ahead basis or a real-time basis (daily) and are, therefore, short-term. Transactions are tracked and reported by ISO-NE net by the hour, which is the net hourly position of energy sales and purchases by each market participant. Beginning in the first quarter of 2018, the performance obligation for ISO-NE energy transactions is defined to be the net by hour transaction. Revenue is recognized when the performance obligation for these energy sales transactions is satisfied, when the sale occurs and the energy is transferred to the customer. For sales of natural gas, transportation, and natural gas pipeline capacity to third party marketers, revenue is recognized when the performance obligation is satisfied at the point in time the sale occurs and the natural gas or related product is transferred to the marketer. RECs are sold to various counterparties, and revenue is recognized when the performance obligation is satisfied upon transfer of title to the customer through the New England Power Pool Generation Information System.

Other Revenue from Contracts with Customers: Other revenue from contracts with customers primarily includes property rentals that are not deemed leases. These revenues are generally recognized on a straight-line basis over time as the service is provided to the customer.

Reserve for Revenue Subject to Refund: Current base rates include an estimate of income taxes, which was based on the U.S. federal corporate income tax rate in effect at the time of the rate proceeding. In the first quarter of 2018, Eversource established a reserve of $26.0 million, recorded as a reduction to revenue, to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Eversource will refund these amounts to customers through various rate mechanisms in the future. Effective February 1, 2018, NSTAR Electric's base rates charged to customers have been adjusted to reflect the new federal income tax rate, and effective May 1, 2018, CL&P's rates charged to customers reflect the new income tax rate.

Alternative Revenue Programs: In accordance with accounting guidance for rate-regulated operations, certain of Eversource's utilities' rate making mechanisms qualify as alternative revenue programs ("ARPs") if they meet specified criteria, in which case revenues may be recognized prior to billing based on allowed levels of collection in rates. Eversource's utility companies recognize revenue and record a regulatory asset or liability once the condition or event allowing for the automatic adjustment of future rates occurs. ARP revenues include both the recognition of the deferral adjustment to ARP revenues, when the regulator-specified condition or event allowing for additional billing or refund has occurred, and an equal and offsetting reversal of the ARP deferral to revenues as those amounts are reflected in the price of service in subsequent periods.

Eversource's ARPs include the revenue decoupling mechanism and annual reconciliation adjustment to transmission formula rates, described below.

- Certain Eversource electric, natural gas and water companies, including CL&P and NSTAR Electric, have revenue decoupling mechanism approved by a regulatory commission ("decoupled companies"). Decoupled companies' distribution revenues are not directly based on sales volumes. The decoupled companies reconcile their annual base distribution rate recovery to pre-established levels of baseline distribution delivery service revenues, with any difference between the allowed level of distribution revenue and the actual amount realized adjusted through subsequent rates.

- The transmission formula rates provide for the annual reconciliation and recovery or refund of estimated costs to actual costs. The financial impacts of differences between actual and estimated costs are deferred for future recovery from, or refund to, transmission customers. This transmission deferral reconciles billed transmission revenues to the revenue requirement for our transmission businesses.

Other Revenues: Other Revenues include certain fees charged to customers and lease revenue that are not considered revenue from contracts with customers.

Intercompany Eliminations: Intercompany eliminations are primarily related to the Eversource electric transmission revenues that are derived from ISO-NE regional transmission charges to the distribution businesses of CL&P, NSTAR Electric and PSNH that recover the costs of the wholesale transmission business and revenues from Eversource's service company. Intercompany revenues and expenses between the Eversource wholesale transmission businesses and the Eversource distribution businesses and from Eversource's service company are eliminated in consolidation and included in "Eliminations" in the table above.

Receivables: Receivables, Net on the balance sheet include trade receivables from our retail customers and receivables arising from ISO-NE billing related to wholesale transmission contracts and wholesale market transactions, sales of natural gas and capacity to marketers, sales of RECs, and property rentals. In general, retail tariff customers and wholesale transmission customers are billed monthly and the payment terms are generally due and payable upon receipt of the bill.

Unbilled Revenues on the balance sheet represent estimated amounts due from retail customers for electricity, natural gas or water delivered to customers but not yet billed. The utility company has satisfied its performance obligation and the customer has received and consumed the commodity as of the balance sheet date, and therefore, the utility company records revenue for those services in the period the services were provided. Only the passage of time is required before the company is entitled to payment for the satisfaction of the performance obligation. Payment from customers is due monthly as services are rendered and amounts are billed. Actual amounts billed to customers when meter readings become available may vary from the estimated amount.

Unbilled revenues are recognized by allocating estimated unbilled sales volumes to the respective customer classes, and then applying an estimated rate by customer class to those sales volumes. Unbilled revenue estimates reflect seasonality, weather, customer usage patterns, customer rates in effect for customer classes, and the timing of customer billing. The companies that have a decoupling mechanism record a regulatory deferral to reflect the actual allowed amount of revenue associated with their respective decoupled distribution rate design.

Practical Expedients: Eversource has elected practical expedients in the accounting guidance that allow the company to record revenue in the amount that the company has a right to invoice, if that amount corresponds directly with the value to the customer of the company's performance to date, and not to disclose related unsatisfied performance obligations. Retail and wholesale transmission tariff sales fall into this category, as these sales are recognized as revenue in the period the utility provides the service and completes the performance obligation, which is the same as the monthly amount billed to customers. There are no other material revenue streams for which Eversource has unsatisfied performance obligations.

16. SEGMENT INFORMATION

Presentation: Eversource is organized among the Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution reportable segments and Other based on a combination of factors, including the characteristics of each segments' services, the sources of operating revenues and expenses and the regulatory environment in which each segment operates. These reportable segments represent substantially all of Eversource's total consolidated revenues. Revenues from the sale of electricity, natural gas and water primarily are derived from residential, commercial and industrial customers and are not dependent on any single customer. The Electric Distribution reportable segment includes the results of PSNH's generation facilities and NSTAR Electric's solar power facilities. Eversource's reportable segments are determined based upon the level at which Eversource's chief operating decision maker assesses performance and makes decisions about the allocation of company resources. On December 4, 2017, Eversource acquired Aquarion, which was considered to be a new operating segment, water distribution. Though the water distribution segment does not meet quantitative thresholds under the segment reporting accounting guidance, based on qualitative factors including the nature of the water distribution business, Water Distribution was deemed a reportable segment beginning in the first quarter of 2018.

The remainder of Eversource's operations is presented as Other in the tables below and primarily consists of 1) the equity in earnings of Eversource parent from its subsidiaries and intercompany interest income, both of which are eliminated in consolidation, and interest expense related to the debt of Eversource parent, 2) the revenues and expenses of Eversource Service, most of which are eliminated in consolidation, 3) the operations of CYAPC and YAEC, and 4) the results of other unregulated subsidiaries, which are not part of its core business. In addition, Other in the tables below includes Eversource parent's equity ownership interests in certain natural gas pipeline projects owned by Enbridge, Inc., the Bay State Wind project, a renewable energy investment fund, and two companies that transmit hydroelectricity imported from the Hydro-Quebec system in Canada. In the ordinary course of business, Yankee Gas and NSTAR Gas purchase natural gas transmission services from the Enbridge, Inc. natural gas pipeline projects described above. These affiliate transaction costs total approximately $62.5 million annually and are classified as Purchased Power, Fuel and Transmission on the Eversource statements of income.

Each of Eversource's subsidiaries, including CL&P, NSTAR Electric and PSNH, has one reportable segment.

Cash flows used for investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred but not paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense.

Eversource's segment information is as follows:

	For the Three Months Ended March 31, 2018 [1]						
Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Water Distribution**	**Other**	**Eliminations**	**Total**
Operating Revenues	$ 1,754.6	$ 424.9	$ 305.0	$ 44.6	$ 230.9	$ (472.0)	$ 2,288.0
Depreciation and Amortization	(144.4)	(26.4)	(56.6)	(10.7)	(12.0)	0.6	(249.5)
Other Operating Expenses	(1,443.5)	(312.6)	(83.2)	(23.9)	(204.7)	471.9	(1,596.0)
Operating Income	$ 166.7	$ 85.9	$ 165.2	$ 10.0	$ 14.2	$ 0.5	$ 442.5
Interest Expense	$ (47.4)	$ (11.1)	$ (29.7)	$ (8.4)	$ (31.9)	$ 7.4	$ (121.1)
Other Income, Net	19.6	2.0	8.0	(0.6)	360.1	(355.3)	33.8
Net Income Attributable to Common Shareholders	104.2	57.8	107.4	1.5	346.0	(347.4)	269.5
Cash Flows Used for Investments in Plant	236.0	70.4	239.2	19.0	42.7	—	607.3

	For the Three Months Ended March 31, 2017						
Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Water Distribution**	**Other**	**Eliminations**	**Total**
Operating Revenues	$ 1,401.1	$ 403.6	$ 316.9	$ —	$ 236.3	$ (252.8)	$ 2,105.1
Depreciation and Amortization	(129.8)	(21.7)	(50.6)	—	(9.2)	0.5	(210.8)
Other Operating Expenses	(1,048.9)	(290.2)	(90.2)	—	(216.8)	252.8	(1,393.3)
Operating Income	$ 222.4	$ 91.7	$ 176.1	$ —	$ 10.3	$ 0.5	$ 501.0
Interest Expense	$ (48.2)	$ (10.6)	$ (28.1)	$ —	$ (19.7)	$ 3.2	$ (103.4)
Other Income, Net	12.0	0.9	5.1	—	329.1	(325.5)	21.6
Net Income Attributable to Common Shareholders	114.1	50.8	94.2	—	322.2	(321.8)	259.5
Cash Flows Used for Investments in Plant	236.2	64.5	192.6	—	30.3	—	523.6

(1) Effective January 1, 2018, upon implementation of the new revenue accounting guidance, the electric distribution segment is presented gross and intercompany transmission billings are presented in the eliminations column, as Eversource believes that the electric distribution segment acts as a principal, rather than an agent, in its contracts with retail customers. Retail customers contract directly with the electric distribution utility and do not differentiate between distribution and transmission services. Therefore, the electric distribution segment revenues, which are derived from retail customer billings, are presented gross of the eliminations. Prior to 2018, the electric distribution segment presented intercompany electric transmission billings net, based on indicators of net presentation prior to the new revenue guidance. See Note 15, "Revenues," regarding accounting for revenues.

The following table summarizes Eversource's segmented total assets:

Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Water Distribution**	**Other**	**Eliminations**	**Total**
As of March 31, 2018	$ 21,167.9	$ 3,636.8	$ 9,833.2	$ 2,487.9	$ 16,586.5	$ (16,672.3)	$ 37,040.0
As of December 31, 2017	19,250.4	3,595.2	9,401.2	2,470.0	15,933.8	(14,430.2)	36,220.4

17. ACQUISITION OF AQUARION

On December 4, 2017, Eversource acquired Aquarion from Macquarie Infrastructure Partners for $1.675 billion, a purchase price consisting of approximately $880 million in cash and $795 million of assumed Aquarion debt. Aquarion is a holding company primarily engaged, through its three separate regulated water utility subsidiaries, in the water collection, treatment and distribution business, and operates in Connecticut, Massachusetts and New Hampshire. These regulated utilities collect, treat and distribute water to residential, commercial and industrial customers, to other utilities for resale, and for private and municipal fire protection. Aquarion and its subsidiaries became wholly-owned subsidiaries of Eversource, and Eversource's consolidated financial information includes Aquarion and its subsidiaries' activity beginning December 4, 2017.

The approximate $880 million cash purchase price included the $745 million equity purchase price and a $135 million shareholder loan, paid at closing.

Purchase Price Allocation: The purchase price allocation reflects a measurement period adjustment recorded as of March 31, 2018 to revise the fair value of Aquarion's regulated debt. The $7.9 million increase to the fair value of Long-Term Debt and corresponding increase to Regulatory Assets, included within Other Noncurrent Assets, excluding Goodwill in the table below, will be amortized over the life of the related debt.

The preliminary allocation of the cash purchase price is as follows:

(Millions of Dollars)		
Current Assets	$	41.2
PP&E		1,034.9
Goodwill		907.9
Other Noncurrent Assets, excluding Goodwill		215.5
Current Liabilities		(121.9)
Noncurrent Liabilities		(421.6)
Long-Term Debt		(778.3)
Total Cash Purchase Price	$	877.7

EVERSOURCE ENERGY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related combined notes included in this combined Quarterly Report on Form 10-Q, as well as the Eversource 2017 Form 10-K. References in this combined Quarterly Report on Form 10-Q to "Eversource," the "Company," "we," "us," and "our" refer to Eversource Energy and its consolidated subsidiaries. All per-share amounts are reported on a diluted basis. The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P are herein collectively referred to as the "financial statements."

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The only common equity securities that are publicly traded are common shares of Eversource. The earnings and EPS of each business discussed below do not represent a direct legal interest in the assets and liabilities of such business but rather represent a direct interest in our assets and liabilities as a whole. EPS by business is a financial measure not recognized under GAAP calculated by dividing the Net Income Attributable to Common Shareholders of each business by the weighted average diluted Eversource common shares outstanding for the period. We use this non-GAAP financial measure to evaluate and provide details of earnings results by business. We believe that the non-GAAP presentation is a meaningful representation of our financial performance and provides additional and useful information to readers of this report in analyzing historical and future performance by business. This non-GAAP financial measure should not be considered as an alternative to reported Net Income Attributable to Common Shareholders or EPS determined in accordance with GAAP as an indicator of operating performance.

From time to time, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to:

- cyberattacks or breaches, including those resulting in the compromise of the confidentiality of our proprietary information and the personal information of our customers,
- acts of war or terrorism, physical attacks or grid disturbances that may damage and disrupt our transmission and distribution systems,
- ability or inability to commence and complete our major strategic development projects and opportunities,
- actions or inaction of local, state and federal regulatory, public policy and taxing bodies,
- substandard performance of third-party suppliers and service providers,
- fluctuations in weather patterns, including extreme weather due to climate change,
- changes in business conditions, which could include disruptive technology related to our current or future business model,
- increased conservation measures of customers and development of alternative energy sources,
- contamination of or disruption in our water supplies,
- changes in economic conditions, including impact on interest rates, tax policies, and customer demand and payment ability,
- changes in levels or timing of capital expenditures,
- disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly,
- changes in laws, regulations or regulatory policy, including compliance with environmental laws and regulations,
- changes in accounting standards and financial reporting regulations,
- actions of rating agencies, and
- other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated as necessary, and we encourage you to consult such disclosures.

All such factors are difficult to predict and contain uncertainties that may materially affect our actual results, many of which are beyond our control. You should not place undue reliance on the forward-looking statements, as each speaks only as of the date on which such statement is made, and, except as required by federal securities laws, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For more information, see Item 1A, Risk Factors, included in this combined Quarterly Report on Form 10-Q and in Eversource's 2017 combined Annual Report on Form 10-K. This combined Quarterly Report on Form 10-Q and Eversource's 2017 combined Annual Report on Form 10-K also describe material contingencies and critical accounting policies in the accompanying *Management's Discussion and Analysis of Financial Condition and Results of Operations and Combined Notes to Financial Statements*. We encourage you to review these items.

Financial Condition and Business Analysis

Executive Summary

The following items in this executive summary are explained in more detail in this combined Quarterly Report on Form 10-Q:

Results:

- We earned $269.5 million, or $0.85 per share, in the first quarter of 2018, compared with $259.5 million, or $0.82 per share, in the first quarter of 2017.

- Our electric distribution segment earned $104.2 million, or $0.33 per share, in the first quarter of 2018, compared with $114.1 million, or $0.36 per share, in the first quarter of 2017. Our electric transmission segment earned $107.4 million, or $0.34 per share, in the first quarter of 2018, compared with $94.2 million, or $0.30 per share, in the first quarter of 2017. Our natural gas distribution segment earned $57.8 million, or $0.18 per share, in the first quarter of 2018, compared with $50.8 million, or $0.16 per share, in the first quarter of 2017. Our water distribution segment earned $1.5 million in the first quarter of 2018.

- Eversource parent and other companies had a net loss of $1.4 million in the first quarter of 2018, compared with earnings of $0.4 million in the first quarter of 2017.

Liquidity:

- Cash flows provided by operating activities totaled $177.7 million in the first quarter of 2018, compared with $445.3 million in the first quarter of 2017. Investments in property, plant and equipment totaled $607.3 million in the first quarter of 2018, compared with $523.6 million in the first quarter of 2017. Cash and cash equivalents totaled $303.8 million as of March 31, 2018, compared with $38.2 million as of December 31, 2017.

- In the first quarter of 2018, we issued $1.15 billion of new long-term debt, consisting of $650 million by Eversource parent and $500 million by CL&P. Proceeds from these new issuances were used primarily to repay short-term borrowings and repay long-term debt at maturity. In the first quarter of 2018, Eversource repaid, at maturity, $150 million of previously issued long-term debt at Eversource parent.

- On February 7, 2018, our Board of Trustees approved a common share dividend payment of $0.505 per share, which was paid on March 30, 2018 to shareholders of record as of March 6, 2018. On May 2, 2018, our Board of Trustees approved a common share dividend payment of $0.505 per share, payable on June 29, 2018, to shareholders of record as of May 24, 2018.

Strategic, Legislative, Regulatory, Policy and Other Items:

- On March 30, 2018, the NHSEC released its written decision to deny Northern Pass' siting application. NPT reviewed the written decision and filed a motion for rehearing with the NHSEC on April 27, 2018. On March 28, 2018, based on the NHSEC's oral decision on February 1, 2018, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified Northern Pass that the EDCs had terminated its conditional selection and all contract negotiations.

- On April 2, 2018, Bay State Wind submitted to DEEP its proposal, called Constitution Wind, to deliver approximately 200 MW of energy through the development of an offshore wind project in the Bay State Wind lease area, which is incremental to the projects proposed in the Massachusetts RFP.

- On March 27, 2018, the FERC ALJ issued an initial decision in the fourth complaint, finding that the current base ROE of 10.57 percent, which has an incentive cap ROE of 11.74 percent, is not unjust and not unreasonable.

- On April 18, 2018, PURA approved the CL&P distribution rate case settlement agreement, which included, among other things, rate increases of $64.3 million, $31.1 million, and $29.2 million, effective May 1, 2018, 2019, and 2020, respectively, an authorized regulatory ROE of 9.25 percent, 53 percent common equity in CL&P's capital structure, and a new capital tracker for capital expenditures and for capital additions for system resiliency and grid modernization. In addition, the rates charged to customers were adjusted to reflect the impacts of a lower federal income tax rate from the Tax Cuts and Jobs Act.

Overview

Consolidated: Below is a summary of our earnings by business, which also reconciles the non-GAAP financial measure of EPS by business to the most directly comparable GAAP measure of diluted EPS, for the first quarter of 2018 and 2017.

	For the Three Months Ended March 31,			
	2018		2017	
(Millions of Dollars, Except Per Share Amounts)	Amount	Per Share	Amount	Per Share
Net Income Attributable to Common Shareholders (GAAP)	$ 269.5	$ 0.85	$ 259.5	$ 0.82
Regulated Companies	$ 270.9	$ 0.85	$ 259.1	$ 0.82
Eversource Parent and Other Companies	(1.4)	—	0.4	—
Net Income Attributable to Common Shareholders (GAAP)	$ 269.5	$ 0.85	$ 259.5	$ 0.82

Regulated Companies: Our regulated companies comprise the electric distribution (including PSNH's remaining hydroelectric generation facilities and NSTAR Electric's solar power facilities), electric transmission, natural gas distribution and water distribution segments. A summary of our segment earnings and EPS is as follows:

	For the Three Months Ended March 31,			
	2018		2017	
(Millions of Dollars, Except Per Share Amounts)	Amount	Per Share	Amount	Per Share
Electric Distribution	$ 104.2	$ 0.33	$ 114.1	$ 0.36
Electric Transmission	107.4	0.34	94.2	0.30
Natural Gas Distribution	57.8	0.18	50.8	0.16
Water Distribution	1.5	—	N/A	N/A
Net Income - Regulated Companies	$ 270.9	$ 0.85	$ 259.1	$ 0.82

Our electric distribution segment earnings decreased $9.9 million in the first quarter of 2018, as compared to the first quarter of 2017, due primarily to lower generation earnings due to the sale of PSNH's thermal generation assets on January 10, 2018, higher non-tracked operations and maintenance expense, higher depreciation expense, and higher property tax expense. The earnings decrease was partially offset by a lower effective tax rate resulting from the Tax Cuts and Jobs Act.

Our electric transmission segment earnings increased $13.2 million in the first quarter of 2018, as compared to the first quarter of 2017, due primarily to a higher transmission rate base as a result of our continued investment in our transmission infrastructure.

Our natural gas distribution segment earnings increased $7.0 million in the first quarter of 2018, as compared to the first quarter of 2017, due primarily to an increase in sales volumes and demand revenues driven by colder January weather in Connecticut in 2018, as compared to the same period in 2017, as well as growth in new customer base, and a lower effective tax rate resulting from the Tax Cuts and Jobs Act, partially offset by higher operations and maintenance expense.

Our first quarter of 2018 water distribution segment results reflect the earnings of the Aquarion water distribution business, which was acquired on December 4, 2017.

Eversource Parent and Other Companies: Eversource parent and other companies had a net loss of $1.4 million in the first quarter of 2018, compared with earnings of $0.4 million in the first quarter of 2017. The decrease in earnings was due primarily to higher interest expense, partially offset by a lower effective tax rate resulting from the Tax Cuts and Jobs Act.

Electric, Natural Gas and Water Sales Volumes: Weather, fluctuations in energy supply costs, conservation measures (including utility-sponsored energy efficiency programs), and economic conditions affect customer energy usage and water consumption. Industrial sales volumes are less sensitive to temperature variations than residential and commercial sales volumes. In our service territories, weather impacts both electric and water sales volumes during the summer and both electric and natural gas sales volumes during the winter; however, natural gas sales volumes are more sensitive to temperature variations than are electric sales volumes. Customer heating or cooling usage may not directly correlate with historical levels or with the level of degree-days that occur.

Fluctuations in retail electric sales volumes at PSNH impact earnings ("Traditional" in the table below). For CL&P and NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision), fluctuations in retail electric sales volumes do not impact earnings due to their respective regulatory commission approved distribution revenue decoupling mechanisms ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized. For further information on NSTAR Electric's rate case, See "Regulatory Developments and Rate Matters - Massachusetts - NSTAR Electric Distribution Rate Case Decision" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

CL&P and NSTAR Electric reconcile their annual base distribution rate recovery amounts to their respective pre-established levels of baseline distribution delivery service revenues of approximately $1.1 billion (effective May 1, 2018) and $947 million, respectively. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

Fluctuations in natural gas sales volumes in Connecticut impact earnings ("Traditional" in the table below). In Massachusetts, fluctuations in natural gas sales volumes do not impact earnings due to the DPU-approved natural gas distribution revenue decoupling mechanism approved in the last NSTAR Gas rate case decision ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized.

Fluctuations in water sales volumes largely do not impact earnings as our Connecticut water distribution business is decoupled.

A summary of our retail electric GWh sales volumes, our firm natural gas MMcf sales volumes, and our water MG sales volumes, and percentage changes, is as follows:

	For the Three Months Ended March 31, 2018 Compared to 2017								
	Electric			Firm Natural Gas			Water		
	Sales Volumes (GWh)		Percentage Increase/ (Decrease)	Sales Volumes (MMcf)		Percentage Increase/ (Decrease)	Sales Volumes (MG)		Percentage Increase/ (Decrease)
	2018	2017 (1)		2018	2017		2018	2017 (2)	
Traditional:									
Residential	1,543	1,404	9.9 %	7,429	7,093	4.7 %	313	285	9.8 %
Commercial	1,908	1,881	1.4 %	9,000	8,409	7.0 %	92	85	8.2 %
Industrial	396	415	(4.6)%	4,044	3,403	18.8 %	62	62	— %
Total – Traditional	3,847	3,700	4.0 %	20,473	18,905	8.3 %	467	432	8.1 %
Decoupled:									
Residential	4,097	4,020	1.9 %	10,773	10,185	5.8 %	2,926	2,986	(2.0)%
Commercial	4,484	4,649	(3.5)%	9,460	9,130	3.6 %	1,204	1,218	(1.1)%
Industrial	793	803	(1.2)%	1,640	1,709	(4.0)%	227	237	(4.2)%
Total – Decoupled	9,374	9,472	(1.0)%	21,873	21,024	4.0 %	4,357	4,441	(1.9)%
Special Contracts (3)	N/A	N/A	N/A	833	1,217	(31.6)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	9,374	9,472	(1.0)%	22,706	22,241	2.1 %	4,357	4,441	(1.9)%
Total Sales Volumes	13,221	13,172	0.4 %	43,179	41,146	4.9 %	4,824	4,873	(1.0)%

(1) In 2017 and in the month of January 2018, NSTAR Electric operated under two different rate structures (traditional and decoupled) based on its service territory geography. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. The 2017 sales volumes for NSTAR Electric have been recast to present January 2017 as traditional and February through March 2017 as decoupled, to conform to the 2018 presentation for comparative purposes.

(2) Eversource acquired its water distribution business on December 4, 2017. Prior year sales volumes have been presented for comparative purposes.

(3) Special contracts are unique to Yankee Gas natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Retail electric sales volumes at our electric utilities with a traditional rate structure were higher in the first quarter of 2018, as compared to the first quarter of 2017, due primarily to colder weather in January 2018, which was partially offset by milder weather in February and March of 2018, as compared to the same periods in 2017. Heating degree days in January of 2018 were 21.7 percent higher in the Boston metropolitan, and for the first quarter of 2018 were 1.2 percent higher in New Hampshire, as compared to the same periods in 2017.

On January 28, 2016, the DPU approved a three-year energy efficiency plan for NSTAR Electric in Massachusetts, which included recovery of LBR in its eastern Massachusetts service territory until LBR was covered under a decoupled rate structure, which occurred on February 1, 2018. NSTAR Electric recognized LBR of $6.0 million in January 2018, compared to $17.2 million in the first quarter of 2017, and no longer has an LBR mechanism effective February 1, 2018.

Our firm natural gas sales volumes are subject to many of the same influences as our retail electric sales volumes. In addition, they have benefited from customer growth at both of our natural gas distribution companies. Consolidated firm natural gas sales volumes were higher in the first quarter of 2018, as compared to the first quarter of 2017, due primarily to colder weather in January 2018. Heating degree days for the first quarter of 2018 were 2.3 percent higher in Connecticut, as compared to the same period in 2017.

Liquidity

Consolidated: Cash and cash equivalents totaled $303.8 million as of March 31, 2018, compared with $38.2 million as of December 31, 2017. The increase in Cash and cash equivalents was due to the CL&P $500 million long-term debt issuance on March 28, 2018 that was primarily used to redeem $300 million of long-term debt that matured on May 1, 2018.

Long-Term Debt: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	2048	Repay long-term debt due to mature in 2018 and repay short-term borrowings
5.65% 2008 Series A First Mortgage Bonds [1]	May 2008	(300.0)	2018	N/A
PSNH:				
6.00% 2008 Series O First Mortgage Bonds [1]	May 2008	(110.0)	2018	N/A
Eversource Parent:				
2.50% Series I Senior Notes [2]	January 2018	200.0	2021	Repay long-term debt due to mature in 2018 and repay short-term borrowings
3.30% Series M Senior Notes	January 2018	450.0	2028	Repay long-term debt due to mature in 2018
1.60% Series G Senior Notes [3]	January 2015	(150.0)	2018	N/A
1.45% Series E Senior Notes [1]	May 2013	(300.0)	2018	N/A

[1] Represents a repayment at maturity paid on May 1, 2018.
[2] These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount for these notes is now $450 million.
[3] Represents a repayment at maturity paid on January 15, 2018.

Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's $1.45 billion commercial paper program.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's $650 million commercial paper program.

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of March 31, 2018 or December 31, 2017. Eversource's water distribution business has a $100 million revolving credit facility, which expires on August 19, 2019, and there were no amounts outstanding as of March 31, 2018 and $76.0 million outstanding as of December 31, 2017.

The amount of borrowings outstanding and available under the commercial paper programs were as follows:

	Borrowings Outstanding as of		Available Borrowing Capacity as of		Weighted-Average Interest Rate as of	
(Millions of Dollars)	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Eversource Parent Commercial Paper Program	$ 682.3	$ 979.3	$ 767.7	$ 470.7	2.31%	1.86%
NSTAR Electric Commercial Paper Program	367.0	234.0	283.0	416.0	1.75%	1.55%

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, $201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

As of March 31, 2018, there were no intercompany loans from Eversource parent to CL&P and $271.3 million to PSNH. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $276.3 million to Eversource Service as of March 31, 2018. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $115.9 million to Eversource Service and $198.0 million to NSTAR Gas as of December 31, 2017. These intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets. Intercompany loans from Eversource parent are eliminated in consolidation on Eversource's balance sheets.

Cash Flows: Cash flows provided by operating activities totaled $177.7 million in the first quarter of 2018, compared with $445.3 million in the first quarter of 2017. The decrease in operating cash flows was due primarily to an increase of $125.5 million in Pension and PBOP Plan cash contributions made in 2018, as compared to 2017, cash payments made for storm restoration costs of approximately $70 million, the timing of collections of accounts receivable, and the change in income tax payments. Partially offsetting these decreases was the timing of regulatory recoveries.

On February 7, 2018, our Board of Trustees approved a common share dividend payment of $0.505 per share, which was paid on March 30, 2018 to shareholders of record as of March 6, 2018. In the first quarter of 2018, we paid cash dividends of $160.0 million, compared with $150.5 million in the first quarter of 2017. On May 2, 2018, our Board of Trustees approved a common share dividend payment of $0.505 per share, payable on June 29, 2018, to shareholders of record as of May 24, 2018.

In the first quarter of 2018, CL&P, NSTAR Electric and PSNH paid $60.0 million, $161.0 million, and $150.0 million, respectively, in common stock dividends to Eversource parent.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension and PBOP expense. In the first quarter of 2018, investments for Eversource, CL&P, NSTAR Electric, and PSNH were $607.3 million, $202.1 million, $192.0 million, and $72.3 million respectively.

Business Development and Capital Expenditures

Our consolidated capital expenditures, including amounts incurred but not paid, cost of removal, AFUDC, and the capitalized portions of pension and PBOP expense (all of which are non-cash factors), totaled $496.2 million in the first quarter of 2018, compared to $446.4 million in the first quarter of 2017. These amounts included $30.9 million and $21.5 million in the first quarter of 2018 and 2017, respectively, related to information technology and facilities upgrades and enhancements, primarily at Eversource Service and The Rocky River Realty Company.

Offshore Wind Projects: Bay State Wind is a proposed offshore wind project being jointly developed by Eversource and Denmark-based Ørsted. Bay State Wind will be located in a 300-square-mile area of the Atlantic Ocean approximately 25 miles off the coast of Massachusetts that has the ultimate potential to generate at least 2,000 MW of clean, renewable energy. Eversource and Ørsted each hold a 50 percent ownership interest in Bay State Wind.

In August 2016, Massachusetts passed clean energy legislation that requires EDCs to jointly solicit RFPs and enter into long-term contracts for offshore wind, creating RFP opportunities for projects like Bay State Wind. On June 29, 2017, the Massachusetts RFP was issued, seeking bids for a minimum of 400 MW of offshore wind capacity. The RFP stated that bids of up to 800 MW would be considered, provided they demonstrated significant net economic benefits to customers. On December 20, 2017, Bay State Wind submitted two proposals, one for 400 MW and the other for 800 MW, in response to the Massachusetts clean energy RFP. On April 17, 2018, in response to a request to update pricing as a result of the Tax Cuts and Jobs Act, Bay State Wind submitted a revised pricing proposal reflecting those impacts.

On January 31, 2018, DEEP issued a RFP seeking proposals for certain Class I energy sources. This RFP included a call for proposals providing up to 825,000 MWh per year (approximately 200 MW) of offshore wind energy. On April 2, 2018, Bay State Wind submitted to DEEP its proposal, called Constitution Wind, to deliver approximately 200 MW of energy through the development of an offshore wind project in the Bay State Wind lease area, which is incremental to the projects proposed in the Massachusetts RFP.

For more information regarding the clean energy legislation, see "Regulatory Developments and Rate Matters – Connecticut – Clean Energy RFP" and "Regulatory Developments and Rate Matters – Massachusetts – Massachusetts RFPs" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Electric Transmission Business:

Our consolidated electric transmission business capital expenditures increased by $31.3 million in the first quarter of 2018, as compared to the first quarter of 2017. A summary of electric transmission capital expenditures by company is as follows:

	For the Three Months Ended March 31,	
(Millions of Dollars)	2018	2017
CL&P	$ 101.1	$ 79.9
NSTAR Electric	53.7	57.8
PSNH	33.4	21.6
NPT	12.1	9.7
Total Electric Transmission Segment	$ 200.3	$ 169.0

Northern Pass: Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire.

Northern Pass has achieved several key milestones, including the following:

- Receiving NHPUC approval on February 12, 2018 for the proposed lease of certain land and easement rights from PSNH to NPT, concluding that the lease is in the public interest;
- Receiving the U.S. Forest Service Record of Decision on January 5, 2018, which allows NPT to install approximately 11 miles of underground transmission lines in areas along existing roads through the White Mountain National Forest;
- Receiving the Province of Québec permit granted to HQ on December 21, 2017 to construct the hydroelectric transmission line that will connect at the border of New Hampshire;
- Receiving the DOE Record of Decision and Presidential Permit on November 16, 2017, which will allow construction of transmission facilities at the Québec-New Hampshire border; and
- Receiving the DOE final Environmental Impact Statement issued on August 10, 2017, which concluded that the proposed Northern Pass route is the preferred alternative, providing substantial benefits with only minimal impacts.

On January 25, 2018, Northern Pass was selected from the 46 proposals submitted as the winning bidder in the Massachusetts clean energy request for proposal ("RFP"), which successfully positioned Northern Pass to provide a firm delivery of hydropower to Massachusetts. On February 1, 2018, the NHSEC voted to deny Northern Pass' siting application. On March 30, 2018, the NHSEC released its written decision confirming this denial. NPT reviewed the written decision and filed a motion for rehearing with the NHSEC on April 27, 2018. On March 28, 2018, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified Northern Pass that the EDCs had terminated its conditional selection and all contract negotiations.

As of March 31, 2018, we had approximately $289 million in capitalized costs associated with Northern Pass. The NHSEC decision denying Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount is recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs are recoverable based on our expectation that the Northern Pass project remains probable of being placed in service.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. If as a result of future events and changes in circumstances a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass project costs to the estimated fair value, which could result in most of our $289 million of capitalized project costs being written off. Such a write off could have a material adverse effect on our financial position and results of operations.

For more information regarding the Massachusetts clean energy RFP, see "Regulatory Developments and Rate Matters - Massachusetts -Massachusetts RFPs" in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Greater Boston Reliability Solution: In February 2015, ISO-NE selected the Greater Boston and New Hampshire Solution (the "Solution"), proposed by Eversource and National Grid, to satisfy the requirements identified in the Greater Boston study. The Solution consists of a portfolio of electric transmission upgrades in southern New Hampshire and northern Massachusetts and continuing into the greater Boston metropolitan area, of which 28 upgrades are in Eversource's service territory. The NHSEC issued its written order approving the New Hampshire upgrades on October 4, 2016. All of the New Hampshire upgrades, including the Merrimack Valley Reliability Project, have been completed and placed in service. We are currently pursuing the necessary regulatory and siting application approvals in Massachusetts. To date, we have received approval for four of these projects from the Massachusetts Energy Facilities Siting Board. Construction has also begun on multiple smaller projects, several of which have been placed in service. All upgrades are expected to be completed by the end of 2019. We estimate our portion of the investment in the Solution will be approximately $560 million, of which $254.1 million has been capitalized through March 31, 2018.

GHCC: The Greater Hartford Central Connecticut ("GHCC") projects, which have been approved by ISO-NE, consist of 27 projects with an expected investment of approximately $350 million that are expected to be placed in service through 2019. As of March 31, 2018, 18 projects have been placed in service, and six projects are in active construction. As of March 31, 2018, CL&P had capitalized $216.0 million in costs associated with GHCC.

Seacoast Reliability Project: On April 12, 2016, PSNH filed a siting application with the NHSEC for the Seacoast Reliability Project, a 13-mile, 115kV transmission line within several New Hampshire communities, which proposes to use a combination of overhead, underground and underwater line design to help meet the growing demand for electricity in the Seacoast region. In June 2016, the NHSEC accepted the application as complete. On February 28, 2018, the New Hampshire Department of Environmental Services issued a final decision and recommended approval of the application to the NHSEC. As a result, the NHSEC decision is expected in late 2018 or early 2019. This project is scheduled to be completed by the end of 2019. We estimate the investment in this project to be approximately $84 million, of which PSNH had capitalized $25.5 million in costs through March 31, 2018.

Distribution Business:

A summary of distribution capital expenditures is as follows:

	For the Three Months Ended March 31,						
(Millions of Dollars)	**CL&P**	**NSTAR Electric**	**PSNH**	**Total Electric**	**Natural Gas**	**Water**	**Total**
2018							
Basic Business	$ 49.8	$ 38.7	$ 17.6	$ 106.1	$ 10.0	$ 2.2	$ 118.3
Aging Infrastructure	22.7	20.1	19.9	62.7	28.7	9.2	100.6
Load Growth and Other	13.3	2.7	3.6	19.6	4.7	0.4	24.7
Total Distribution	85.8	61.5	41.1	188.4	43.4	11.8	243.6
Generation	—	21.0	0.4	21.4	—	—	21.4
Total	$ 85.8	$ 82.5	$ 41.5	$ 209.8	$ 43.4	$ 11.8	$ 265.0
2017							
Basic Business	$ 42.9	$ 35.3	$ 17.8	$ 96.0	$ 15.8	N/A	$ 111.8
Aging Infrastructure	40.6	18.9	19.4	78.9	29.0	N/A	107.9
Load Growth and Other	9.5	13.5	4.3	27.3	6.0	N/A	33.3
Total Distribution	93.0	67.7	41.5	202.2	50.8	N/A	253.0
Generation	—	0.6	2.3	2.9	—	N/A	2.9
Total	$ 93.0	$ 68.3	$ 43.8	$ 205.1	$ 50.8	N/A	$ 255.9

For the electric distribution business, basic business includes the purchase of meters, tools, vehicles, information technology, transformer replacements, equipment facilities, and the relocation of plant. Aging infrastructure relates to reliability and the replacement of overhead lines, plant substations, underground cable replacement, and equipment failures. Load growth and other includes requests for new business and capacity additions on distribution lines and substation additions and expansions.

For the natural gas distribution business, basic business addresses daily operational needs including meters, pipe relocations due to public works projects, vehicles, and tools. Aging infrastructure projects seek to improve the reliability of the system through enhancements related to cast iron and bare steel replacement of main and services, corrosion mediation, and station upgrades. Load growth and other reflects growth in existing service territories including new developments, installation of services, and expansion.

For the water distribution business, basic business addresses daily operational needs including periodic meter replacement, water main relocation, facility maintenance, and tools. Aging infrastructure relates to reliability and the replacement of water mains, regulators, storage tanks, pumping stations, wellfields, reservoirs, and treatment facilities. Load growth and other reflects growth in our territory including improvements to acquisitions, installation of new services, and interconnections of systems.

FERC Regulatory Matters

FERC ROE Complaints: Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, filed on October 1, 2011, December 27, 2012, and July 31, 2014, respectively, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods.

The ROE billed during the period October 1, 2011 (beginning of the first complaint period) through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") at 11.74 percent for the first complaint period. This was also effective for all prospective billings to customers beginning October 16, 2014. This FERC order was vacated on April 14, 2017 by the U.S. Court of Appeals for the D.C. Circuit (the "Court").

All amounts associated with the first complaint period have been refunded. Eversource has recorded a reserve of $39.1 million (pre-tax and excluding interest) for the second complaint period as of March 31, 2018. This reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH as of March 31, 2018.

In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the incentive cap of 11.74 percent, asserting that these ROEs were unjust and unreasonable. Hearings on the fourth complaint were held in December 2017 before the FERC Administrative Law Judge ("ALJ"). On March 27, 2018, the FERC ALJ issued an initial decision in that complaint, finding that the current base ROE of 10.57 percent, which has an incentive cap ROE of 11.74 percent, is not unjust and not unreasonable.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. No events in 2017 or 2018 provided a reasonable basis for a change to the reserve balance of $39.1 million (pre-tax and excluding interest) for the second complaint period, and the Company has not changed its reserve or recognized ROEs for any of the complaint periods. Eversource, CL&P, NSTAR Electric and PSNH currently record revenues at the 10.57 percent base ROE and incentive cap at 11.74 percent established in the October 16, 2014 FERC order.

At this time, the Company cannot predict the timing or ultimate effect of the Court decision or future FERC action on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric or PSNH.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

Regulatory Developments and Rate Matters

Electric, Natural Gas and Water Base Distribution Rates:

The regulated companies' distribution rates are set by their respective state regulatory commissions, and their tariffs include mechanisms for periodically adjusting their rates for the recovery of specific incurred costs. Other than as described below, for the first quarter of 2018, changes made to the regulated companies' rates did not have a material impact on their earnings, financial position, or cash flows. For further information, see "Financial Condition and Business Analysis – Regulatory Developments and Rate Matters" included in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," of the Eversource 2017 Form 10-K.

U.S. Federal Corporate Income Taxes:

On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, this act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. For our regulated companies, the most significant changes will be (1) the benefit of incurring a lower federal income tax expense, which we expect to be passed back to customers, and (2) the provisional regulated excess ADIT liabilities that we expect will benefit our customers in future periods, which were estimated to be approximately $2.9 billion and recognized as regulatory liabilities as of March 31, 2018.

We are currently working with our state regulatory commissions, who have opened investigations to examine the impact of this act on customer rates. As part of this regulatory process, each of our utility companies is quantifying, or has quantified, the refund amount being deferred in current rates and the excess ADIT, and is working on proposals with estimated timing to refund these amounts to customers, which will be, or have already been, submitted in filings to the state regulatory commissions. On March 15, 2018, the FERC issued a notice requesting comments from FERC-regulated utilities on whether and how the FERC should address changes in ADIT as a result of this act. Effective January 1, 2018, the transmission formula rates were updated to reflect the lower income tax expense that resulted from the act's reduction to the U.S. corporate federal income tax rate, which impacts only the revenue we currently bill customers, not the excess ADIT.

We will continue to evaluate the impacts of the Tax Cuts and Jobs Act on our statement of financial position, results of operations, and cash flows. The impacts will vary depending on the ultimate amount and timing of when certain income tax benefits will benefit our customers, and will vary by jurisdiction.

Major Storms:

A storm must meet certain criteria to qualify as a major storm with the criteria specific to each state jurisdiction and utility company. Once a storm qualifies as a major storm, all qualifying expenses incurred during storm restoration efforts are deferred and recovered from customers. In March 2018, several significant storms caused extensive damage to our electric distribution systems and significant customer outages across all three states, resulting in deferred storm restoration costs of approximately $156 million ($52 million for CL&P, $100 million for NSTAR Electric, and $4 million for PSNH). Management believes the storm restoration costs were prudent and meet the criteria for specific cost recovery in Connecticut, Massachusetts and New Hampshire, and that recovery from customers is probable through the applicable regulatory recovery process.

Connecticut:

CL&P Rate Case Settlement: On April 18, 2018, PURA approved the distribution rate case settlement agreement that was reached by CL&P, the Prosecutorial Unit of PURA, and the OCC on December 15, 2017, as amended on March 23, 2018. The distribution rate case settlement agreement included, among other things, rate increases of $64.3 million, $31.1 million, and $29.2 million, effective May 1, 2018, 2019, and 2020, respectively, an authorized regulatory ROE of 9.25 percent, 53 percent common equity in CL&P's capital structure, and a new capital tracker for capital expenditures and for capital additions for system resiliency and grid modernization. In addition, the rates charged to customers were adjusted to reflect the impacts of a lower federal income tax rate from the Tax Cuts and Jobs Act. Amounts related to the excess ADIT liabilities will be addressed in a separate proceeding. The settlement agreement also incorporated $18.6 million of rate base recovery for catastrophic storms occurring after December 31, 2016, subject to a future storm filing.

Clean Energy RFP: On January 31, 2018, pursuant to Section 8 of Public Act 13-303, "An Act Concerning Connecticut's Clean Energy Goals," as amended by Section 10 of Public Act 17-144, "An Act Promoting the Use of Fuel Cells for Electric Distribution System Benefits and Reliability and Amending Various Energy-Related Programs and Requirements," DEEP issued the Connecticut Clean Energy RFP, seeking bids from developers of qualified offshore wind, fuel cell and anaerobic digestion Class I resources. The maximum authorized procurement for qualified clean energy and RECs is 899,250 MWh per year, of which no more than 825,000 MWh per year may be provided by offshore wind, which in aggregate is the equivalent to the output of an approximate 200 MW facility. Energy deliveries under any resulting agreement must begin no earlier than July 1, 2019 and no later than December 31, 2025. The Connecticut EDC's, including CL&P, will be part of the evaluation team responsible for conducting an evaluation and ranking bids received.

On April 2, 2018, Eversource and Ørsted submitted a proposal to the DEEP to deliver approximately 200 MW of energy and RECs from Constitution Wind, an offshore wind project to be developed in the Bay State Wind lease area. Constitution Wind is incremental to the Bay State Wind project proposed in Massachusetts. Selection of the winning proposals will be announced in June 2018 with contract execution in the summer of 2018.

Massachusetts:

NSTAR Electric Distribution Rate Case Decision: On November 30, 2017, the DPU issued its decision in the NSTAR Electric distribution rate case, which approved an annual distribution rate increase of $37 million, with rates effective February 1, 2018. On January 3, 2018, NSTAR Electric filed a motion to reflect a revenue requirement reduction of $56 million (due to the decrease in the federal corporate income tax rate, as part of the Tax Cuts and Jobs Act), resulting in an annual net decrease in rates of $19 million. NSTAR Electric's new rates took effect on February 1, 2018, following approval of NSTAR Electric's compliance filing on February 2, 2018. The DPU also approved, in part, NSTAR Electric's request for recalculation, resulting in an increase in the approved revenue requirement of $3.5 million, effective March 1, 2018.

In addition to its decision regarding rates, the DPU approved an authorized regulatory ROE of 10 percent, the establishment of a revenue decoupling rate mechanism for the portion of the NSTAR Electric business that did not previously have a decoupling mechanism, and the implementation of an inflation-based adjustment mechanism with a five-year stay-out until January 1, 2023. Among other items, the DPU approved the recovery of previously expensed merger-related costs over a 10-year period and the recovery of previously deferred storm costs with carrying charges at the prime rate, but disallowed certain property tax costs.

Massachusetts RFPs: On March 31, 2017, pursuant to a comprehensive energy law enacted in 2016, "An Act to Promote Energy Diversity," the Massachusetts EDCs, including NSTAR Electric, and the DOER issued a joint RFP for 9.45 terawatt hours of clean energy per year, such as hydropower, land-based wind or solar. The RFP sought proposals for long-term contracts of 15 to 20 years to provide the state's EDCs with clean energy generation with a submission due date on July 27, 2017.

On January 25, 2018, the Northern Pass project was selected from the 46 proposals submitted as a winning bidder. On February 1, 2018, the NHSEC voted to deny Northern Pass' siting application and on March 30, 2018, the NHSEC released its written decision confirming this denial. On March 28, 2018, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified Northern Pass that the EDCs had terminated its conditional selection and all contract negotiations. See "Business Development and Capital Expenditures - Northern Pass" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*, for more information.

On June 29, 2017, pursuant to the Act to Promote Energy Diversity, the Massachusetts EDCs, including NSTAR Electric, and the DOER issued a joint RFP for long-term contracts for offshore wind energy projects, seeking bids for a minimum of 400 MW of offshore wind capacity. The RFP stated that bids of up to 800 MW would be considered, provided they demonstrate significant net economic benefits to customers. On December 20, 2017, Bay State Wind submitted two proposals in response to the Massachusetts clean energy RFP to the EDCs. One proposal was for 400 MW and the other was for 800 MW. On April 17, 2018, in response to a request to update pricing as a result of the Tax Cuts and Jobs Act, Bay State Wind submitted a revised pricing proposal, reflecting those impacts. The selection of the winning proposals for further negotiation of power purchase agreements with the EDCs will be announced on May 23, 2018.

New Hampshire:

Generation Divestiture: In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, under the terms of which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approval for this agreement, as well as NHPUC approval of the final divestiture plan and auction process, were received in the second half of 2016. In October 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of $175 million and $83 million, respectively, subject to adjustments as set forth in the Agreements. The NHPUC approved the Agreements in late November 2017.

On January 10, 2018, PSNH completed the sale of its thermal generation assets, pursuant to the Agreement dated October 11, 2017. In accordance with the Purchase and Sale Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million, resulting in net proceeds of $134.1 million. PSNH expects to complete the sale of its hydroelectric generation facilities in the second quarter of 2018 at a sale price of $83 million, subject to adjustment.

Full recovery of the costs of PSNH's generation assets and transaction-related expenses is expected to occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs primarily via the issuance of bonds that will be secured by a non-bypassable charge billed to PSNH's customers. On May 1, 2018, PSNH priced approximately $636 million of securitized rate reduction bonds in multiple tranches with a weighted average interest rate of 3.66 percent. These rate reduction bonds are expected to be issued on May 8, 2018. The proceeds, net of issuance costs, are expected to be approximately $629 million.

Legislative and Policy Matters

New Hampshire: On January 11, 2018, the New Hampshire Supreme Court issued a decision that affirmed the lower court's October 2016 decision that the Town of Bow, New Hampshire had over-assessed the value of the property owned by PSNH for the 2012 and 2013 property tax years. The result of this decision was that approximately $7.4 million in property taxes and interest was payable to PSNH. Of this amount, $6.9 million has been refunded to PSNH as of March 31, 2018 and the remainder will be received in the second half of 2018.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and, at times, difficult, subjective or complex judgments. Changes in these estimates, assumptions and judgments, in and of themselves, could materially impact our financial position, results of operations or cash flows. Our management communicates to and discusses with the Audit Committee of our Board of Trustees significant matters relating to critical accounting policies. Our critical accounting policies that we believed were the most critical in nature were reported in the Eversource 2017 Form 10-K. There have been no material changes with regard to these critical accounting policies.

Other Matters

Accounting Standards: For information regarding new accounting standards, see Note 1B, "Summary of Significant Accounting Policies –Accounting Standards," to the financial statements.

Contractual Obligations and Commercial Commitments: There have been no material contractual obligations identified and no material changes with regard to the contractual obligations and commercial commitments previously disclosed in the Eversource 2017 Form 10-K.

Web Site: Additional financial information is available through our website at www.eversource.com. We make available through our website a link to the SEC's EDGAR website (http://www.sec.gov/edgar/searchedgar/companysearch.html), at which site Eversource's, CL&P's, NSTAR Electric's and PSNH's combined Annual Reports on Form 10-K, combined Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports may be reviewed. Information contained on the Company's website or that can be accessed through the website is not incorporated into and does not constitute a part of this combined Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the three months ended March 31, 2018 and 2017 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended March 31,		
(Millions of Dollars)	2018	2017	Increase/ (Decrease)
Operating Revenues	$ 2,288.0	$ 2,105.1	$ 182.9
Operating Expenses:			
Purchased Power, Fuel and Transmission	946.8	753.6	193.2
Operations and Maintenance	332.5	338.3	(5.8)
Depreciation	204.3	186.8	17.5
Amortization	45.2	24.0	21.2
Energy Efficiency Programs	134.2	146.2	(12.0)
Taxes Other Than Income Taxes	182.5	155.2	27.3
Total Operating Expenses	1,845.5	1,604.1	241.4
Operating Income	442.5	501.0	(58.5)
Interest Expense	121.1	103.4	17.7
Other Income, Net	33.8	21.6	12.2
Income Before Income Tax Expense	355.2	419.2	(64.0)
Income Tax Expense	83.8	157.8	(74.0)
Net Income	271.4	261.4	10.0
Net Income Attributable to Noncontrolling Interests	1.9	1.9	—
Net Income Attributable to Common Shareholders	$ 269.5	$ 259.5	$ 10.0

Operating Revenues
Operating Revenues by segment increased/(decreased) for the three months ended March 31, 2018, as compared to the same period in 2017, as follows (the variance in electric distribution revenues reflects intercompany transmission billings in both periods):

(Millions of Dollars)	Increase/(Decrease)
Electric Distribution	$ 110.5
Natural Gas Distribution	21.3
Electric Transmission	(11.9)
Water Distribution	44.6
Other	(5.4)
Eliminations	23.8
Total Operating Revenues	$ 182.9

Sales Volumes: A summary of our retail electric GWh sales volumes, our firm natural gas MMcf sales volumes, and our water MG sales volumes, and percentage changes, is as follows:

	For the Three Months Ended March 31, 2018 Compared to 2017								
	Electric			Firm Natural Gas			Water		
	Sales Volumes (GWh)		Percentage Increase/ (Decrease)	Sales Volumes (MMcf)		Percentage Increase	Sales Volumes (MG)		Percentage Increase/ (Decrease)
	2018	2017 (1)		2018	2017		2018	2017 (2)	
Traditional	3,847	3,700	4.0 %	20,473	18,905	8.3%	467	432	8.1 %
Decoupled and Special Contracts	9,374	9,472	(1.0)%	22,706	22,241	2.1%	4,357	4,441	(1.9)%
Total Sales Volumes	13,221	13,172	0.4 %	43,179	41,146	4.9%	4,824	4,873	(1.0)%

(1) In 2017 and in the month of January 2018, NSTAR Electric operated under two different rate structures (traditional and decoupled) based on its service territory. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. The 2017 sales volumes for NSTAR Electric have been recast to present January 2017 as traditional and February through March 2017 as decoupled, to conform to the 2018 presentation for comparative purposes.

(2) Eversource acquired its water distribution business on December 4, 2017. Prior year sales volumes have been presented for comparative purposes.

Fluctuations in sales volumes at PSNH and our Connecticut natural gas company impact earnings ("Traditional" in the table above). For CL&P, NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision), and our Massachusetts natural gas company, fluctuations in sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table above). Fluctuations in water sales volumes largely do not impact earnings as our Connecticut water distribution business is decoupled.

Operating Revenues: Operating Revenues, which primarily consist of base distribution revenues and tracked revenues further described below, increased $182.9 million for the three months ended March 31, 2018, as compared to the same period in 2017.

Base Electric and Natural Gas Distribution Revenues:

- Electric distribution revenues decreased $9.6 million due primarily to the impact of NSTAR Electric's base distribution rate decrease as a result of the DPU-approved rate case decision that became effective February 1, 2018 (a portion of which did not impact earnings). This was partially offset by an increase in sales volumes primarily driven by the colder weather in January 2018, as compared to the same period in 2017, at our Traditional electric companies. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure.

- Electric distribution revenues also decreased $19.3 million due to the reserve established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

- Base natural gas distribution revenues remained relatively unchanged for the three months ended March 31, 2018, as compared to the same period in 2017. An increase of $4.4 million related to sales volumes and demand revenues driven by colder January weather in Connecticut in 2018, as well as growth in new customer base, was offset by a $4.5 million decrease due to the reserve established to reflect the impact of the reduction in federal corporate income tax rates, effective January 1, 2018.

Tracked Electric and Natural Gas Distribution Revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, certain tracked revenues include incentives earned and carrying charges that are billed in rates to customers.

- Tracked electric distribution revenues increased as a result of an increase in electric energy supply costs ($109.0 million), driven by increased average retail prices and higher sales volumes. In addition, there was an increase in retail electric transmission charges ($24.0 million).

- Tracked natural gas distribution revenues increased as a result of an increase in natural gas supply costs ($16.1 million) and an increase in energy efficiency program revenues ($3.9 million).

Water: Water operating revenues totaled $44.6 million for the three months ended March 31, 2018 as a result of the acquisition of Aquarion on December 4, 2017.

Electric Transmission Revenues: The electric transmission segment revenues decreased $11.9 million due to the recovery of lower revenues primarily related to the lower federal corporate income tax rate, which was reflected in transmission rates charged to customers effective January 1, 2018, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity, natural gas and water, on behalf of our customers. These supply costs are recovered from customers in rates through commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)		Increase
Electric Distribution	$	130.4
Natural Gas Distribution		12.2
Transmission		28.6
Water Distribution		0.3
Eliminations		21.7
Total Purchased Power, Fuel and Transmission	$	193.2

The variance in electric distribution reflects intercompany transmission charges in both periods. The increase in purchased power expense at the electric distribution business for the three months ended March 31, 2018, as compared to the same period in 2017, was driven primarily by higher prices associated with the procurement of energy supply as well as higher volumes at PSNH. As a result of the sale of PSNH's thermal generation assets on January 10, 2018, PSNH purchased power in place of its self-generation output in the first quarter of 2018. The increase in natural gas supply costs at our natural gas distribution business was due to higher average prices and sales volumes.

The increase in transmission costs for the three months ended March 31, 2018, as compared to the same period in 2017, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and an increase in the retail transmission deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. This was partially offset by a decrease in Local Network Service charges, which reflect the cost of transmission service provided by Eversource over our local transmission network.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric, natural gas and water distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	Increase/(Decrease)
Base Electric Distribution (Non-Tracked Costs):	
Storm restoration costs	$ 5.6
Shared corporate costs (including computer software depreciation at Eversource Service)	4.5
Operations-related expenses, including vegetation management, snow removal, vehicles and outside services	(3.5)
Other non-tracked operations and maintenance	0.9
Total Base Electric Distribution (Non-Tracked Costs)	7.5
Base Natural Gas Distribution (Non-Tracked Costs)	5.3
Water Distribution (Addition of Aquarion operations and maintenance expenses due to acquisition on December 4, 2017)	19.3
Tracked Costs (Electric Distribution, Electric Transmission and Natural Gas Distribution) - Decrease primarily due to lower transmission expenses and lower PSNH generation operations expenses due to the January 10, 2018 sale of thermal generation assets	(31.4)
Other and eliminations:	
Eversource Parent and Other Companies - other operations and maintenance	(0.8)
Eliminations	(5.7)
Total Operations and Maintenance	$ (5.8)

Depreciation expense increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to higher utility plant in service balances, partially offset by lower depreciation expense at PSNH as a result of the sale of thermal generation assets on January 10, 2018.

Amortization expense includes the deferral of energy supply and energy-related costs included in certain commission-approved cost tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the deferral of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs at the electric, natural gas and water companies are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense decreased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the deferral adjustment of a State of Connecticut policy change requiring CL&P to remit $12.7 million of 2018 energy efficiency funds to the State of Connecticut. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified this amount as Taxes Other than Income Taxes. The costs for the majority of the state energy policy initiatives and expanded energy efficiency programs are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the deferral adjustment of a State of Connecticut policy change requiring $12.7 million of 2018 CL&P energy efficiency funds to be remitted to the State of Connecticut, an increase in property taxes, and an increase in Connecticut gross earnings taxes. Gross earnings taxes are recovered from customers in rates and have no impact on earnings.

Interest Expense increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to an increase in interest on long-term debt ($13.1 million) as a result of new debt issuances, the addition of Aquarion operations in the first quarter of 2018 ($6.3 million) and an increase in interest on notes payable ($1.3 million), partially offset by higher AFUDC related to debt funds ($1.9 million) and a decrease in regulatory deferrals, primarily at NSTAR Electric, which decreased interest expense ($1.2 million).

Other Income, Net increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to an increase related to pension, SERP and PBOP non-service income components ($7.2 million), higher AFUDC related to equity funds ($3.0 million) and changes in the market value related to deferred compensation plans ($2.5 million).

Income Tax Expense decreased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate income tax rate from 35 percent to 21 percent and lower pre-tax earnings ($72.1 million), and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.9 million).

**RESULTS OF OPERATIONS –
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY**

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P, NSTAR Electric and PSNH for the three months ended March 31, 2018 and 2017 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended March 31,								
	CL&P			NSTAR Electric			PSNH		
(Millions of Dollars)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)
Operating Revenues	$ 785.0	$ 732.3	$ 52.7	$ 770.1	$ 733.8	$ 36.3	$ 267.4	$ 253.2	$ 14.2
Operating Expenses:									
Purchased Power, Fuel and Transmission	301.9	244.9	57.0	332.6	273.9	58.7	109.7	61.8	47.9
Operations and Maintenance	117.3	128.7	(11.4)	118.7	115.9	2.8	51.4	64.0	(12.6)
Depreciation	67.5	59.8	7.7	70.5	67.2	3.3	23.5	30.7	(7.2)
Amortization of Regulatory Assets, Net	28.0	12.8	15.2	6.4	4.5	1.9	5.0	5.4	(0.4)
Energy Efficiency Programs	22.8	36.6	(13.8)	74.8	78.0	(3.2)	5.2	3.8	1.4
Taxes Other Than Income Taxes	90.3	74.0	16.3	48.1	37.7	10.4	16.8	20.9	(4.1)
Total Operating Expenses	627.8	556.8	71.0	651.1	577.2	73.9	211.6	186.6	25.0
Operating Income	157.2	175.5	(18.3)	119.0	156.6	(37.6)	55.8	66.6	(10.8)
Interest Expense	36.8	35.0	1.8	26.5	28.3	(1.8)	12.8	12.8	—
Other Income, Net	6.6	3.3	3.3	12.6	8.4	4.2	4.7	2.8	1.9
Income Before Income Tax Expense	127.0	143.8	(16.8)	105.1	136.7	(31.6)	47.7	56.6	(8.9)
Income Tax Expense	28.4	53.6	(25.2)	28.0	53.3	(25.3)	12.6	22.3	(9.7)
Net Income	$ 98.6	$ 90.2	$ 8.4	$ 77.1	$ 83.4	$ (6.3)	$ 35.1	$ 34.3	$ 0.8

Operating Revenues
Sales Volumes: A summary of our retail electric GWh sales volumes was as follows:

		For the Three Months Ended March 31,			
	Rate Structure	2018	2017	Increase/ (Decrease)	Percent
CL&P	Decoupled	5,376	5,330	46	0.9 %
NSTAR Electric	Decoupled	5,874	5,849	25	0.4 %
PNSH	Traditional	1,972	1,992	(20)	(1.0)%

Fluctuations in retail electric sales volumes at PSNH impact earnings ("Traditional" in the table above). For CL&P and NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision), fluctuations in retail electric sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table above).

Operating Revenues: Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased for the three months ended March 31, 2018, as compared to the same period in 2017, as follows:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Operating Revenues	$ 52.7	$ 36.3	$ 14.2

Base Distribution Revenues:

- NSTAR Electric's distribution revenues decreased $8.3 million due primarily to the impact of its base distribution rate decrease as a result of the DPU-approved rate case decision that became effective February 1, 2018 (a portion of which did not impact earnings). This was partially offset by an increase in January 2018 sales volumes, as compared to January 2017, primarily driven by the colder weather. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure.
- PSNH's base distribution revenues decreased $1.3 million for the three months ended March 31, 2018, as compared to the same period in 2017, primarily as a result of a rate change due to the completion of the full recovery of certain costs in revenues. The majority of this decrease did not impact earnings.
- Distribution revenues decreased $12.5 million at CL&P, $3.7 million at NSTAR Electric and $3.1 million at PSNH due to the reserve established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

Tracked Revenues: Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through commission-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked revenues increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Energy supply procurement	$ 57.8	$ 32.4	$ 18.8
Retail transmission	7.9	14.5	1.6
Other distribution tracking mechanisms	0.4	4.9	1.5

Transmission Revenues: Transmission revenues decreased $6.7 million, $4.1 million and $1.1 million at CL&P, NSTAR Electric and PSNH, respectively, due to the recovery of lower revenue requirements primarily related to the lower federal corporate income tax rate, which was reflected in transmission rates charged to customers effective January 1, 2018, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P, NSTAR Electric and PSNH's customers. For PSNH, these costs also include PSNH's generation of electricity. These energy supply costs are recovered from customers in commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Purchased Power Costs	$ 40.2	$ 42.7	$ 47.4
Transmission Costs	12.1	14.2	2.3
Eliminations	4.7	1.8	(1.8)
Total Purchased Power, Fuel and Transmission	$ 57.0	$ 58.7	$ 47.9

Purchased Power Costs: Included in purchased power costs are the costs associated with providing electric generation service supply to all customers who have not migrated to third party suppliers. In order to meet the demand of customers who have not migrated to third party suppliers, PSNH procures power through power supply contracts and spot purchases in the competitive New England wholesale power market and/or produces power through its own generation. The increase in purchased power costs for the three months ended March 31, 2018, as compared to same period in 2017, was due primarily to the following:

- The increase at CL&P was due primarily to an increase in the price of standard offer supply associated with the GSC tracking mechanism.
- The increase at NSTAR Electric was due primarily to higher prices associated with the procurement of energy supply, partially offset by slightly lower sales volumes.
- The increase at PSNH was due primarily to higher purchased power energy expenses that are recovered as a component of the Energy Service tracking mechanism, and Regional Greenhouse Gas Initiative related-expenses recovered in the SCRC tacking mechanism. As a result of the sale of its thermal generation assets on January 10, 2018, PSNH purchased power in place of its self-generation output in the first quarter of 2018.

Transmission Costs: Included in transmission costs are charges that recover the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market. The increase in transmission costs for the three months ended March 31, 2018, as compared to the same period in 2017, was due primarily to the following:

- The increase at CL&P and NSTAR Electric was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment and an increase in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. This was partially offset by a decrease in Local Network Service charges, which reflect the cost of transmission service.
- The increase at PSNH was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment. This was partially offset by a decrease in Local Network Service charges and a decrease in the retail transmission cost deferral.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Base Electric Distribution (Non-Tracked Costs):			
Storm restoration costs	$ 1.6	$ 5.8	$ (1.8)
Shared corporate costs (including computer software depreciation at Eversource Service)	1.7	2.2	0.6
Operations-related expenses, including vegetation management, snow removal, vehicles and outside services (excluding storm restoration costs)	(7.3)	3.4	0.4
Other non-tracked operations and maintenance	(0.1)	1.0	—
Total Base Electric Distribution (Non-Tracked Costs)	(4.1)	12.4	(0.8)
Tracked Costs:			
Decrease of PSNH generation operations expenses due to the January 10, 2018 sale of thermal generation assets	—	—	(7.6)
Transmission expenses	(6.2)	(3.1)	(1.3)
Other tracked operations and maintenance	(1.1)	(6.5)	(2.9)
Total Tracked Costs	(7.3)	(9.6)	(11.8)
Total Operations and Maintenance	$ (11.4)	$ 2.8	$ (12.6)

Depreciation expense increased at CL&P and NSTAR Electric for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to higher utility plant in service balances. The decrease at PSNH is due to lower plant in service balances as a result of the sale of thermal generation assets on January 10, 2018.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets, Net increased at CL&P and NSTAR Electric for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense includes costs for various state energy policy initiatives and expanded energy efficiency programs and the majority is recovered from customers in rates and has no impact on earnings. Energy Efficiency Programs expense decreased for the three months ended March 31, 2018, as compared to same period in 2017, due primarily to the following:

- The decrease at CL&P is due primarily to the deferral adjustment of a State of Connecticut policy change requiring CL&P to remit $12.7 million of 2018 energy efficiency funds to the State of Connecticut. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified this amount as Taxes Other than Income Taxes.
- The decrease at NSTAR Electric is due to the deferral adjustment, which reflects the actual cost of energy efficiency programs compared to the estimated amounts billed to customers, and the timing of the recovery of energy efficiency costs. The deferral adjusts costs incurred to match energy efficiency revenue billed to customers.

Taxes Other Than Income Taxes increased/(decreased) for the three months ended March 31, 2018, as compared to same period in 2017, due primarily to the following:

- The increase at CL&P is due primarily to the deferral adjustment of a State of Connecticut policy change requiring CL&P to remit $12.7 million of 2018 energy efficiency funds to the State of Connecticut, as well as higher property taxes due to higher utility plant balances and an increase in gross earnings taxes. Gross earnings taxes are recovered from customers in rates and have no impact on earnings.
- The increase at NSTAR Electric is due primarily to higher property taxes.
- The decrease at PSNH is due primarily to the absence of property taxes as a result of the sale of thermal generation assets on January 10, 2018 and a 2018 refund of disputed taxes for prior years from the Town of Bow, New Hampshire, partially offset by higher property taxes due to higher utility plant balances.

Interest Expense at CL&P increased for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to higher interest on long-term debt as a result of new debt issuances ($1.7 million). Interest expense decreased at NSTAR Electric due primarily to a decrease in regulatory deferrals, which decreased interest expense ($1.5 million).

Other Income, Net increased for the three months ended March 31, 2018, as compared to same period in 2017, due primarily to the following:

- The increase at CL&P is due to an increase related to pension, SERP and PBOP non-service income components ($2.5 million) and higher AFUDC related to equity funds ($0.8 million).
- The increase at NSTAR Electric is due to an increase related to pension, SERP and PBOP non-service income components ($3.4 million) and higher AFUDC related to equity funds ($1.5 million).
- The increase at PSNH is due to interest income related to a 2018 refund of disputed property taxes for prior years.

Income Tax Expense decreased for the three months ended March 31, 2018, as compared to same period in 2017, due primarily to the following:

- The decrease at CL&P was due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate tax rate from 35 percent to 21 percent and lower pre-tax earnings ($23.7 million), and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.5 million).
- The decrease at NSTAR Electric was due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate tax rate from 35 percent to 21 percent and lower pre-tax earnings ($25.8 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($0.5 million).
- The decrease at PSNH was due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate tax rate from 35 percent to 21 percent and lower pre-tax earnings ($9.9 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($0.2 million).

EARNINGS SUMMARY

CL&P's earnings increased $8.4 million for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to lower non-tracked operations and maintenance expense and a lower effective tax rate resulting from the Tax Cuts and Jobs Act, which reduced the federal corporate income tax rate effective January 1, 2018. The earnings increase was partially offset by higher depreciation expense and higher property tax expense.

NSTAR Electric's earnings decreased $6.3 million for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to higher non-tracked operations and maintenance expense and higher property tax expense. The earnings decrease was partially offset by a lower effective tax rate resulting from the Tax Cuts and Jobs Act and higher sales volumes in January 2018 (prior to the decoupled rate structure) driven by the colder weather, as compared to the same period in 2017.

PSNH's earnings increased $0.8 million for the three months ended March 31, 2018, as compared to the same period in 2017, due primarily to a lower effective tax rate resulting from the Tax Cuts and Jobs Act, and lower property tax expense due to the 2018 refund of disputed property taxes for prior tax years. The earnings increase was partially offset by lower generation earnings due to the sale of thermal generation assets on January 10, 2018.

LIQUIDITY

Cash Flows: CL&P had cash flows provided by operating activities of $64.7 million for the three months ended March 31, 2018, as compared to $173.4 million in the same period of 2017. The decrease in operating cash flows was due primarily to $82.3 million in pension contributions made in the first quarter of 2018, cash payments made for storm restoration costs of approximately $21 million, and the timing of collections and payments related to our working capital items, including accounts receivable and accounts payable. Partially offsetting these decreases were the timing of regulatory recoveries and an increase in distribution rates due to higher rate base.

NSTAR Electric had cash flows provided by operating activities of $136.5 million for the three months ended March 31, 2018, as compared to $157.1 million in the same period of 2017. The decrease in operating cash flows was due primarily to the timing of collections on accounts receivables, cash payments made for storm restoration costs of approximately $46 million and income tax payments made in 2018 of $8.8 million, compared to income tax refunds received in 2017 of $30.2 million. Partially offsetting these decreases were increases in regulatory overrecoveries and the timing of payments related to our working capital items, including accounts payable.

PSNH had cash flows provided by operating activities of $96.2 million for the three months ended March 31, 2018, as compared to $113.2 million in the same period of 2017. The decrease in operating cash flows was due primarily to the timing of collections and payments of our working capital items, including accounts payable. Partially offsetting these decreases was the income tax refunds of $4.4 million received in 2018, compared to the income tax payments of $9.0 million made in 2017.

In the first quarter of 2018, CL&P, NSTAR Electric and PSNH paid $60.0 million, $161.0 million, and $150.0 million, respectively, in common stock dividends to Eversource parent.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense. In the first quarter of 2018, investments for CL&P, NSTAR Electric, and PSNH were $202.1 million, $192.0 million, and $72.3 million, respectively.

Commercial Paper Programs, Credit Agreements and Notes Payable: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt, with intercompany loans to certain subsidiaries, including CL&P and PSNH. Eversource parent, CL&P and PSNH are also parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's $1.45 billion commercial paper program. The weighted-average interest rate on the commercial paper borrowings as of March 31, 2018 and December 31, 2017 was 2.31 percent and 1.86 percent, respectively. As of March 31, 2018, there were no intercompany loans from Eversource parent to CL&P and $271.3 million to PSNH. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's $650 million commercial paper program. As of March 31, 2018 and December 31, 2017, NSTAR Electric had $367.0 million and $234.0 million, respectively, in short-term borrowings outstanding under its commercial paper program, leaving $283.0 million and $416.0 million of available borrowing capacity as of March 31, 2018 and December 31, 2017, respectively. The weighted-average interest rate on these borrowings as of March 31, 2018 and December 31, 2017 was 1.75 percent and 1.55 percent, respectively.

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of March 31, 2018 or December 31, 2017.

Long-Term Debt: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	2048	Repay long-term debt due to mature in 2018 and repay short-term borrowings
5.65% 2008 Series A First Mortgage Bonds [1]	May 2008	(300.0)	2018	N/A
PSNH:				
6.00% 2008 Series O First Mortgage Bonds [1]	May 2008	(110.0)	2018	N/A

[1] Represents a repayment at maturity paid on May 1, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Information

Commodity Price Risk Management: Our Regulated companies enter into energy contracts to serve our customers and the economic impacts of those contracts are passed on to our customers. Accordingly, the Regulated companies have no exposure to loss of future earnings or fair values due to these market risk-sensitive instruments. Eversource's Energy Supply Risk Committee, comprised of senior officers, reviews and approves all large scale energy related transactions entered into by its Regulated companies.

Other Risk Management Activities

Interest Rate Risk Management: We manage our interest rate risk exposure in accordance with our written policies and procedures by maintaining a mix of fixed and variable rate long-term debt.

Credit Risk Management: Credit risk relates to the risk of loss that we would incur as a result of non-performance by counterparties pursuant to the terms of our contractual obligations. We serve a wide variety of customers and transact with suppliers that include IPPs, industrial companies, natural gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and we realize interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms that, in turn, require us to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by our risk management process.

Our Regulated companies are subject to credit risk from certain long-term or high-volume supply contracts with energy marketing companies. Our Regulated companies manage the credit risk with these counterparties in accordance with established credit risk practices and monitor contracting risks, including credit risk. As of March 31, 2018, our Regulated companies held collateral (letters of credit or cash) of $10 million from counterparties related to our standard service contracts. As of March 31, 2018, Eversource had $35.6 million of cash posted with ISO-NE related to energy transactions.

We have provided additional disclosures regarding interest rate risk management and credit risk management in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in Eversource's 2017 Form 10-K, which is incorporated herein by reference. There have been no additional risks identified and no material changes with regard to the items previously disclosed in the Eversource 2017 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, evaluated the design and operation of the disclosure controls and procedures as of March 31, 2018 to determine whether they are effective in ensuring that the disclosure of required information is made timely and in accordance with the Securities Exchange Act of 1934 and the rules and regulations of the SEC. This evaluation was made under management's supervision and with management's participation, including the principal executive officer and principal financial officer as of the end of the period covered by this Quarterly Report on Form 10-Q. There are inherent limitations of disclosure controls and procedures, including the possibility of human error and the circumventing or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The principal executive officer and principal financial officer have concluded, based on their review, that the disclosure controls and procedures of Eversource, CL&P, NSTAR Electric and PSNH are effective to ensure that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and regulations and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in internal controls over financial reporting for Eversource, CL&P, NSTAR Electric and PSNH during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are parties to various legal proceedings. We have disclosed these legal proceedings in Part I, Item 3, "Legal Proceedings," and elsewhere in our 2017 Form 10-K. These disclosures are incorporated herein by reference. There have been no additional material legal proceedings identified and no further material changes with regard to the legal proceedings previously disclosed in our 2017 Form 10-K.

ITEM 1A. RISK FACTORS

We are subject to a variety of significant risks in addition to the matters set forth under our forward-looking statements section in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Quarterly Report on Form 10-Q. We have identified a number of these risk factors in Part I, Item 1A, "Risk Factors," in our 2017 Form 10-K, which risk factors are incorporated herein by reference. These risk factors should be considered carefully in evaluating our risk profile. There have been no additional risk factors identified and no material changes with regard to the risk factors previously disclosed in our 2017 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table discloses purchases of our common shares made by us or on our behalf for the periods shown below. The common shares purchased consist of open market purchases made by the Company or an independent agent. These share transactions related to shares awarded under the Company's Incentive Plan and Dividend Reinvestment Plan and matching contributions under the Eversource 401k Plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans and Programs (at month end)
January 1 - January 31, 2018	12,413	$ 61.34	—	—
February 1 - February 28, 2018	240,110	57.65	—	—
March 1 - March 31, 2018	65,215	58.49	—	—
Total	317,738	$ 57.97	—	—

ITEM 6. EXHIBITS

Each document described below is filed herewith, unless designated with an asterisk (*), which exhibits are incorporated by reference by the registrant under whose name the exhibit appears.

Exhibit No.	Description
Listing of Exhibits (Eversource)	
4.1	Tenth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of January 1, 2018, relating to $200 million of Senior Notes, Series I, due 2021 and $450 million of Senior Notes, Series M, due 2028 (Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed on January 12, 2018, File No. 001-05324)
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chief Executive Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chief Executive Officer and Chief Financial Officer of Eversource Energy pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (CL&P)	
4.1	Supplemental Indenture (2018 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of March 1, 2018 (Exhibit 4.1 CL&P Current Report on Form 8-K filed on April 2, 2018, File No. 000-00404)
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of The Connecticut Light and Power Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (NSTAR Electric Company)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of NSTAR Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (PSNH)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32	Certification by the Chairman and the Chief Financial Officer of Public Service Company of New Hampshire pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Listing of Exhibits (Eversource, CL&P, NSTAR Electric, PSNH)

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERSOURCE ENERGY

May 3, 2018 By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CONNECTICUT LIGHT AND POWER COMPANY

May 3, 2018 By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NSTAR ELECTRIC COMPANY

May 3, 2018 By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

May 3, 2018 By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

Eversource Energy and Subsidiaries

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 271,426	$ 995,515	$ 949,821	$ 886,004	$ 827,065	$ 793,689
Income tax expense	83,766	578,892	554,997	539,967	468,297	426,941
Equity in earnings of equity investees	(4,563)	(27,432)	(243)	(883)	(1,044)	(1,318)
Dividends received from equity investees	6,242	20,042	120	—	—	582
Fixed charges, as below	129,145	451,287	429,406	397,392	386,451	362,403
Less: Interest capitalized (including AFUDC)	(4,193)	(12,453)	(10,791)	(7,221)	(5,766)	(4,062)
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	(2,686)	(12,532)	(12,532)	(12,532)	(12,532)	(12,803)
Total earnings, as defined	$ 479,137	$ 1,993,319	$ 1,910,778	$ 1,802,727	$ 1,662,471	$ 1,565,432
Fixed charges, as defined:						
Interest expense	$ 121,129	$ 421,755	$ 400,961	$ 372,420	$ 362,106	$ 338,699
Rental interest factor	1,137	4,547	5,122	5,219	6,047	6,839
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	2,686	12,532	12,532	12,532	12,532	12,803
Interest capitalized (including AFUDC)	4,193	12,453	10,791	7,221	5,766	4,062
Total fixed charges, as defined	$ 129,145	$ 451,287	$ 429,406	$ 397,392	$ 386,451	$ 362,403
Ratio of Earnings to Fixed Charges	3.71	4.42	4.45	4.54	4.30	4.32

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ James J. Judge

James J. Judge
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Eversource Energy (the registrant) for the period ending March 31, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the Board, President and Chief Executive Officer of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman of the Board, President and Chief Executive Officer

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: May 3, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The Connecticut Light and Power Company

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 98,568	$ 376,726	$ 334,254	$ 299,360	$ 287,754	$ 279,412
Income tax expense	28,407	186,646	208,308	177,396	133,451	141,663
Equity in earnings of equity investees	(7)	(39)	(61)	(31)	(32)	(67)
Dividends received from equity investees	—	—	60	—	—	289
Fixed charges, as below	39,426	152,888	152,635	153,751	152,513	139,929
Less: Interest capitalized (including AFUDC)	(1,400)	(5,102)	(3,319)	(2,630)	(1,867)	(2,249)
Total earnings, as defined	$ 164,994	$ 711,119	$ 691,877	$ 627,846	$ 571,819	$ 558,977
Fixed charges, as defined:						
Interest expense	$ 36,823	$ 142,973	$ 144,110	$ 145,795	$ 147,421	$ 133,650
Rental interest factor	1,203	4,813	5,206	5,326	3,225	4,030
Interest capitalized (including AFUDC)	1,400	5,102	3,319	2,630	1,867	2,249
Total fixed charges, as defined	$ 39,426	$ 152,888	$ 152,635	$ 153,751	$ 152,513	$ 139,929
Ratio of Earnings to Fixed Charges	4.18	4.65	4.53	4.08	3.75	3.99

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant) for the period ending March 31, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: May 3, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

NSTAR Electric Company and Subsidiary

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 77,149	$ 374,726	$ 350,777	$ 401,048	$ 360,907	$ 328,984
Income tax expense	27,969	242,085	225,789	265,014	239,249	210,234
Equity in earnings of equity investees	(52)	(302)	(325)	(351)	(416)	(568)
Dividends received from equity investees	—	—	35	—	—	424
Fixed charges, as below	29,136	114,419	117,542	107,089	108,705	99,431
Less: Interest capitalized (including AFUDC)	(1,699)	(4,800)	(5,278)	(3,022)	(2,891)	(1,009)
Total earnings, as defined	$ 132,503	$ 726,128	$ 688,540	$ 769,778	$ 705,554	$ 637,496
Fixed charges, as defined:						
Interest expense	$ 26,464	$ 105,729	$ 108,430	$ 100,139	$ 102,809	$ 95,234
Rental interest factor	973	3,890	3,834	3,928	3,005	3,188
Interest capitalized (including AFUDC)	1,699	4,800	5,278	3,022	2,891	1,009
Total fixed charges, as defined	$ 29,136	$ 114,419	$ 117,542	$ 107,089	$ 108,705	$ 99,431
Ratio of Earnings to Fixed Charges	4.55	6.35	5.86	7.19	6.49	6.41

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant) for the period ending March 31, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: May 3, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Public Service Company of New Hampshire and Subsidiary

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 35,093	$ 135,996	$ 131,985	$ 114,442	$ 113,944	$ 111,397
Income tax expense	12,651	88,675	82,364	73,060	72,135	71,101
Equity in earnings of equity investees	(1)	(9)	(15)	(8)	(8)	(12)
Dividends received from equity investees	—	—	25	—	—	42
Fixed charges, as below	13,327	52,851	51,843	47,949	46,530	47,318
Less: Interest capitalized (including AFUDC)	(276)	(729)	(787)	(994)	(640)	(500)
Total earnings, as defined	$ 60,794	$ 276,784	$ 265,415	$ 234,449	$ 231,961	$ 229,346
Fixed charges, as defined:						
Interest expense	$ 12,772	$ 51,007	$ 50,040	$ 45,990	$ 45,349	$ 46,176
Rental interest factor	279	1,115	1,016	965	541	642
Interest capitalized (including AFUDC)	276	729	787	994	640	500
Total fixed charges, as defined	$ 13,327	$ 52,851	$ 51,843	$ 47,949	$ 46,530	$ 47,318
Ratio of Earnings to Fixed Charges	4.56	5.24	5.12	4.89	4.99	4.85

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant) for the period ending March 31, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: May 3, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

780 N. Commercial Street, Manchester, NH 03101

Eversource Energy
P.O. Box 330
Manchester, NH 03105-0330
(603) 634-2701
Fax (603) 634-2511

Christopher J. Goulding
Revenue Requirements - NH

E-Mail: Christopher.goulding@eversource.com

August 16, 2018

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, New Hampshire 03301-2429

Re: Docket No. IR 90-218
PSNH d/b/a Eversource Energy Monitoring

Dear Ms. Howland:

Pursuant to Commission Order No. 23,122 in the above Docket, please find enclosed one copy of the following report which was also filed electronically with the NHPUC:

- Eversource Energy Combined Form 10-Q, which includes PSNH, for the quarter ended June 30, 2018.

If you would like additional copies of this report, please do not hesitate to contact me.

Very truly yours,

Christopher J. Goulding
Manager
Revenue Requirements – New Hampshire

CJG/kd
Enclosure
c: Mr. R. A. Bersak
Mr. A. M. Desbiens
Mr. T. C. Frantz, NHPUC
Mr. D. Kreis, NHOCA
Mr. J. W. Hunt, III
Mr. W. J. Quinlan

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2018

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number	**Registrant; State of Incorporation; Address; and Telephone Number**	**I.R.S. Employer Identification No.**
1-5324	**EVERSOURCE ENERGY** (a Massachusetts voluntary association) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (800) 286-5000	04-2147929
0-00404	**THE CONNECTICUT LIGHT AND POWER COMPANY** (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (800) 286-5000	06-0303850
1-02301	**NSTAR ELECTRIC COMPANY** (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (800) 286-5000	04-1278810
1-6392	**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134 Telephone: (800) 286-5000	02-0181050

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes	No
☒	☐

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Yes	No
☒	☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

	Large accelerated filer	**Accelerated filer**	**Non-accelerated filer**	**Smaller reporting company**	**Emerging growth company**
Eversource Energy	☒	☐	☐	☐	☐
The Connecticut Light and Power Company	☐	☐	☒	☐	☐
NSTAR Electric Company	☐	☐	☒	☐	☐
Public Service Company of New Hampshire	☐	☐	☒	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

	Yes	No
Eversource Energy	☐	☒
The Connecticut Light and Power Company	☐	☒
NSTAR Electric Company	☐	☒
Public Service Company of New Hampshire	☐	☒

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

Company - Class of Stock	Outstanding as of July 31, 2018
Eversource Energy Common Shares, $5.00 par value	316,885,808 shares
The Connecticut Light and Power Company Common Stock, $10.00 par value	6,035,205 shares
NSTAR Electric Company Common Stock, $1.00 par value	200 shares
Public Service Company of New Hampshire Common Stock, $1.00 par value	301 shares

Eversource Energy holds all of the 6,035,205 shares, 200 shares, and 301 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire, respectively.

NSTAR Electric Company and Public Service Company of New Hampshire each meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q, and each is therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) of Form 10-Q.

Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire each separately file this combined Form 10-Q. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

GLOSSARY OF TERMS

The following is a glossary of abbreviations and acronyms that are found in this report:

Current or former Eversource Energy companies, segments or investments:	
Eversource, ES or the Company	Eversource Energy and subsidiaries
Eversource parent or ES parent	Eversource Energy, a public utility holding company
ES parent and other companies	ES parent and other companies are comprised of Eversource parent, Eversource Service and other subsidiaries, which primarily includes our unregulated businesses, HWP Company, The Rocky River Realty Company (a real estate subsidiary), and the consolidated operations of CYAPC and YAEC
CL&P	The Connecticut Light and Power Company
NSTAR Electric	NSTAR Electric Company
PSNH	Public Service Company of New Hampshire
NSTAR Gas	NSTAR Gas Company
Yankee Gas	Yankee Gas Services Company
Aquarion	Eversource Aquarion Holdings, Inc and its subsidiaries (formerly known as Macquarie Utilities Inc)
NPT	Northern Pass Transmission LLC
Northern Pass	The HVDC and associated alternating-current transmission line project from Canada into New Hampshire
Eversource Service	Eversource Energy Service Company
Bay State Wind	A project being developed jointly by Eversource and Denmark-based Ørsted (formerly known as DONG Energy) to construct an offshore wind farm off the coast of Massachusetts
CYAPC	Connecticut Yankee Atomic Power Company
MYAPC	Maine Yankee Atomic Power Company
YAEC	Yankee Atomic Electric Company
Yankee Companies	CYAPC, YAEC and MYAPC
Regulated companies	The Eversource regulated companies are comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric and PSNH, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, NPT, Aquarion, the generation facilities of PSNH, and the solar power facilities of NSTAR Electric
Regulators:	
DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission
SJC	Supreme Judicial Court of Massachusetts
Other Terms and Abbreviations:	
Access Northeast	A project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge"), and National Grid plc ("National Grid") through Algonquin Gas Transmission, LLC to bring needed additional natural gas pipeline and storage capacity to New England.
ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance For Funds Used During Construction
AOCI	Accumulated Other Comprehensive Income
ARO	Asset Retirement Obligation
Bcf	Billion cubic feet
C&LM	Conservation and Load Management
CfD	Contract for Differences
Clean Air Project	The construction of a wet flue gas desulphurization system, known as "scrubber technology," to reduce mercury emissions of the Merrimack coal-fired generation station in Bow, New Hampshire
CO_2	Carbon dioxide
CTA	Competitive Transition Assessment
CWIP	Construction Work in Progress
EDC	Electric distribution company
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974

ESOP	Employee Stock Ownership Plan
Eversource 2017 Form 10-K	The Eversource Energy and Subsidiaries 2017 combined Annual Report on Form 10-K as filed with the SEC
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt-Hours
HQ	Hydro-Québec, a corporation wholly-owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High-voltage direct current
Hydro Renewable Energy	Hydro Renewable Energy, Inc., a wholly-owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kVa	Kilovolt-ampere
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LBR	Lost Base Revenue
LNG	Liquefied natural gas
LRS	Supplier of last resort service
MG	Million gallons
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
MMcf	Million cubic feet
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
NETOs	New England Transmission Owners (including Eversource, National Grid and Avangrid)
NOx	Nitrogen oxides
OCI	Other Comprehensive Income/(Loss)
PAM	Pension and PBOP Rate Adjustment Mechanism
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree benefits, primarily medical, dental and life insurance
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
RRBs	Rate Reduction Bonds
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
RNS	Regional Network Service
ROE	Return on Equity
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plans and non-qualified defined benefit retirement plans
SO_2	Sulfur dioxide
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

TABLE OF CONTENTS

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 64,154	$ 38,165
Receivables, Net	967,590	925,083
Unbilled Revenues	160,301	201,361
Taxes Receivable	156,236	18,682
Fuel, Materials, Supplies and Inventory	171,601	223,063
Regulatory Assets	590,898	741,868
Prepayments and Other Current Assets	107,379	119,327
Assets Held for Sale	59,431	219,550
Total Current Assets	2,277,590	2,487,099
Property, Plant and Equipment, Net	24,476,890	23,617,463
Deferred Debits and Other Assets:		
Regulatory Assets	4,805,440	4,497,447
Goodwill	4,427,266	4,427,266
Marketable Securities	576,440	585,419
Other Long-Term Assets	680,718	605,692
Total Deferred Debits and Other Assets	10,489,864	10,115,824
Total Assets	$ 37,244,344	$ 36,220,386
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 1,190,810	$ 1,088,087
Long-Term Debt – Current Portion	387,296	549,631
Rate Reduction Bonds – Current Portion	30,727	—
Accounts Payable	1,010,389	1,085,034
Regulatory Liabilities	247,369	128,071
Other Current Liabilities	662,964	738,222
Total Current Liabilities	3,529,555	3,589,045
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	3,473,870	3,297,518
Regulatory Liabilities	3,689,679	3,637,273
Derivative Liabilities	394,459	377,257
Accrued Pension, SERP and PBOP	1,044,397	1,228,091
Other Long-Term Liabilities	1,069,391	1,073,501
Total Deferred Credits and Other Liabilities	9,671,796	9,613,640
Long-Term Debt	12,009,264	11,775,889
Rate Reduction Bonds	604,936	—
Noncontrolling Interest – Preferred Stock of Subsidiaries	155,570	155,570
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid In	6,229,247	6,239,940
Retained Earnings	3,753,343	3,561,084
Accumulated Other Comprehensive Loss	(60,988)	(66,403)
Treasury Stock	(317,771)	(317,771)

Common Shareholders' Equity	11,273,223	11,086,242
Total Liabilities and Capitalization	$ 37,244,344	$ 36,220,386

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Thousands of Dollars, Except Share Information)	2018	2017	2018	2017
Operating Revenues	$ 1,853,856	$ 1,762,811	$ 4,141,818	$ 3,867,946
Operating Expenses:				
Purchased Power, Fuel and Transmission	653,915	549,704	1,600,662	1,303,353
Operations and Maintenance	293,858	310,193	626,406	648,500
Depreciation	199,140	189,881	403,406	376,686
Amortization	36,203	(7,807)	81,397	16,210
Energy Efficiency Programs	101,955	116,398	236,196	262,556
Taxes Other Than Income Taxes	177,431	156,234	359,865	311,455
Total Operating Expenses	1,462,502	1,314,603	3,307,932	2,918,760
Operating Income	391,354	448,208	833,886	949,186
Interest Expense	126,404	107,329	247,533	210,758
Other Income, Net	50,149	29,022	83,938	50,641
Income Before Income Tax Expense	315,099	369,901	670,291	789,069
Income Tax Expense	70,452	137,272	154,219	295,103
Net Income	244,647	232,629	516,072	493,966
Net Income Attributable to Noncontrolling Interests	1,880	1,880	3,759	3,759
Net Income Attributable to Common Shareholders	$ 242,767	$ 230,749	$ 512,313	$ 490,207
Basic and Diluted Earnings Per Common Share	$ 0.76	$ 0.72	$ 1.61	$ 1.54
Dividends Declared Per Common Share	$ 0.51	$ 0.48	$ 1.01	$ 0.95
Weighted Average Common Shares Outstanding:				
Basic	317,344,596	317,391,365	317,370,825	317,427,258
Diluted	317,885,187	317,947,194	317,939,094	318,035,864

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Thousands of Dollars)	2018	2017	2018	2017
Net Income	$ 244,647	$ 232,629	$ 516,072	$ 493,966
Other Comprehensive Income/(Loss), Net of Tax:				
Qualified Cash Flow Hedging Instruments	471	514	1,195	1,048
Changes in Unrealized (Losses)/Gains on Marketable Securities	(144)	960	(588)	2,605
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	1,815	(2,268)	4,808	(1,306)
Other Comprehensive Income/(Loss), Net of Tax	2,142	(794)	5,415	2,347
Comprehensive Income Attributable to Noncontrolling Interests	(1,880)	(1,880)	(3,759)	(3,759)
Comprehensive Income Attributable to Common Shareholders	$ 244,909	$ 229,955	$ 517,728	$ 492,554

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Six Months Ended June 30, 2018	2017
Operating Activities:		
Net Income	$ 516,072	$ 493,966
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	403,406	376,686
Deferred Income Taxes	161,883	269,505
Pension, SERP and PBOP Expense, Net	3,317	11,242
Pension and PBOP Contributions	(179,002)	(91,400)
Regulatory Overrecoveries, Net	36,669	85,792
Amortization	81,397	16,210
Other	(74,006)	(110,355)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(52,923)	(7,660)
Fuel, Materials, Supplies and Inventory	65,609	42,425
Taxes Receivable/Accrued, Net	(132,999)	23,980
Accounts Payable	(80,059)	(168,221)
Other Current Assets and Liabilities, Net	(51,229)	(47,220)
Net Cash Flows Provided by Operating Activities	698,135	894,950
Investing Activities:		
Investments in Property, Plant and Equipment	(1,251,678)	(1,146,952)
Proceeds from Sales of Marketable Securities	316,252	373,853
Purchases of Marketable Securities	(314,406)	(394,379)
Proceeds from the Sale of PSNH Generation Assets	116,809	—
Other Investing Activities	(14,122)	(20,439)
Net Cash Flows Used in Investing Activities	(1,147,145)	(1,187,917)
Financing Activities:		
Cash Dividends on Common Shares	(320,055)	(301,042)
Cash Dividends on Preferred Stock	(3,759)	(3,759)
Decrease in Notes Payable	(98,500)	(211,000)
Issuance of Rate Reduction Bonds	635,663	—
Issuance of Long-Term Debt	1,150,000	950,000
Retirements of Long-Term Debt	(860,421)	(150,000)
Other Financing Activities	(17,958)	(19,254)
Net Cash Flows Provided by Financing Activities	484,970	264,945
Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	35,960	(28,022)
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	85,890	106,750
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 121,850	$ 78,728

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 1,794	$ 6,028
Receivables, Net	385,419	370,676
Accounts Receivable from Affiliated Companies	34,555	28,181
Unbilled Revenues	53,114	54,154
Materials, Supplies and Inventory	55,795	48,438
Regulatory Assets	198,242	200,281
Prepayments and Other Current Assets	20,784	46,926
Total Current Assets	749,703	754,684
Property, Plant and Equipment, Net	8,604,611	8,271,030
Deferred Debits and Other Assets:		
Regulatory Assets	1,556,977	1,444,935
Other Long-Term Assets	172,510	159,597
Total Deferred Debits and Other Assets	1,729,487	1,604,532
Total Assets	$ 11,083,801	$ 10,630,246
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 24,000	$ 69,500
Long-Term Debt – Current Portion	250,000	300,000
Accounts Payable	378,862	367,605
Accounts Payable to Affiliated Companies	88,138	82,201
Obligations to Third Party Suppliers	54,260	52,860
Derivative Liabilities	52,214	54,392
Regulatory Liabilities	72,183	38,967
Other Current Liabilities	119,839	127,234
Total Current Liabilities	1,039,496	1,092,759
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,157,165	1,103,367
Regulatory Liabilities	1,124,721	1,112,136
Derivative Liabilities	394,270	376,918
Accrued Pension, SERP and PBOP	306,469	354,469
Other Long-Term Liabilities	119,518	128,135
Total Deferred Credits and Other Liabilities	3,102,143	3,075,025
Long-Term Debt	3,003,286	2,759,135
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	2,210,765	2,110,765
Retained Earnings	1,551,241	1,415,741
Accumulated Other Comprehensive Income	318	269
Common Stockholder's Equity	3,822,676	3,587,127
Total Liabilities and Capitalization	$ 11,083,801	$ 10,630,246

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Operating Revenues	$ 694,892	$ 666,558	$ 1,479,875	$ 1,398,867
Operating Expenses:				
Purchased Power and Transmission	234,335	207,211	536,223	452,149
Operations and Maintenance	109,685	108,918	226,977	237,655
Depreciation	69,383	60,797	136,881	120,549
Amortization of Regulatory Assets, Net	15,400	11,422	43,405	24,225
Energy Efficiency Programs	18,606	32,153	41,366	68,744
Taxes Other Than Income Taxes	84,375	70,437	174,676	144,414
Total Operating Expenses	531,784	490,938	1,159,528	1,047,736
Operating Income	163,108	175,620	320,347	351,131
Interest Expense	38,674	35,299	75,498	70,264
Other Income, Net	7,063	4,221	13,623	7,489
Income Before Income Tax Expense	131,497	144,542	258,472	288,356
Income Tax Expense	31,785	53,249	60,192	106,855
Net Income	$ 99,712	$ 91,293	$ 198,280	$ 181,501

The accompanying notes are an integral part of these unaudited condensed financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Net Income	$ 99,712	$ 91,293	$ 198,280	$ 181,501
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	13	91	65	202
Changes in Unrealized (Losses)/Gains on Marketable Securities	(4)	33	(16)	89
Other Comprehensive Income, Net of Tax	9	124	49	291
Comprehensive Income	$ 99,721	$ 91,417	$ 198,329	$ 181,792

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Six Months Ended June 30, 2018	2017
Operating Activities:		
Net Income	$ 198,280	$ 181,501
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	136,881	120,549
Deferred Income Taxes	50,915	73,277
Pension, SERP, and PBOP Expense	3,861	4,321
Pension and PBOP Contributions	(41,150)	(1,250)
Regulatory (Under)/Over Recoveries, Net	(39,908)	9,762
Amortization of Regulatory Assets, Net	43,405	24,225
Other	(33,078)	(27,585)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(34,772)	(22,333)
Taxes Receivable/Accrued, Net	105	41,733
Accounts Payable	(30,805)	(63,813)
Other Current Assets and Liabilities, Net	14,377	15,304
Net Cash Flows Provided by Operating Activities	268,111	355,691
Investing Activities:		
Investments in Property, Plant and Equipment	(457,677)	(419,891)
Other Investing Activities	110	132
Net Cash Flows Used in Investing Activities	(457,567)	(419,759)
Financing Activities:		
Cash Dividends on Common Stock	(60,000)	(99,200)
Cash Dividends on Preferred Stock	(2,779)	(2,779)
Capital Contributions from Eversource Parent	100,000	—
Issuance of Long-Term Debt	500,000	300,000
Retirement of Long-Term Debt	(300,000)	(150,000)
(Decrease)/Increase in Notes Payable to Eversource Parent	(45,500)	21,000
Other Financing Activities	(6,189)	(3,894)
Net Cash Flows Provided by Financing Activities	185,532	65,127
Net (Decrease)/Increase in Cash and Restricted Cash	(3,924)	1,059
Cash and Restricted Cash - Beginning of Period	9,619	8,403
Cash and Restricted Cash - End of Period	$ 5,695	$ 9,462

The accompanying notes are an integral part of these unaudited condensed financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 67	$ 1,763
Receivables, Net	382,019	341,341
Accounts Receivable from Affiliated Companies	20,406	40,723
Unbilled Revenues	48,668	49,865
Materials, Supplies and Inventory	50,459	95,517
Regulatory Assets	244,542	333,882
Prepayments and Other Current Assets	58,105	24,499
Total Current Assets	804,266	887,590
Property, Plant and Equipment, Net	8,450,942	8,246,494
Deferred Debits and Other Assets:		
Regulatory Assets	1,271,158	1,190,575
Prepaid PBOP	147,698	126,948
Other Long-Term Assets	93,240	84,766
Total Deferred Debits and Other Assets	1,512,096	1,402,289
Total Assets	$ 10,767,304	$ 10,536,373
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 443,810	$ 234,000
Notes Payable to Eversource Parent	4,000	—
Accounts Payable	315,875	340,115
Accounts Payable to Affiliated Companies	78,305	91,260
Obligations to Third Party Suppliers	101,037	88,721
Renewable Portfolio Standards Compliance Obligations	65,361	111,524
Regulatory Liabilities	90,222	79,562
Other Current Liabilities	61,968	79,916
Total Current Liabilities	1,160,578	1,025,098
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,301,309	1,275,814
Regulatory Liabilities	1,540,755	1,514,451
Accrued Pension and SERP	17,624	89,995
Other Long-Term Liabilities	209,886	198,176
Total Deferred Credits and Other Liabilities	3,069,574	3,078,436
Long-Term Debt	2,944,266	2,943,759
Preferred Stock Not Subject to Mandatory Redemption	43,000	43,000
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	1,603,442	1,502,942
Retained Earnings	1,948,052	1,944,961
Accumulated Other Comprehensive Loss	(1,608)	(1,823)
Common Stockholder's Equity	3,549,886	3,446,080
Total Liabilities and Capitalization	$ 10,767,304	$ 10,536,373

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Operating Revenues	$ 690,737	$ 704,702	$ 1,460,865	$ 1,438,510
Operating Expenses:				
Purchased Power and Transmission	266,108	231,039	598,687	504,891
Operations and Maintenance	102,163	111,820	220,844	227,692
Depreciation	64,051	68,477	134,593	135,695
Amortization of Regulatory Assets, Net	11,954	2,623	18,318	7,112
Energy Efficiency Programs	65,184	67,955	139,978	145,932
Taxes Other Than Income Taxes	47,627	44,844	95,815	82,664
Total Operating Expenses	557,087	526,758	1,208,235	1,103,986
Operating Income	133,650	177,944	252,630	334,524
Interest Expense	27,359	29,626	53,822	57,905
Other Income, Net	14,269	7,096	26,870	15,445
Income Before Income Tax Expense	120,560	155,414	225,678	292,064
Income Tax Expense	32,639	60,431	60,607	113,700
Net Income	$ 87,921	$ 94,983	$ 165,071	$ 178,364

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Net Income	$ 87,921	$ 94,983	$ 165,071	$ 178,364
Other Comprehensive Income, Net of Tax:				
Changes in Funded Status of SERP Benefit Plan	1	(4)	2	(8)
Qualified Cash Flow Hedging Instruments	109	110	218	219
Changes in Unrealized (Losses)/Gains on Marketable Securities	(1)	9	(5)	25
Other Comprehensive Income, Net of Tax	109	115	215	236
Comprehensive Income	$ 88,030	$ 95,098	$ 165,286	$ 178,600

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
(Thousands of Dollars)	2018	2017
Operating Activities:		
Net Income	$ 165,071	$ 178,364
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	134,593	135,695
Deferred Income Taxes	29,238	92,223
Pension, SERP and PBOP Income, Net	(19,785)	(5,125)
Pension and PBOP Contributions	(59,156)	(15,360)
Regulatory Overrecoveries, Net	34,090	9,428
Amortization of Regulatory Assets, Net	18,318	7,112
Other	(3,345)	(18,883)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(40,073)	(28,890)
Materials, Supplies and Inventory	45,058	30,056
Taxes Receivable/Accrued, Net	(37,268)	36,030
Accounts Payable	(17,194)	(148,773)
Other Current Assets and Liabilities, Net	(46,861)	(56,345)
Net Cash Flows Provided by Operating Activities	202,686	215,532
Investing Activities:		
Investments in Property, Plant and Equipment	(356,497)	(338,495)
Other Investing Activities	31	(3,580)
Net Cash Flows Used in Investing Activities	(356,466)	(342,075)
Financing Activities:		
Cash Dividends on Common Stock	(161,000)	(112,000)
Cash Dividends on Preferred Stock	(980)	(980)
Capital Contributions from Eversource Parent	100,500	1,800
Increase/(Decrease) in Notes Payable	213,810	(108,800)
Issuance of Long-Term Debt	—	350,000
Other Financing Activities	(158)	(3,159)
Net Cash Flows Provided by Financing Activities	152,172	126,861
(Decrease)/Increase in Cash, Cash Equivalents and Restricted Cash	(1,608)	318
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	14,708	15,506
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 13,100	$ 15,824

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 379	$ 900
Receivables, Net	93,735	92,774
Accounts Receivable from Affiliated Companies	20,235	5,297
Unbilled Revenues	40,452	49,448
Taxes Receivable	31,701	5,838
Materials, Supplies and Inventory	32,629	40,285
Regulatory Assets	87,504	130,134
Prepayments and Other Current Assets	24,335	23,093
Assets Held for Sale	59,431	219,550
Total Current Assets	390,401	567,319
Property, Plant and Equipment, Net	2,763,610	2,642,274
Deferred Debits and Other Assets:		
Regulatory Assets	901,718	810,677
Other Long-Term Assets	46,448	42,391
Total Deferred Debits and Other Assets	948,166	853,068
Total Assets	$ 4,102,177	$ 4,062,661
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 118,700	$ 262,900
Long-Term Debt – Current Portion	—	110,000
Rate Reduction Bonds – Current Portion	30,727	—
Accounts Payable	123,717	128,685
Accounts Payable to Affiliated Companies	26,583	24,676
Dividends Payable to Eversource Parent	—	150,000
Renewable Portfolio Standards Compliance Obligations	22,185	27,765
Regulatory Liabilities	30,023	6,251
Other Current Liabilities	43,540	40,159
Total Current Liabilities	395,475	750,436
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	487,441	443,468
Regulatory Liabilities	447,896	444,397
Accrued Pension, SERP and PBOP	129,870	124,639
Other Long-Term Liabilities	35,596	56,689
Total Deferred Credits and Other Liabilities	1,100,803	1,069,193
Long-Term Debt	893,960	892,438
Rate Reduction Bonds	604,936	—
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	538,134	843,134
Retained Earnings	572,253	511,382
Accumulated Other Comprehensive Loss	(3,384)	(3,922)
Common Stockholder's Equity	1,107,003	1,350,594

Total Liabilities and Capitalization	$	4,102,177	$	4,062,661

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Operating Revenues	$ 235,146	$ 230,383	$ 502,497	$ 483,541
Operating Expenses:				
Purchased Power, Fuel and Transmission	83,494	60,442	193,212	122,189
Operations and Maintenance	46,487	66,569	97,867	130,533
Depreciation	22,808	32,447	46,301	63,182
Amortization of Regulatory Assets/(Liabilities), Net	8,926	(18,937)	13,961	(13,492)
Energy Efficiency Programs	4,674	3,287	9,831	7,032
Taxes Other Than Income Taxes	21,879	23,118	38,680	44,001
Total Operating Expenses	188,268	166,926	399,852	353,445
Operating Income	46,878	63,457	102,645	130,096
Interest Expense	14,612	12,970	27,386	25,780
Other Income, Net	3,409	1,891	8,159	4,703
Income Before Income Tax Expense	35,675	52,378	83,418	109,019
Income Tax Expense	9,896	20,787	22,547	43,116
Net Income	$ 25,779	$ 31,591	$ 60,871	$ 65,903

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Net Income	$ 25,779	$ 31,591	$ 60,871	$ 65,903
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	277	290	567	581
Changes in Unrealized (Losses)/Gains on Marketable Securities	(8)	58	(29)	155
Other Comprehensive Income, Net of Tax	269	348	538	736
Comprehensive Income	$ 26,048	$ 31,939	$ 61,409	$ 66,639

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Six Months Ended June 30, 2018	2017
Operating Activities:		
Net Income	$ 60,871	$ 65,903
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	46,301	63,182
Deferred Income Taxes	41,981	37,670
Regulatory Underrecoveries, Net	(29,816)	(1,964)
Amortization of Regulatory Assets/(Liabilities), Net	13,961	(13,492)
Other	(3,428)	(6,747)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(10,510)	(1,427)
Fuel, Materials, Supplies and Inventory	21,803	12,288
Taxes Receivable/Accrued, Net	(15,475)	(20,945)
Accounts Payable	(4,843)	2,236
Other Current Assets and Liabilities, Net	(8,050)	5,422
Net Cash Flows Provided by Operating Activities	112,795	142,126
Investing Activities:		
Investments in Property, Plant and Equipment	(149,925)	(155,737)
Proceeds from the Sale of Generation Assets	116,809	—
Other Investing Activities	243	26
Net Cash Flows Used in Investing Activities	(32,873)	(155,711)
Financing Activities:		
Cash Dividends on Common Stock	(150,000)	(23,900)
Capital Contribution from Eversource Parent	225,000	—
Return of Capital	(530,000)	—
Issuance of Rate Reduction Bonds	635,663	—
Retirements of Long-Term Debt	(110,000)	—
(Decrease)/Increase in Notes Payable to Eversource Parent	(144,200)	33,200
Other Financing Activities	(75)	(150)
Net Cash Flows (Used in)/Provided by Financing Activities	(73,612)	9,150
Net Increase/(Decrease) in Cash and Restricted Cash	6,310	(4,435)
Cash and Restricted Cash - Beginning of Period	2,191	5,953
Cash and Restricted Cash - End of Period	$ 8,501	$ 1,518

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

COMBINED NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout the combined notes to the unaudited condensed financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Eversource Energy is a public utility holding company primarily engaged, through its wholly-owned regulated utility subsidiaries, in the energy delivery business. Eversource Energy's wholly-owned regulated utility subsidiaries consist of CL&P, NSTAR Electric and PSNH (electric utilities), Yankee Gas and NSTAR Gas (natural gas utilities) and Aquarion (water utilities). Eversource provides energy delivery and/or water service to approximately four million electric, natural gas and water customers through eight regulated utilities in Connecticut, Massachusetts and New Hampshire.

On December 31, 2017, Western Massachusetts Electric Company ("WMECO") was merged into NSTAR Electric. In accordance with accounting guidance on combinations between entities under common control, the net assets, results of operations and cash flows of WMECO are reflected in the NSTAR Electric financial statements. NSTAR Electric's financial statements for all prior periods presented in this combined Quarterly Report on Form 10-Q have been retrospectively recast as if the merger occurred on the first day of the earliest reporting period.

The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH include the accounts of each of their respective subsidiaries. Intercompany transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P are herein collectively referred to as the "financial statements."

The combined notes to the financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. The accompanying financial statements should be read in conjunction with the *Combined Notes to Financial Statements* included in Item 8, "Financial Statements and Supplementary Data," of the Eversource 2017 Form 10-K, which was filed with the SEC on February 26, 2018. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements contain, in the opinion of management, all adjustments (including normal, recurring adjustments) necessary to present fairly Eversource's, CL&P's, NSTAR Electric's and PSNH's financial position as of June 30, 2018 and December 31, 2017, the results of operations and comprehensive income for the three and six months ended June 30, 2018 and 2017, and the cash flows for the six months ended June 30, 2018 and 2017. The results of operations and comprehensive income for the three and six months ended June 30, 2018 and 2017 and the cash flows for the six months ended June 30, 2018 and 2017 are not necessarily indicative of the results expected for a full year.

Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's and PSNH's combined ownership interest in each of these entities is greater than 50 percent. Intercompany transactions between CL&P, NSTAR Electric, PSNH and the CYAPC and YAEC companies have been eliminated in consolidation of the Eversource financial statements.

Eversource's utility subsidiaries' electric and natural gas distribution (including generation assets), transmission, and water distribution businesses are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for entities with rate-regulated operations, which considers the effect of regulation on the differences in the timing of the recognition of certain revenues and expenses from those of other businesses and industries. See Note 2, "Regulatory Accounting," for further information.

Certain reclassifications of prior period data were made in the accompanying financial statements to conform to the current period presentation.

On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, this act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. Our regulated companies have established a reserve to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate. Eversource, CL&P, NSTAR Electric and PSNH's effective tax rate has decreased, as compared to the prior period, as a result of incurring a lower federal income tax expense, which is reflected on the statements of income for the three and six months ended June 30, 2018. See Note 16, "Revenues," for further information on the amounts reserved in revenues.

B. Accounting Standards

Accounting Standards Issued but Not Yet Effective: In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, which changes existing lease accounting guidance and is required to be applied in the first quarter of 2019, with earlier application permitted. The Company will implement the new leases standard in the first quarter of 2019 and apply the 2016-02 lease criteria to new leases and lease renewals entered into effective January 1, 2019. The requirements of the new leases standard include balance sheet recognition of leases previously deemed to be operating leases, and additional disclosure requirements. The Company is in the process of evaluating what impact the new leases standard will have on its financial statements, including reviewing its lease population and determining which of several practical expedients provided in the new guidance it will elect. As of December 31, 2017, Eversource's total future undiscounted minimum rental payments, excluding executory costs, under long-term noncancelable operating and capital leases were less than $100 million.

Accounting Standards Recently Adopted: On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted ASU 2014-09, *Revenue from Contracts with Customers*, which amended existing revenue recognition guidance, using the modified retrospective method (cumulatively at the date of initial application) applying it only to contracts that were not complete at January 1, 2018. Under this method of adoption, prior year reported results were not restated. Implementation of the ASU did not have a material effect on the results of operations, financial position or cash flows of Eversource, CL&P, NSTAR Electric or PSNH. See Note 16, "Revenues," for further information.

The Company identified an item that was accounted for differently under the new revenue guidance, as compared to the previously existing guidance. As a result of applying guidance on the unit of account under the new standard, purchases of power from and sales of power to ISO-New England are now accounted for net by the hour, rather than net by the month. This change increased Operating Revenues and Purchased Power, Fuel and Transmission by $3 million and $22 million, respectively, for the three and six months ended June 30, 2018, with no impact on net income.

On January 1, 2018, Eversource adopted ASU 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Liabilities*. The ASU removed the available-for-sale designation for equity securities, whereby changes in fair value were previously recorded in accumulated other comprehensive income within shareholders' equity, and required changes in fair value of all equity securities to be recorded in earnings effective January 1, 2018. There was no cumulative effect of adoption. Unrealized gains recorded in Other Income, Net were $0.9 million and $0.2 million for the three and six months ended June 30, 2018, respectively. For further information, see Note 5, "Marketable Securities," to the financial statements.

On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted ASU 2017-07, *Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The ASU required separate presentation of service cost from other components of net pension and PBOP costs, with the other components presented as non-operating income and not subject to capitalization. The ASU has been applied retrospectively for the separate presentation in the income statement of service costs and other components and prospectively in the balance sheet for the capitalization of only the service cost component. As of June 30, 2018, the non-service cost components of net pension, SERP and PBOP costs that were not capitalized in plant were recorded as an increase to regulatory liabilities of approximately $20 million, as these amounts continue to be included in rates. See Note 1F, "Summary of Significant Accounting Policies - Other Income, Net," to the financial statements for the portion of pension and PBOP costs that are presented as non-operating income for the three and six months ended June 30, 2018 and 2017. For the three months ended June 30, 2017, the amounts which were previously presented within Operations and Maintenance expense on the statements of income, totaled $7.5 million at Eversource, $0.4 million at CL&P, $4.8 million at NSTAR Electric and $1.5 million at PSNH, and have been retrospectively presented to Other Income, Net. For the six months ended June 30, 2017, these amounts were $15.5 million at Eversource, $0.9 million at CL&P, $9.8 million at NSTAR Electric and $3.1 million at PSNH.

On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted two accounting standards relating to the statement of cash flows; ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments,* and ASU 2016-18, *Restricted Cash.* As a result of implementing ASU 2016-15, dividends from equity method investments of $10.4 million and $9.4 million for the six months ended June 30, 2018 and 2017, respectively, are presented in operating activities at Eversource, for which the 2017 amounts were previously classified in investing activities. ASU 2016-18 required that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. Both standards were applied retrospectively, as required, and neither had a material impact on Eversource's, CL&P's, NSTAR Electric's or PSNH's statements of cash flows. See Note 1H, "Summary of Significant Accounting Policies - Supplemental Cash Flow Information," to the financial statements for a reconciliation of cash and cash equivalents as reported on the balance sheet to the statement of cash flows, which includes amounts described as restricted cash and restricted cash equivalents.

C. Northern Pass

Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire. As of June 30, 2018, our capitalized Northern Pass project costs were approximately $297 million.

In March 2018, the Massachusetts EDCs terminated the selection of, and subsequent contract negotiations with, Northern Pass under the Massachusetts Clean Energy RFP, and the New Hampshire Site Evaluation Committee ("NHSEC") issued a written decision denying Northern Pass' siting application. The NHSEC denial of Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs in the first quarter of 2018. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount was recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs were recoverable as of March 31, 2018, based on our expectation that the Northern Pass project remains probable of being placed in service.

On April 27, 2018, NPT filed a motion for rehearing with the NHSEC and on July 12, 2018, the NHSEC issued its written decision denying Northern Pass' motion for rehearing. These events did not require an additional review of the recoverability of project costs as of June 30, 2018. We are preparing to initiate an appeal to the New Hampshire Supreme Court, based on the NHSEC's failure to follow applicable law in its review of the project. In parallel, Northern Pass intends to pursue all available options to secure NHSEC approval and to construct the project.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. If as a result of future events and changes in circumstances a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass' project costs to the estimated fair value, which could result in most of our $297 million of capitalized project costs being written off. Such a write off could have a material adverse effect on our financial position and results of operations.

D. Provision for Uncollectible Accounts

Eversource, including CL&P, NSTAR Electric and PSNH, presents its receivables at estimated net realizable value by maintaining a provision for uncollectible accounts. This provision is determined based upon a variety of judgments and factors, including the application of an estimated uncollectible percentage to each receivable aging category. The estimate is based upon historical collection and write-off experience and management's assessment of collectability from customers. Management continuously assesses the collectability of receivables and adjusts collectability estimates based on actual experience. Receivable balances are written off against the provision for uncollectible accounts when the customer accounts are terminated and these balances are deemed to be uncollectible.

The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows NSTAR Electric and NSTAR Gas to recover in rates, amounts associated with certain uncollectible hardship accounts receivable. These uncollectible hardship customer account balances are included in Regulatory Assets or Other Long-Term Assets on the balance sheets.

The total provision for both uncollectible accounts and for uncollectible hardship accounts (the uncollectible hardship balance is included in the total provision) is included in Receivables, Net on the balance sheets, and is as follows:

	Total Provision for Uncollectible Accounts		Uncollectible Hardship	
(Millions of Dollars)	As of June 30, 2018	As of December 31, 2017	As of June 30, 2018	As of December 31, 2017
Eversource	$ 211.3	$ 195.7	$ 126.8	$ 122.5
CL&P	80.4	78.9	64.5	65.5
NSTAR Electric	77.2	69.7	44.0	40.3
PSNH	11.5	10.5	—	—

In accordance with new revenue accounting guidance, bad debt expense associated with customers' accounts receivable included in Operations and Maintenance expense on the statements of income is presented as follows:

	For the Three Months Ended		For the Six Months Ended	
(Millions of Dollars)	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Eversource	$ 9.5	$ (0.3)	$ 29.3	$ 15.7
CL&P	3.8	(4.7)	7.7	(1.9)
NSTAR Electric	3.8	0.4	11.3	6.9
PSNH	1.5	1.9	3.2	3.6

The 2017 amounts reflect adjustments to the provision for uncollectible accounts as a result of improved accounts receivable aging from the implementation of enhanced collection efforts.

E. Fair Value Measurements

Fair value measurement guidance is applied to derivative contracts that are not elected or designated as "normal purchases" or "normal sales" ("normal") and to the marketable securities held in trusts. Fair value measurement guidance is also applied to valuations of the investments used to calculate the funded status of pension and PBOP plans, the nonrecurring fair value measurements of nonfinancial assets such as goodwill and AROs, and the estimated fair value of preferred stock, long-term debt and RRBs.

Fair Value Hierarchy: In measuring fair value, Eversource uses observable market data when available in order to minimize the use of unobservable inputs. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. Eversource evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and Eversource's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy-related products.

Determination of Fair Value: The valuation techniques and inputs used in Eversource's fair value measurements are described in Note 4, "Derivative Instruments," Note 5, "Marketable Securities," and Note 11, "Fair Value of Financial Instruments," to the financial statements.

F. Other Income, Net

The components of Other Income, Net on the statements of income were as follows:

	For the Three Months Ended							
	June 30, 2018				June 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Pension, SERP and PBOP Non-Service Income Components (1)	$ 14.6	$ 2.4	$ 9.5	$ 2.1	$ 7.5	$ 0.4	$ 4.8	$ 1.5
AFUDC Equity	10.9	3.3	3.9	—	8.0	2.9	2.2	—
Equity in Earnings (2)	22.9	—	0.4	—	13.3	—	(0.1)	—
Investment (Loss)/Income	(0.3)	0.4	0.3	—	(1.7)	(0.4)	(0.1)	(0.2)
Interest Income	1.9	1.0	0.2	1.3	1.9	1.3	0.3	0.6
Other	0.1	—	—	—	—	—	—	—
Total Other Income, Net (1)	$ 50.1	$ 7.1	$ 14.3	$ 3.4	$ 29.0	$ 4.2	$ 7.1	$ 1.9

	For the Six Months Ended							
	June 30, 2018				June 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Pension, SERP and PBOP Non-Service Income Components (1)	$ 29.8	$ 5.3	$ 17.9	$ 4.4	$ 15.5	$ 0.9	$ 9.8	$ 3.1
AFUDC Equity	20.6	6.1	7.3	—	14.6	4.8	4.1	—
Equity in Earnings (2)	27.5	—	0.4	—	17.9	—	(0.1)	—
Investment Income/(Loss)	0.4	0.2	0.9	0.1	(1.0)	(0.6)	1.1	0.5
Interest Income	5.4	2.0	0.4	3.7	3.6	2.4	0.5	1.1
Other	0.2	—	—	—	—	—	—	—
Total Other Income, Net (1)	$ 83.9	$ 13.6	$ 26.9	$ 8.2	$ 50.6	$ 7.5	$ 15.4	$ 4.7

(1) As a result of the adoption of new accounting guidance, the non-service related components of pension, SERP and PBOP benefit costs are presented as non-operating income and recorded in Other Income, Net on the statements of income. The 2017 amounts, which were previously presented within Operations and Maintenance expense on the statements of income, have been retrospectively presented within Other Income, Net for the three and six months ended June 30, 2017. Eversource elected the practical expedient in the accounting guidance that allows the Company to use the amounts disclosed in its Pension Benefits and Postretirement Benefits Other Than Pension footnote for the prior period presentations as the estimation basis for applying the retrospective presentation requirements.

(2) Equity in earnings includes $17.6 million of unrealized gains associated with an investment in a renewable energy fund for both the three and six months ended June 30, 2018. For both the three and six months ended June 30, 2017, unrealized gains on this investment totaled $9.7 million.

G. Other Taxes

Eversource's companies that serve customers in Connecticut collect gross receipts taxes levied by the state of Connecticut from their customers. These gross receipts taxes are shown separately with collections in Operating Revenues and with payments in Taxes Other Than Income Taxes on the statements of income as follows:

	For the Three Months Ended		For the Six Months Ended	
(Millions of Dollars)	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Eversource	$ 35.6	$ 35.7	$ 79.0	$ 77.9
CL&P	31.5	31.8	67.1	65.7

As agents for state and local governments, Eversource's companies that serve customers in Connecticut and Massachusetts collect certain sales taxes that are recorded on a net basis with no impact on the statements of income.

Separately from the amounts above are $12.7 million and $25.4 million of expense recorded as Taxes Other than Income Taxes in the three and six months ended June 30, 2018, respectively, related to the future remittance of energy efficiency funds collected from customers in Operating Revenues to the State of Connecticut. These amounts are shown separately with collections in Operating Revenues and expenses in Taxes Other than Income Taxes on the Eversource and CL&P statements of income.

H. Supplemental Cash Flow Information

Non-cash investing activities include plant additions included in Accounts Payable as follows:

(Millions of Dollars)	As of June 30, 2018	As of June 30, 2017
Eversource	$ 305.7	$ 172.0
CL&P	110.9	85.9
NSTAR Electric	71.1	40.1
PSNH	46.6	20.2

The following table reconciles cash and cash equivalents as reported on the balance sheets to the cash, cash equivalents, and restricted cash as reported on the statements of cash flows:

	As of June 30, 2018				As of December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Cash and Cash Equivalents as reported on the Balance Sheets	$ 64.2	$ 1.8	$ 0.1	$ 0.4	$ 38.2	$ 6.0	$ 1.8	$ 0.9
Restricted cash included in:								
Prepayments and Other Current Assets	28.6	3.5	12.9	4.3	24.4	3.1	12.8	0.5
Marketable Securities	25.8	0.4	0.1	0.6	23.3	0.5	0.1	0.8
Other Long-Term Assets	3.2	—	—	3.2	—	—	—	—
Cash, Cash Equivalents, and Restricted Cash reported on the Statements of Cash Flows	$ 121.8	$ 5.7	$ 13.1	$ 8.5	$ 85.9	$ 9.6	$ 14.7	$ 2.2

Restricted cash included in Prepayments and Other Current Assets and Other Long-Term Assets, shown above, primarily represents required ISO-NE cash deposits and cash collections related to the RRB customer charges that are held in trust. Restricted cash included in Marketable Securities, shown above, represents money market funds held in trusts to fund certain non-qualified executive benefits and restricted trusts to fund CYAPC and YAEC's spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

As a result of implementing new accounting guidance for the statement of cash flows, the reclassification of the change in restricted cash balances, which was previously classified as operating activities, resulted in a decrease of $22.4 million in the total cash and restricted cash change for the six months ended June 30, 2017.

2. REGULATORY ACCOUNTING

Eversource's utility companies are subject to rate regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The regulated companies' financial statements reflect the effects of the rate-making process. The rates charged to the customers of Eversource's regulated companies are designed to collect each company's costs to provide service, including a return on investment.

Management believes it is probable that each of the regulated companies will recover its respective investments in long-lived assets, including regulatory assets. If management were to determine that it could no longer apply the accounting guidance applicable to rate-regulated enterprises to any of the regulated companies' operations, or if management could not conclude it is probable that costs would be recovered from customers in future rates, the costs would be charged to net income in the period in which the determination is made.

Regulatory Assets: The components of regulatory assets were as follows:

	As of June 30, 2018				As of December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Benefit Costs	$ 2,021.6	$ 455.5	$ 544.8	$ 178.0	$ 2,068.8	$ 469.2	$ 560.7	$ 212.3
Income Taxes, Net	717.6	451.4	112.7	12.2	768.9	453.8	113.2	21.7
Securitized Stranded Costs	628.8	—	—	628.8	—	—	—	—
Deferred Costs from Generation Asset Sale	—	—	—	—	516.1	—	—	516.1
Storm Restoration Costs	625.7	326.5	247.7	51.5	404.8	216.7	146.6	41.5
Regulatory Tracker Mechanisms	409.3	93.4	193.5	102.3	509.9	85.3	273.0	116.4
Derivative Liabilities	369.5	369.3	—	—	367.2	362.3	—	—
Goodwill-related	356.8	—	306.3	—	365.2	—	313.6	—
Asset Retirement Obligations	85.9	31.3	40.6	3.2	101.0	30.3	39.0	17.0
Other Regulatory Assets	181.1	27.8	70.1	13.2	137.4	27.6	78.4	15.8
Total Regulatory Assets	5,396.3	1,755.2	1,515.7	989.2	5,239.3	1,645.2	1,524.5	940.8
Less: Current Portion	590.9	198.2	244.5	87.5	741.9	200.3	333.9	130.1
Total Long-Term Regulatory Assets	$ 4,805.4	$ 1,557.0	$ 1,271.2	$ 901.7	$ 4,497.4	$ 1,444.9	$ 1,190.6	$ 810.7

Securitized Stranded Costs: On May 8, 2018, PSNH issued $635.7 million of securitized RRBs to finance the unrecovered stranded costs associated with the divestiture of its generation assets. Securitized regulatory assets, which are not earning an equity return, are being recovered over the amortization period of the associated RRBs. The PSNH RRBs are scheduled to amortize by February 1, 2033. The stranded costs related to the difference between the carrying value and the fair value less costs to sell the thermal generation assets were reflected as a deferred cost in the table above as of December 31, 2017, and are now reflected in the securitized stranded costs balance as of June 30, 2018.

Storms: In March and May 2018, several significant storms caused extensive damage to our electric distribution systems and significant customer outages across all three states. A storm must meet certain criteria to qualify for recovery with the criteria specific to each state jurisdiction and utility company. Once a storm qualifies for recovery, all qualifying expenses incurred during storm restoration efforts are deferred and recovered from customers. Costs for storms that do not meet the specific criteria are expensed as incurred. The 2018 storms resulted in deferred storm restoration costs of approximately $274 million ($142 million for CL&P, $116 million for NSTAR Electric, and $16 million for PSNH) as of June 30, 2018. Management believes the storm restoration costs were prudent and meet the criteria for specific cost recovery in Connecticut, Massachusetts and New Hampshire, and that recovery from customers is probable through the applicable regulatory recovery processes.

Regulatory Costs in Long-Term Assets: Eversource's regulated companies had $124.4 million (including $24.1 million for CL&P, $49.8 million for NSTAR Electric and $30.2 million for PSNH) and $105.8 million (including $18.2 million for CL&P, $42.7 million for NSTAR Electric and $27.2 million for PSNH) of additional regulatory costs as of June 30, 2018 and December 31, 2017, respectively, that were included in long-term assets on the balance sheets. These amounts represent incurred costs for which recovery has not yet been specifically approved by the applicable regulatory agency. However, based on regulatory policies or past precedent on similar costs, management believes it is probable that these costs will ultimately be approved and recovered from customers in rates.

Regulatory Liabilities: The components of regulatory liabilities were as follows:

	As of June 30, 2018				As of December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Excess ADIT due to Tax Cuts and Jobs Act	$ 2,885.3	$ 1,031.6	$ 1,091.1	$ 405.1	$ 2,882.0	$ 1,031.6	$ 1,087.9	$ 405.1
Cost of Removal	517.9	34.8	299.5	34.9	502.1	23.2	293.8	37.9
Benefit Costs	131.0	—	110.9	—	132.3	—	112.6	—
Regulatory Tracker Mechanisms	235.7	41.0	90.6	29.8	136.7	34.6	77.8	5.0
AFUDC - Transmission	68.1	48.1	20.0	—	67.1	48.8	18.3	—
Revenue Subject to Refund	36.5	16.6	3.7	6.2	—	—	—	—
Other Regulatory Liabilities	62.6	24.8	15.2	1.9	45.2	12.9	3.7	2.7
Total Regulatory Liabilities	3,937.1	1,196.9	1,631.0	477.9	3,765.4	1,151.1	1,594.1	450.7
Less: Current Portion	247.4	72.2	90.2	30.0	128.1	39.0	79.6	6.3
Total Long-Term Regulatory Liabilities	$ 3,689.7	$ 1,124.7	$ 1,540.8	$ 447.9	$ 3,637.3	$ 1,112.1	$ 1,514.5	$ 444.4

Revenue Subject to Refund: The regulatory liability balance represents a reserve established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and effective May 1, 2018 for CL&P, base rates charged to customers have been adjusted to reflect the new federal income tax rate. As part of CL&P's 2018 rate case settlement, a new capital tracker regulatory mechanism was established, which will include the refund of the $16.6 million reserve for the higher federal corporate income tax rate to customers between January 1, 2018 through April 30, 2018 in rates, from July 1, 2018 through December 31, 2018.

3. PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

The following tables summarize property, plant and equipment by asset category:

Eversource

(Millions of Dollars)	As of June 30, 2018	As of December 31, 2017
Distribution - Electric	$ 14,695.7	$ 14,410.5
Distribution - Natural Gas	3,317.1	3,244.2
Transmission - Electric	9,601.4	9,270.9
Distribution - Water	1,571.1	1,558.4
Solar (1)	107.1	36.2
Utility	29,292.4	28,520.2
Other (2)	706.4	693.7
Property, Plant and Equipment, Gross	29,998.8	29,213.9
Less: Accumulated Depreciation		
Utility	(7,049.9)	(6,846.9)
Other	(313.2)	(286.9)
Total Accumulated Depreciation	(7,363.1)	(7,133.8)
Property, Plant and Equipment, Net	22,635.7	22,080.1
Construction Work in Progress	1,841.2	1,537.4
Total Property, Plant and Equipment, Net	$ 24,476.9	$ 23,617.5

	As of June 30, 2018			As of December 31, 2017		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Distribution	$ 6,015.5	$ 6,580.1	$ 2,140.4	$ 5,888.3	$ 6,479.0	$ 2,083.4
Transmission	4,451.9	3,864.3	1,236.5	4,239.9	3,821.2	1,161.3
Solar (1)	—	107.1	—	—	36.2	—
Property, Plant and Equipment, Gross	10,467.4	10,551.5	3,376.9	10,128.2	10,336.4	3,244.7
Less: Accumulated Depreciation	(2,319.5)	(2,636.6)	(754.5)	(2,239.0)	(2,550.2)	(751.8)
Property, Plant and Equipment, Net	8,147.9	7,914.9	2,622.4	7,889.2	7,786.2	2,492.9
Construction Work in Progress	456.7	536.0	141.2	381.8	460.3	149.4
Total Property, Plant and Equipment, Net	$ 8,604.6	$ 8,450.9	$ 2,763.6	$ 8,271.0	$ 8,246.5	$ 2,642.3

(1) On January 10, 2018, PSNH completed the sale of its thermal generation assets, pursuant to an agreement dated October 11, 2017. PSNH expects to complete the sale of its hydroelectric generation assets, pursuant to the agreement dated October 11, 2017, in the third quarter of 2018. As of June 30, 2018 and December 31, 2017, PSNH has classified its generation assets as held for sale. See Note 10, "Assets Held for Sale," for further information.

(2) These assets are primarily comprised of building improvements, computer software, hardware and equipment at Eversource Service.

4. DERIVATIVE INSTRUMENTS

The electric and natural gas companies purchase and procure energy and energy-related products, which are subject to price volatility, for their customers. The costs associated with supplying energy to customers are recoverable from customers in future rates. These regulated companies manage the risks associated with the price volatility of energy and energy-related products through the use of derivative and non-derivative contracts.

Many of the derivative contracts meet the definition of, and are designated as, normal and qualify for accrual accounting under the applicable accounting guidance. The costs and benefits of derivative contracts that meet the definition of normal are recognized in Operating Expenses on the statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not designated as normal are recorded at fair value as current or long-term Derivative Assets or Derivative Liabilities on the balance sheets. For the electric and natural gas companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivatives, as contract settlement amounts are recovered from, or refunded to, customers in their respective energy supply rates.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with current and long-term portions, on the balance sheets. The following table presents the gross fair values of contracts, categorized by risk type, and the net amounts recorded as current or long-term derivative assets or liabilities:

		As of June 30, 2018			As of December 31, 2017		
(Millions of Dollars)	Fair Value Hierarchy	Commodity Supply and Price Risk Management	Netting [(1)]	Net Amount Recorded as a Derivative	Commodity Supply and Price Risk Management	Netting [(1)]	Net Amount Recorded as a Derivative
Current Derivative Assets:							
CL&P	Level 3	$ 8.0	$ (6.0)	$ 2.0	$ 9.5	$ (7.1)	$ 2.4
Long-Term Derivative Assets:							
CL&P	Level 3	77.5	(2.3)	75.2	71.9	(5.3)	66.6
Current Derivative Liabilities:							
Eversource	Level 2	(0.4)	0.4	—	(4.5)	—	(4.5)
CL&P	Level 3	(52.2)	—	(52.2)	(54.4)	—	(54.4)
Long-Term Derivative Liabilities:							
Eversource	Level 2	(0.2)	—	(0.2)	(0.4)	—	(0.4)
CL&P	Level 3	(394.3)	—	(394.3)	(376.9)	—	(376.9)

(1) Amounts represent derivative assets and liabilities that Eversource elected to record net on the balance sheets. These amounts are subject to master netting agreements or similar agreements for which the right of offset exists.

For further information on the fair value of derivative contracts, see Note 1E, "Summary of Significant Accounting Policies - Fair Value Measurements," to the financial statements.

Derivative Contracts at Fair Value with Offsetting Regulatory Amounts
Commodity Supply and Price Risk Management: As required by regulation, CL&P, along with UI, has capacity-related contracts with generation facilities. CL&P has a sharing agreement with UI, with 80 percent of the costs or benefits of each contract borne by or allocated to CL&P and 20 percent borne by or allocated to UI. The combined capacity of these contracts is 787 MW. The capacity contracts extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set capacity price and the capacity market price received in the ISO-NE capacity markets. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

As of June 30, 2018 and December 31, 2017, Eversource had New York Mercantile Exchange ("NYMEX") financial contracts for natural gas futures in order to reduce variability associated with the purchase price of 7.4 million and 9.5 million MMBtu of natural gas, respectively.

For the three months ended June 30, 2018 and 2017, there were gains of $8.6 million and losses of $4.4 million, respectively, deferred as regulatory costs, which reflect the change in fair value associated with Eversource's derivative contracts. For the six months ended June 30, 2018 and 2017, these losses were $27.5 million and $30.9 million, respectively.

Fair Value Measurements of Derivative Instruments
Derivative contracts classified as Level 2 in the fair value hierarchy relate to the financial contracts for natural gas futures. Prices are obtained from broker quotes and are based on actual market activity. The contracts are valued using NYMEX natural gas prices. Valuations of these contracts also incorporate discount rates using the yield curve approach.

The fair value of derivative contracts classified as Level 3 utilizes significant unobservable inputs. The fair value is modeled using income techniques, such as discounted cash flow valuations adjusted for assumptions related to exit price. Significant observable inputs for valuations of these contracts include energy and energy-related product prices in future years for which quoted prices in an active market exist. Fair value measurements categorized in Level 3 of the fair value hierarchy are prepared by individuals with expertise in valuation techniques, pricing of energy and energy-related products, and accounting requirements. The future power and capacity prices for periods that are not quoted in an active market or established at auction are based on available market data and are escalated based on estimates of inflation in order to address the full term of the contract.

Valuations of derivative contracts using a discounted cash flow methodology include assumptions regarding the timing and likelihood of scheduled payments and also reflect non-performance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the Company's credit rating for liabilities. Valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using historical market transactions adjusted for the terms of the contract.

The following is a summary of CL&P's Level 3 derivative contracts and the range of the significant unobservable inputs utilized in the valuations over the duration of the contracts:

	As of June 30, 2018		As of December 31, 2017	
CL&P	Range	Period Covered	Range	Period Covered
Capacity Prices	$ 4.30 — 7.50 per kW-Month	2022 - 2026	$ 5.00 — 8.70 per kW-Month	2021 - 2026
Forward Reserve	$ 0.95 — 2.00 per kW-Month	2018 - 2024	$ 1.00 — 2.00 per kW-Month	2018 - 2024

Exit price premiums of 2 percent through 17 percent are also applied to these contracts and reflect the uncertainty and illiquidity premiums that would be required based on the most recent market activity available for similar type contracts.

Significant increases or decreases in future energy or capacity prices in isolation would decrease or increase, respectively, the fair value of the derivative liability. Any increases in risk premiums would increase the fair value of the derivative liability. Changes in these fair values are recorded as a regulatory asset or liability and do not impact net income.

Valuations using significant unobservable inputs: The following table presents changes in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis.

CL&P	**For the Three Months Ended June 30,**		**For the Six Months Ended June 30,**	
(Millions of Dollars)	**2018**	**2017**	**2018**	**2017**
Derivatives, Net:				
Fair Value as of Beginning of Period	$ (386.5)	$ (413.5)	$ (362.3)	$ (420.5)
Net Realized/Unrealized Gains/(Losses) Included in Regulatory Assets and Liabilities	8.6	(0.6)	(28.2)	(15.2)
Settlements	8.6	19.3	21.2	40.9
Fair Value as of End of Period	$ (369.3)	$ (394.8)	$ (369.3)	$ (394.8)

5. MARKETABLE SECURITIES

Eversource holds marketable securities that are primarily used to fund certain non-qualified executive benefits. The trusts that hold marketable securities are not subject to regulatory oversight by state or federal agencies. CYAPC and YAEC maintain legally restricted trusts, each of which holds marketable securities, to fund the spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

Equity Securities: In accordance with new accounting guidance, unrealized gains and losses on equity securities are recorded in Other Income, Net on the statements of income. The fair value of equity securities subject to this guidance as of June 30, 2018 and December 31, 2017 was $53.6 million and $50 million, respectively. For the three and six months ended June 30, 2018, there were unrealized gains of $0.9 million and $0.2 million, respectively, recorded in Other Income, Net related to these equity securities.

Eversource's equity securities also include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts, which had fair values of $246.8 million and $263.8 million as of June 30, 2018 and December 31, 2017, respectively. Unrealized gains and losses for these nuclear decommissioning trusts are subject to regulatory accounting treatment and are recorded in Marketable Securities with the corresponding offset to Other Long-Term Liabilities on the balance sheets, with no impact on the statements of income.

Available-for-Sale Debt Securities: The following is a summary of the available-for-sale debt securities, which are recorded at fair value and are included in current and long-term Marketable Securities on the balance sheets.

	As of June 30, 2018				**As of December 31, 2017**			
Eversource *(Millions of Dollars)*	**Amortized Cost**	**Pre-Tax Unrealized Gains**	**Pre-Tax Unrealized Losses**	**Fair Value**	**Amortized Cost**	**Pre-Tax Unrealized Gains**	**Pre-Tax Unrealized Losses**	**Fair Value**
Debt Securities	$ 294.6	$ 1.4	$ (2.6)	$ 293.4	$ 284.9	$ 3.2	$ (1.1)	$ 287.0

Eversource's debt securities include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts in the amounts of $249.8 million and $242.3 million as of June 30, 2018 and December 31, 2017, respectively.

Unrealized gains and losses on available-for-sale debt securities held in Eversource's non-qualified benefit trust are recorded in Accumulated Other Comprehensive Income. There have been no significant unrealized losses, other-than-temporary impairments, or credit losses for the three and six months ended June 30, 2018 and 2017. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset-backed debt securities, underlying collateral and expected future cash flows are also evaluated.

As of June 30, 2018, the contractual maturities of available-for-sale debt securities were as follows:

Eversource *(Millions of Dollars)*	**Amortized Cost**	**Fair Value**
Less than one year [(1)]	$ 34.7	$ 34.6
One to five years	47.5	47.8
Six to ten years	58.2	58.1
Greater than ten years	154.2	152.9
Total Debt Securities	$ 294.6	$ 293.4

(1) Amounts in the Less than one year category include securities in the CYAPC and YAEC nuclear decommissioning trusts, which are restricted and are classified in long-term Marketable Securities on the balance sheets.

Realized Gains and Losses: Realized gains and losses are recorded in Other Income, Net for Eversource's non-qualified benefit trust and are offset in Other Long-Term Liabilities for CYAPC and YAEC. Eversource utilizes the specific identification basis method for the Eversource non-qualified benefit trust, and the average cost basis method for the CYAPC and YAEC nuclear decommissioning trusts to compute the realized gains and losses on the sale of marketable securities.

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

Eversource *(Millions of Dollars)*	**As of June 30, 2018**	**As of December 31, 2017**
Level 1:		
Mutual Funds and Equities	$ 300.4	$ 313.8
Money Market Funds	25.8	23.3
Total Level 1	$ 326.2	$ 337.1
Level 2:		
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 77.9	$ 70.2
Corporate Debt Securities	147.3	50.9
Asset-Backed Debt Securities	14.4	21.2
Municipal Bonds	16.3	110.7
Other Fixed Income Securities	11.7	10.7
Total Level 2	$ 267.6	$ 263.7
Total Marketable Securities	$ 593.8	$ 600.8

U.S. government issued debt securities are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate debt securities are valued using a market approach, utilizing recent trades of the same or similar instruments and also incorporating yield curves, credit spreads and specific bond terms and conditions. Asset-backed debt securities include collateralized mortgage obligations, commercial mortgage backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset-backed debt securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates, and tranche information. Municipal bonds are valued using a market approach that incorporates reported trades and benchmark yields. Other fixed income securities are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

6. SHORT-TERM AND LONG-TERM DEBT

Short-Term Debt - Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's $1.45 billion commercial paper program.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's $650 million commercial paper program.

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of June 30, 2018 or December 31, 2017. Eversource's water distribution business has a $100 million revolving credit facility, which expires on August 19, 2019, and there were no amounts outstanding as of June 30, 2018 and $76.0 million outstanding as of December 31, 2017.

The amount of borrowings outstanding and available under the commercial paper programs were as follows:

	Borrowings Outstanding as of		Available Borrowing Capacity as of		Weighted-Average Interest Rate as of	
(Millions of Dollars)	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Eversource Parent Commercial Paper Program	$ 747.0	$ 979.3	$ 703.0	$ 470.7	2.28%	1.86%
NSTAR Electric Commercial Paper Program	443.8	234.0	206.2	416.0	1.99%	1.55%

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, $201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

As of June 30, 2018, there were intercompany loans from Eversource parent of $24.0 million to CL&P, $118.7 million to PSNH and $4.0 million to NSTAR Electric. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $221.6 million to Eversource Service and $149.0 million to NSTAR Gas as of June 30, 2018. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $115.9 million to Eversource Service and $198.0 million to NSTAR Gas as of December 31, 2017. These intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets. Intercompany loans from Eversource parent are eliminated in consolidation on Eversource's balance sheets.

We believe the future operating cash flows of Eversource, CL&P, NSTAR Electric and PSNH, along with our existing borrowing availability and access to financial markets for the issuance of new long-term debt, will be sufficient to meet any working capital and future operating requirements, and capital investment forecast opportunities.

Long-Term Debt: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds for Issuances/ Repayment Information
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	April 2048	Repay long-term debt due to mature in 2018 and repay short-term borrowings
5.65% 2008 Series A First Mortgage Bonds	May 2008	(300.0)	May 2018	Repayment at maturity paid on May 1, 2018
PSNH:				
6.00% 2008 Series O First Mortgage Bonds	May 2008	(110.0)	May 2018	Repayment at maturity paid on May 1, 2018
Eversource Parent:				
2.50% Series I Senior Notes (1)	January 2018	200.0	March 2021	Repay long-term debt due to mature in 2018 and repay short-term borrowings
3.30% Series M Senior Notes	January 2018	450.0	January 2028	Repay long-term debt due to mature in 2018
1.60% Series G Senior Notes	January 2015	(150.0)	January 2018	Repayment at maturity paid on January 15, 2018
1.45% Series E Senior Notes	May 2013	(300.0)	May 2018	Repayment at maturity paid on May 1, 2018

(1) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount for these notes is now $450 million.

As a result of the Eversource parent debt issuances in January 2018, $446.8 million of current portion of long-term debt related to two Eversource parent issuances maturing in 2018 and $201.2 million of commercial paper borrowings were reclassified to Long-Term Debt as of December 31, 2017.

7. RATE REDUCTION BONDS AND VARIABLE INTEREST ENTITIES

Rate Reduction Bonds: PSNH Funding LLC 3 (PSNH Funding) is a bankruptcy remote, special purpose, wholly-owned subsidiary of PSNH. PSNH Funding was formed solely to issue rate reduction bonds (RRBs) to finance PSNH’s unrecovered stranded costs associated with the divestiture of its generation assets.

On May 8, 2018, PSNH issued $635.7 million of securitized RRBs in multiple tranches with a weighted average interest rate of 3.66 percent, and final maturity dates ranging from 2026 to 2035. The RRBs are expected to mature by February 1, 2033. RRB payments consist of principal and interest and will be paid semi-annually, beginning on February 1, 2019. The RRBs were issued pursuant to a finance order issued by the NHPUC on January 30, 2018 to recover stranded costs resulting from the divestiture of PSNH’s generating assets.

The proceeds were used to purchase PSNH's stranded cost asset-recovery property, including its vested property right to bill, collect and adjust a non-bypassable stranded cost recovery charge from PSNH's retail customers. The collections will be used to pay principal, interest and other costs in connection with the RRBs. The RRBs are secured by the stranded cost asset-recovery property and cash collections from the stranded cost recovery charges, and funds on deposit in trust accounts are the sole source of funds to satisfy the debt obligation. PSNH is not the owner of the RRBs, and PSNH Funding's assets and revenues are not available to pay PSNH's creditors. The RRBs are non-recourse senior secured obligations of PSNH Funding and are not insured or guaranteed by PSNH or Eversource Energy.

PSNH Funding is considered a variable interest entity (VIE) primarily because the equity capitalization is insufficient to support its operations. PSNH has the power to direct the significant activities of the VIE and is most closely associated with the VIE as compared to other interest holders. Therefore, PSNH is considered the primary beneficiary and consolidates PSNH Funding in its consolidated financial statements. The following tables summarize the impact of PSNH Funding on PSNH's balance sheet and income statement:

(Millions of Dollars)

Balance Sheet:	As of June 30, 2018
Restricted Cash - Current Portion (included in Prepayments and Other Current Assets)	$ 4.3
Restricted Cash - Long-Term Portion (included in Other Long-Term Assets)	3.2
Securitized Stranded Cost (included in Regulatory Assets)	628.8
Other Regulatory Assets (included in Regulatory Assets)	5.4
Accrued Interest (included in Other Current Liabilities)	2.8
Rate Reduction Bonds - Current Portion	30.7
Rate Reduction Bonds - Long-Term Portion	604.9

(Millions of Dollars)

Income Statement:	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018
Amortization of RRB Principal (included in Amortization of Regulatory Assets, Net)	$ 6.8	$ 6.8
Interest Expense on RRB Principal (included in Interest Expense)	2.8	2.8

Variable Interest Entities - Other: The Company's variable interests outside of the consolidated group include contracts that are required by regulation and provide for regulatory recovery of contract costs and benefits through customer rates. Eversource, CL&P and NSTAR Electric hold variable interests in VIEs through agreements with certain entities that own single renewable energy or peaking generation power plants, with other independent power producers and with transmission businesses. Eversource, CL&P and NSTAR Electric do not control the activities that are economically significant to these VIEs or provide financial or other support to these VIEs. Therefore, Eversource, CL&P and NSTAR Electric do not consolidate these VIEs.

8. PENSION BENEFITS AND POSTRETIREMENT BENEFITS OTHER THAN PENSION

Eversource provides defined benefit retirement plans ("Pension Plans") that cover eligible employees, including, among others, employees of CL&P, NSTAR Electric and PSNH. In addition to the Pension Plans, Eversource maintains non-qualified defined benefit retirement plans ("SERP Plans"), which provide benefits in excess of Internal Revenue Code limitations to eligible participants consisting of current and retired employees. Eversource also provides defined benefit postretirement plans (the "PBOP Plans") that provide life insurance and a health reimbursement arrangement created for the purpose of reimbursing retirees and dependents for health insurance premiums and certain medical expenses to eligible employees that met certain age and service eligibility requirements.

The components of net periodic benefit expense for the Pension, SERP and PBOP Plans are shown below. The service cost component of net periodic benefit expense and the intercompany allocations, less the capitalized portions, are included in Operations and Maintenance expense on the statements of income. The remaining components of net periodic benefit costs for pension, SERP and PBOP are included in Other Income, Net on the statements of income. Capitalized amounts relate to employees working on capital projects and are included in Property, Plant and Equipment, Net on the balance sheets. Pension, SERP and PBOP expense reflected in the statements of cash flows for CL&P, NSTAR Electric and PSNH does not include the intercompany allocations or the corresponding capitalized portion, as these amounts are cash settled on a short-term basis.

	Pension and SERP							
	For the Three Months Ended June 30, 2018				For the Three Months Ended June 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 20.7	$ 5.2	$ 4.3	$ 2.7	$ 17.4	$ 4.6	$ 3.8	$ 2.4
Interest Cost	49.1	10.5	10.9	5.5	47.2	10.5	10.7	5.3
Expected Return on Plan Assets	(97.9)	(19.4)	(26.6)	(10.8)	(83.5)	(17.8)	(21.9)	(10.0)
Actuarial Loss	35.7	7.1	10.1	3.3	33.9	6.8	10.4	3.0
Prior Service Cost	2.1	0.2	0.1	0.1	1.1	0.4	0.2	0.1
Total Net Periodic Benefit Expense/(Income)	$ 9.7	$ 3.6	$ (1.2)	$ 0.8	$ 16.1	$ 4.5	$ 3.2	$ 0.8
Intercompany Allocations	N/A	$ 1.5	$ 1.6	$ 0.5	N/A	$ 2.4	$ 2.3	$ 0.8
Capitalized Pension Expense	$ 5.9	$ 1.9	$ 1.9	$ 0.7	$ 5.5	$ 2.4	$ 2.0	$ 0.4

	Pension and SERP							
	For the Six Months Ended June 30, 2018				For the Six Months Ended June 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 43.1	$ 11.0	$ 9.0	$ 5.7	$ 36.4	$ 9.3	$ 7.8	$ 4.9
Interest Cost	97.8	20.9	21.7	10.9	93.5	20.9	21.2	10.5
Expected Return on Plan Assets	(195.8)	(40.2)	(51.8)	(21.8)	(167.0)	(36.0)	(44.0)	(19.9)
Actuarial Loss	71.8	14.8	20.7	6.5	67.5	13.9	20.5	5.8
Prior Service Cost	4.1	0.6	0.1	0.2	2.0	0.7	0.4	0.2
Total Net Periodic Benefit Expense/(Income)	$ 21.0	$ 7.1	$ (0.3)	$ 1.5	$ 32.4	$ 8.8	$ 5.9	$ 1.5
Intercompany Allocations	N/A	$ 3.0	$ 3.2	$ 1.0	N/A	$ 5.0	$ 4.6	$ 1.7
Capitalized Pension Expense	$ 13.4	$ 4.2	$ 4.0	$ 1.5	$ 10.9	$ 4.9	$ 3.7	$ 0.7

	PBOP							
	For the Three Months Ended June 30, 2018				For the Three Months Ended June 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 2.5	$ 0.4	$ 0.5	$ 0.3	$ 2.4	$ 0.5	$ 0.4	$ 0.3
Interest Cost	6.8	1.5	2.2	0.9	6.3	1.2	2.0	0.7
Expected Return on Plan Assets	(16.7)	(2.6)	(8.1)	(1.5)	(16.0)	(2.4)	(7.2)	(1.3)
Actuarial Loss	1.6	0.4	0.4	0.2	2.5	0.3	0.8	0.2
Prior Service Cost/(Credit)	(5.7)	0.3	(4.3)	0.1	(5.3)	0.3	(4.3)	0.1
Total Net Periodic Benefit Income	$ (11.5)	$ —	$ (9.3)	$ —	$ (10.1)	$ (0.1)	$ (8.3)	$ —
Intercompany Allocations	N/A	$ (0.2)	$ (0.3)	$ (0.1)	N/A	$ (0.1)	$ (0.2)	$ (0.1)
Capitalized PBOP Expense/(Income)	$ 0.8	$ 0.2	$ 0.3	$ 0.1	$ (4.9)	$ (0.1)	$ (4.2)	$ —

	PBOP							
	For the Six Months Ended June 30, 2018				For the Six Months Ended June 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 5.0	$ 0.9	$ 1.0	$ 0.6	$ 4.7	$ 0.9	$ 0.9	$ 0.6
Interest Cost	14.4	2.9	4.4	1.6	13.5	2.7	4.3	1.5
Expected Return on Plan Assets	(34.8)	(5.2)	(16.2)	(3.0)	(31.9)	(4.8)	(14.3)	(2.7)
Actuarial Loss	4.4	0.8	1.1	0.4	4.6	0.5	1.7	0.3
Prior Service Cost/(Credit)	(11.5)	0.5	(8.5)	0.3	(10.7)	0.5	(8.5)	0.3
Total Net Periodic Benefit Income	$ (22.5)	$ (0.1)	$ (18.2)	$ (0.1)	$ (19.8)	$ (0.2)	$ (15.9)	$ —
Intercompany Allocations	N/A	$ (0.5)	$ (0.7)	$ (0.2)	N/A	$ (0.4)	$ (0.6)	$ (0.2)
Capitalized PBOP Expense/(Income)	$ 1.6	$ 0.4	$ 0.5	$ 0.2	$ (9.5)	$ (0.2)	$ (8.1)	$ —

9. COMMITMENTS AND CONTINGENCIES

A. Environmental Matters

Eversource, CL&P, NSTAR Electric and PSNH are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. Eversource, CL&P, NSTAR Electric and PSNH have an active environmental auditing and training program and each believes it is substantially in compliance with all enacted laws and regulations.

The number of environmental sites and related reserves for which remediation or long-term monitoring, preliminary site work or site assessment is being performed are as follows:

	As of June 30, 2018		As of December 31, 2017	
	Number of Sites	Reserve (in millions)	Number of Sites	Reserve (in millions)
Eversource	59	$ 64.9	59	$ 54.9
CL&P	14	4.9	14	4.7
NSTAR Electric	16	6.5	15	2.7
PSNH	9	5.5	10	5.7

Included in the Eversource number of sites and reserve amounts above are former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which Eversource may have potential liability. The reserve balances related to these former MGP sites were $55.2 million and $49.0 million as of June 30, 2018 and December 31, 2017, respectively, and related primarily to the natural gas business segment. The increase in the reserve balance at the MGP sites was primarily due to changes in cost estimates at sites under investigation for which additional remediation will be required.

These reserve estimates are subjective in nature as they take into consideration several different remediation options at each specific site. The reliability and precision of these estimates can be affected by several factors, including new information concerning either the level of contamination at the site, the extent of Eversource's, CL&P's, NSTAR Electric's and PSNH's responsibility for remediation or the extent of remediation required, recently enacted laws and regulations, or changes in cost estimates due to certain economic factors. It is possible that new information or future developments could require a reassessment of the potential exposure to related environmental matters. As this information becomes available, management will continue to assess the potential exposure and adjust the reserves accordingly.

B. Guarantees and Indemnifications

In the normal course of business, Eversource parent provides credit assurances on behalf of its subsidiaries, including CL&P, NSTAR Electric and PSNH, in the form of guarantees.

Eversource parent issued a guaranty on behalf of its subsidiary, NPT, under which, beginning at the time the Northern Pass Transmission line goes into commercial operation, Eversource parent will guarantee the financial obligations of NPT under the TSA with HQ in an amount not to exceed $25 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations. Eversource parent has also entered into a guaranty on behalf of NPT under which Eversource parent will guarantee NPT's obligations under a facility with a financial institution pursuant to which NPT may request letters of credit in an aggregate amount of up to approximately $14 million.

Eversource parent has also guaranteed certain indemnification and other obligations as a result of the sales of former unregulated subsidiaries and the termination of an unregulated business, with maximum exposures either not specified or not material.

Management does not anticipate a material impact to net income or cash flows as a result of these various guarantees and indemnifications. The following table summarizes Eversource parent's exposure to guarantees and indemnifications of its subsidiaries to external parties, as of June 30, 2018:

Company	Description	Maximum Exposure (in millions)	Expiration Dates
On behalf of subsidiaries:			
Eversource Gas Transmission LLC	Access Northeast Project Capital Contributions Guaranty (1)	$ 185.0	2021
Various	Surety Bonds (2)	42.5	2018 - 2019
Eversource Service and Rocky River Realty Company	Lease Payments for Vehicles and Real Estate	6.9	2019 - 2024

(1) Eversource parent issued a declining balance guaranty on behalf of its subsidiary, Eversource Gas Transmission LLC, to guarantee the payment of the subsidiary's capital contributions for its investment in the Access Northeast project. The guaranty decreases as capital contributions are made. The guaranty will expire upon the earlier of the full performance of the guaranteed obligations or December 31, 2021.

(2) Surety bond expiration dates reflect termination dates, the majority of which will be renewed or extended. Certain surety bonds contain credit ratings triggers that would require Eversource parent to post collateral in the event that the unsecured debt credit ratings of Eversource parent are downgraded.

C. Spent Nuclear Fuel Obligations - Yankee Companies

CL&P, NSTAR Electric and PSNH have plant closure and fuel storage cost obligations to the Yankee Companies, which have each completed the physical decommissioning of their respective nuclear facilities and are now engaged in the long-term storage of their spent fuel. The Yankee Companies collect these costs through wholesale, FERC-approved rates charged under power purchase agreements with several New England utilities, including CL&P, NSTAR Electric and PSNH. These companies in turn recover these costs from their customers through state regulatory commission-approved retail rates. The Yankee Companies have collected or are currently collecting amounts that management believes are adequate to recover the remaining plant closure and fuel storage cost estimates for the respective plants. Management believes CL&P and NSTAR Electric will recover their shares of these obligations from their customers. PSNH has recovered its total share of these costs from its customers.

Spent Nuclear Fuel Litigation:

The Yankee Companies have filed complaints against the DOE in the Court of Federal Claims seeking monetary damages resulting from the DOE's failure to provide for a permanent facility to store spent nuclear fuel pursuant to the terms of the 1983 spent fuel and high level waste disposal contracts between the Yankee Companies and the DOE. The court had previously awarded the Yankee Companies damages for Phase I, II and III of litigation resulting from the DOE's failure to meet its contractual obligations. These Phases covered damages incurred in the years 1998 through 2012, and the awarded damages have been received by the Yankee Companies with certain amounts of the damages refunded to their customers.

DOE Phase IV Damages - On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking monetary damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal covering the years from 2013 to 2016 ("DOE Phase IV"). No date is set for the DOE Phase IV trial.

D. FERC ROE Complaints

Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the October 16, 2014 FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

Hearings on the fourth complaint were held in December 2017 before the FERC Administrative Law Judge ("ALJ"). On March 27, 2018, the FERC ALJ issued an initial decision in that complaint, finding that the current base ROE of 10.57 percent, which has an incentive cap ROE of 11.74 percent, is not unjust and not unreasonable.

A summary of the four separate complaints and the base ROEs pertinent to those complaints are as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date [1]	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 [1]	Reserve (Pre-Tax and Excluding Interest) as of June 30, 2018 (in millions)		FERC ALJ Recommendation of Base ROE on Second, Third and Fourth Complaints
First	10/1/2011 - 12/31/2012	11.14%	10.57%	$—	(2)	N/A
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1	(3)	9.59%
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—		10.90%
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—		10.57%

(1) The ROE billed during the period October 1, 2011 through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and an incentive cap at 11.74 percent for the first complaint period. This was also effective for all prospective billings to customers beginning October 16, 2014. This FERC order was vacated on April 14, 2017.

(2) CL&P, NSTAR Electric and PSNH have refunded all amounts associated with the first complaint period, totaling $38.9 million (pre-tax and excluding interest) at Eversource (consisting of $22.4 million at CL&P, $13.7 million at NSTAR Electric and $2.8 million at PSNH), reflecting both the base ROE and incentive cap prescribed by the FERC order.

(3) The reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH as of June 30, 2018.

On June 5, 2017, the NETOs, including Eversource, submitted a filing to the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. On October 6, 2017, the FERC did not accept the NETOs filing, temporarily leaving in place the ROEs (10.57 percent base ROE with an 11.74 percent incentive cap ROE) set in the first complaint proceeding until the FERC addresses the Court's decision. On November 6, 2017, the NETOs submitted a request for rehearing of the FERC's October 6, 2017 Order rejecting the compliance filing.

On October 5, 2017, the NETOs filed a series of motions, requesting that the FERC dismiss the four complaint proceedings. Alternatively, if the FERC does not dismiss the proceedings, the NETOs requested that the FERC consolidate all four complaint proceedings for expeditious resolution and/or stay the trial in the fourth complaint proceeding and resolve it based on the standards set in the April 14, 2017 Court decision.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. No events in 2017 or 2018 provided a reasonable basis for a change to the reserve balance of $39.1 million (pre-tax and excluding interest) for the second complaint period, and the Company has not changed its reserve or recognized ROEs for any of the complaint periods. Eversource, CL&P, NSTAR Electric and PSNH currently record revenues at the 10.57 percent base ROE and incentive cap at 11.74 percent established in the October 16, 2014 FERC order. At this time, the Company cannot predict the timing or ultimate effect of the Court decision or future FERC action on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric or PSNH.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

E. Eversource and NSTAR Electric Boston Harbor Civil Action

On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

The parties reached a settlement pursuant to which HEEC agreed to install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit resulted in the initial $17.5 million of construction costs on the new cable being expensed as incurred, all of which were fully expensed by June 30, 2018. Construction of the new cable is underway and is expected to be completed in 2019.

10. ASSETS HELD FOR SALE

In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, under the terms of which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approval for this agreement, as well as NHPUC approval of the final divestiture plan and auction process, were received in the second half of 2016. In October 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of $175 million and $83 million, respectively, subject to adjustments as set forth in the Agreements. The NHPUC approved the Agreements in late November 2017, at which time the Company classified these assets as held for sale.

On January 10, 2018, PSNH completed the sale of its thermal generation assets, pursuant to the Purchase and Sale Agreement dated October 11, 2017. In accordance with the Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million, resulting in net proceeds of $134.1 million. In the second quarter of 2018, PSNH adjusted the purchase price by approximately $17 million for the thermal generation assets relating to the valuation of certain allowances, and also received amounts in escrow of $3.5 million. As a result of these adjustments, total proceeds from the sale amounted to $116.8 million.

On May 8, 2018, PSNH issued $635.7 million of securitized RRBs to finance the unrecovered stranded costs associated with the divestiture of its generation assets, which included the deferred costs resulting from the sale of the thermal generation assets. As of June 30, 2018, unamortized securitized stranded costs totaled $628.8 million and are included in Regulatory Assets on the Eversource and PSNH balance sheets. As of December 31, 2017, the deferred costs resulting from the thermal generation asset sale of $516.1 million represented the difference between the carrying value and the fair value less cost to sell the thermal generation assets.

On July 16, 2018, FERC issued its order approving the transfer of PSNH's six hydro licenses to the private investors. The order includes a 30-day rehearing period. PSNH expects to complete the sale of its hydroelectric generation assets in the third quarter of 2018 at an amount above net carrying value, and the assets are therefore stated at carrying value. As of June 30, 2018, the difference between the carrying value of the hydroelectric generation assets and the anticipated sale proceeds was $23.2 million. The estimated gain from the sale of these assets was included in the amount of stranded costs securitized.

Full recovery of the costs of PSNH's generation assets and transaction-related expenses is expected to occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs primarily via the issuance of bonds that are secured by a non-bypassable charge billed to PSNH's customers. For further information on the securitized RRB issuance, see Note 7, "Rate Reduction Bonds and Variable Interest Entities."

For the three and six months ended June 30, 2018, pre-tax income associated with the hydroelectric assets held for sale was $3.3 million and $9.2 million, respectively. For the three and six months ended June 30, 2017, pre-tax income associated with PSNH's generation assets was $15.3 million and $30.1 million, respectively.

As of June 30, 2018 and December 31, 2017, PSNH's generation assets held for sale, which are included in current assets on the Eversource and PSNH balance sheets, and are part of the Electric Distribution reportable segment, were as follows:

(Millions of Dollars)	As of June 30, 2018	As of December 31, 2017
Thermal Gross Plant	$ —	$ 1,091.4
Hydroelectric Gross Plant	86.8	83.0
Accumulated Depreciation	(27.5)	(575.4)
Net Plant	59.3	599.0
Fuel and Inventory	—	87.7
Materials and Supplies	0.1	27.3
Emissions Allowances	—	19.1
Other Assets	—	2.6
Deferred Costs from Thermal Generation Asset Sale	—	(516.1)
Total Generation Assets Held for Sale	$ 59.4	$ 219.6

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Preferred Stock, Long-Term Debt and Rate Reduction Bonds: The fair value of CL&P's and NSTAR Electric's preferred stock is based upon pricing models that incorporate interest rates and other market factors, valuations or trades of similar securities and cash flow projections. The fair value of long-term debt and RRB debt securities is based upon pricing models that incorporate quoted market prices for those issues or similar issues adjusted for market conditions, credit ratings of the respective companies and treasury benchmark yields. The fair values provided in the table below are classified as Level 2 within the fair value hierarchy. Carrying amounts and estimated fair values are as follows:

	Eversource		CL&P		NSTAR Electric		PSNH	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
As of June 30, 2018:								
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 156.4	$ 116.2	$ 113.9	$ 43.0	$ 42.5	$ —	$ —
Long-Term Debt	12,396.6	12,501.7	3,253.3	3,473.3	2,944.3	3,019.9	894.0	909.0
Rate Reduction Bonds	635.7	638.3	—	—	—	—	635.7	638.3
As of December 31, 2017:								
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 160.8	$ 116.2	$ 116.5	$ 43.0	$ 44.3	$ —	$ —
Long-Term Debt	12,325.5	12,877.1	3,059.1	3,430.5	2,943.8	3,156.5	1,002.4	1,038.2

Derivative Instruments and Marketable Securities: Derivative instruments and investments in marketable securities are carried at fair value. For further information, see Note 4, "Derivative Instruments," and Note 5, "Marketable Securities," to the financial statements.

See Note 1E, "Summary of Significant Accounting Policies - Fair Value Measurements," for the fair value measurement policy and the fair value hierarchy.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in accumulated other comprehensive income/(loss) by component, net of tax, is as follows:

	For the Six Months Ended June 30, 2018				For the Six Months Ended June 30, 2017			
Eversource *(Millions of Dollars)*	Qualified Cash Flow Hedging Instruments	Unrealized Losses on Marketable Securities	Defined Benefit Plans	Total	Qualified Cash Flow Hedging Instruments	Unrealized Gains on Marketable Securities	Defined Benefit Plans	Total
Balance as of Beginning of Period	$ (6.2)	$ —	$ (60.2)	$ (66.4)	$ (8.2)	$ 0.4	$ (57.5)	$ (65.3)
OCI Before Reclassifications	—	(0.6)	2.6	2.0	—	2.6	(3.5)	(0.9)
Amounts Reclassified from AOCI	1.2	—	2.2	3.4	1.1	—	2.2	3.3
Net OCI	1.2	(0.6)	4.8	5.4	1.1	2.6	(1.3)	2.4
Balance as of End of Period	$ (5.0)	$ (0.6)	$ (55.4)	$ (61.0)	$ (7.1)	$ 3.0	$ (58.8)	$ (62.9)

Eversource's qualified cash flow hedging instruments represent interest rate swap agreements on debt issuances that were settled in prior years. The settlement amount was recorded in AOCI and is being amortized into Net Income over the term of the underlying debt instrument. CL&P, NSTAR Electric and PSNH continue to amortize interest rate swaps settled in prior years from AOCI into Interest Expense over the remaining life of the associated long-term debt. Such interest rate swaps are not material to their respective financial statements.

Defined benefit plan OCI amounts before reclassifications relate to actuarial gains and losses that arose during the year and were recognized in AOCI. The unamortized actuarial gains and losses and prior service costs on the defined benefit plans are amortized from AOCI into Other Income, Net over the average future employee service period, and are reflected in amounts reclassified from AOCI. For further information, see Note 1F, "Summary of Significant Accounting Policies - Other Income, Net," and Note 8, "Pension Benefits and Postretirement Benefits Other Than Pension."

13. COMMON SHARES

The following table sets forth the Eversource parent common shares and the shares of common stock of CL&P, NSTAR Electric and PSNH that were authorized and issued, as well as the respective per share par values:

	Shares			
		Authorized as of June 30, 2018 and	Issued as of	
	Par Value	December 31, 2017	June 30, 2018	December 31, 2017
Eversource	$ 5	380,000,000	333,878,402	333,878,402
CL&P	$ 10	24,500,000	6,035,205	6,035,205
NSTAR Electric	$ 1	100,000,000	200	200
PSNH	$ 1	100,000,000	301	301

As of both June 30, 2018 and December 31, 2017, there were 16,992,594 Eversource common shares held as treasury shares. As of both June 30, 2018 and December 31, 2017, there were 316,885,808 Eversource common shares outstanding.

14. COMMON SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS

Dividends on the preferred stock of CL&P and NSTAR Electric totaled $1.9 million for each of the three months ended June 30, 2018 and 2017 and $3.8 million for each of the six months ended June 30, 2018 and 2017. These dividends were presented as Net Income Attributable to Noncontrolling Interests on the Eversource statements of income. Noncontrolling Interest – Preferred Stock of Subsidiaries on the Eversource balance sheets totaled $155.6 million as of June 30, 2018 and December 31, 2017. On the Eversource balance sheets, Common Shareholders' Equity was fully attributable to the parent and Noncontrolling Interest – Preferred Stock of Subsidiaries was fully attributable to the noncontrolling interest.

15. EARNINGS PER SHARE

Basic EPS is computed based upon the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of common shares outstanding plus the potential dilutive effect of certain share-based compensation awards as if they were converted into common shares. The dilutive effect of unvested RSU and performance share awards is calculated using the treasury stock method. RSU and performance share awards are included in basic weighted average common shares outstanding as of the date that all necessary vesting conditions have been satisfied.

The following table sets forth the components of basic and diluted EPS:

Eversource	For the Three Months Ended		For the Six Months Ended	
(Millions of Dollars, except share information)	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net Income Attributable to Common Shareholders	$ 242.8	$ 230.7	$ 512.3	$ 490.2
Weighted Average Common Shares Outstanding:				
Basic	317,344,596	317,391,365	317,370,825	317,427,258
Dilutive Effect	540,591	555,829	568,269	608,606
Diluted	317,885,187	317,947,194	317,939,094	318,035,864
Basic and Diluted EPS	$ 0.76	$ 0.72	$ 1.61	$ 1.54

16. REVENUES

On January 1, 2018, Eversource, including CL&P, NSTAR Electric and PSNH, adopted ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*" using the modified retrospective approach. The core principle of this accounting guidance is that revenue is recognized when promised goods or services (referred to as performance obligations) are transferred to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard uses a five-step model for recognizing and measuring revenue from contracts with customers, which includes identifying the contract with the customer, identifying the performance obligations promised within the contract, determining the transaction price (the amount of consideration to which the company expects to be entitled), allocating the transaction price to the performance obligations and recognizing revenue when (or as) the performance obligation is satisfied.

The following table presents operating revenues disaggregated by revenue source:

Eversource *(Millions of Dollars)*	For the Three Months Ended June 30, 2018						
	Electric Distribution	**Natural Gas Distribution**	**Electric Transmission**	**Water Distribution**	**Other**	**Eliminations**	**Total**
Revenue from Contracts with Customers							
Retail Tariff Sales							
Residential	$ 794.4	$ 104.1	$ —	$ 32.3	$ —	$ —	$ 930.8
Commercial	622.0	70.0	—	15.7	—	(2.0)	705.7
Industrial	88.4	23.5	—	1.1	—	(2.4)	110.6
Total Retail Tariff Sales Revenue	1,504.8	197.6	—	49.1	—	(4.4)	1,747.1
Wholesale Transmission Revenue	—	—	310.8	—	12.6	(268.0)	55.4
Wholesale Market Sales Revenue	34.2	12.1	—	0.9	—	—	47.2
Other Revenue from Contracts with Customers	18.4	(0.6)	3.2	1.9	224.4	(225.1)	22.2
Reserve for Revenue Subject to Refund	(7.3)	(3.5)	—	(0.5)	—	—	(11.3)
Total Revenue from Contracts with Customers	1,550.1	205.6	314.0	51.4	237.0	(497.5)	1,860.6
Alternative Revenue Programs	(14.4)	0.1	3.4	1.9	—	(2.9)	(11.9)
Other Revenue	4.2	0.8	—	0.2	—	—	5.2
Total Operating Revenues	$ 1,539.9	$ 206.5	$ 317.4	$ 53.5	$ 237.0	$ (500.4)	$ 1,853.9

Eversource *(Millions of Dollars)*	For the Six Months Ended June 30, 2018						
	Electric Distribution	**Natural Gas Distribution**	**Electric Transmission**	**Water Distribution**	**Other**	**Eliminations**	**Total**
Revenue from Contracts with Customers							
Retail Tariff Sales							
Residential	$ 1,788.7	$ 352.9	$ —	$ 59.7	$ —	$ —	$ 2,201.3
Commercial	1,233.4	204.7	—	30.0	—	(2.1)	1,466.0
Industrial	169.9	53.1	—	2.1	—	(5.0)	220.1
Total Retail Tariff Sales Revenue	3,192.0	610.7	—	91.8	—	(7.1)	3,887.4
Wholesale Transmission Revenue	—	—	624.5	—	22.7	(526.7)	120.5
Wholesale Market Sales Revenue	92.7	29.9	—	1.7	—	—	124.3
Other Revenue from Contracts with Customers	35.3	(0.9)	6.2	3.7	445.2	(446.3)	43.2
Reserve for Revenue Subject to Refund	(26.5)	(8.0)	—	(2.0)	—	—	(36.5)
Total Revenue from Contracts with Customers	3,293.5	631.7	630.7	95.2	467.9	(980.1)	4,138.9
Alternative Revenue Programs	(5.7)	(1.7)	(8.3)	2.6	—	7.7	(5.4)
Other Revenue	6.7	1.4	—	0.2	—	—	8.3
Total Operating Revenues	$ 3,294.5	$ 631.4	$ 622.4	$ 98.0	$ 467.9	$ (972.4)	$ 4,141.8

	For the Three Months Ended June 30, 2018			For the Six Months Ended June 30, 2018		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Revenue from Contracts with Customers						
Retail Tariff Sales						
Residential	$ 387.1	$ 292.5	$ 114.8	$ 870.4	$ 656.7	$ 261.6
Commercial	220.7	325.5	76.2	443.2	640.0	151.1
Industrial	36.5	30.9	21.0	72.3	59.0	38.6
Total Retail Tariff Sales Revenue	644.3	648.9	212.0	1,385.9	1,355.7	451.3
Wholesale Transmission Revenue	139.9	120.9	50.1	290.6	239.5	94.3
Wholesale Market Sales Revenue	10.6	13.4	10.9	21.0	38.2	34.9
Other Revenue from Contracts with Customers	8.3	9.3	3.9	16.2	18.3	7.5
Reserve for Revenue Subject to Refund	(4.2)	—	(3.1)	(16.6)	(3.7)	(6.2)
Total Revenue from Contracts with Customers	798.9	792.5	273.8	1,697.1	1,648.0	581.8
Alternative Revenue Programs	1.0	(6.9)	(5.0)	(4.1)	(0.2)	(9.6)
Other Revenue	2.4	1.6	0.2	3.3	2.7	0.6
Eliminations	(107.4)	(96.5)	(33.9)	(216.4)	(189.6)	(70.3)
Total Operating Revenues	$ 694.9	$ 690.7	$ 235.1	$ 1,479.9	$ 1,460.9	$ 502.5

Retail Tariff Sales: Regulated utilities provide products and services to their regulated customers under rates, pricing, payment terms and conditions of service, regulated by each state regulatory agency. The arrangement whereby a utility provides commodity service to a customer for a price approved by the respective state regulatory commission is referred to as a tariff sale contract, and the tariff governs all aspects of the provision of regulated services by utilities. The majority of revenue for Eversource, CL&P, NSTAR Electric and PSNH is derived from regulated retail tariff sales for the sale and distribution of electricity, natural gas and water to residential, commercial and industrial retail customers.

The utility's performance obligation for the regulated tariff sales is to provide electricity, natural gas or water to the customer as demanded.
The promise to provide the commodity represents a single performance obligation, as it is a promise to transfer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by the utility, and the utility satisfies its performance obligation. Revenue is recognized based on the output method as there is a directly observable output to the customer (electricity, natural gas or water units delivered to the customer and immediately consumed). Each Eversource utility is entitled to be compensated for performance completed to date (service taken by the customer) until service is terminated.

In regulated tariff sales, the transaction prices are the rates approved by the respective state regulatory commissions. In general, rates can only be changed through formal proceedings with the state regulatory commissions. These rates are designed to recover the costs to provide service to customers and include a return on investment. Regulatory commission-approved tracking mechanisms are included in these rates and are also used to recover, on a fully-reconciling basis, certain costs, such as the procurement of energy supply, retail transmission charges, energy efficiency program costs, net metering for distributed generation, and restructuring and stranded costs. These tracking mechanisms result in rates being changed periodically to ensure recovery of actual costs incurred.

Customers may elect to purchase electricity from each Eversource electric utility or may contract separately with a competitive third party supplier. Revenue is not recorded for the sale of the electricity commodity to customers who have contracted separately with these suppliers, only the delivery to a customer, as the utility is acting as an agent on behalf of the third party supplier.

Wholesale Transmission Revenues: The Eversource electric transmission-owning companies (CL&P, NSTAR Electric and PSNH) each own and maintain transmission facilities that are part of an interstate power transmission grid over which electricity is transmitted throughout New England. CL&P, NSTAR Electric and PSNH, as well as most other New England utilities, are parties to a series of agreements that provide for coordinated planning and operation of the region's transmission facilities and the rules by which they acquire transmission services. The Eversource electric transmission-owning companies have a combination of FERC-approved regional and local formula rates that work in tandem to recover all their transmission costs. These rates are part of the ISO-NE Tariff. Regional rates recover the costs of higher voltage transmission facilities that benefit the region and are collected from all New England transmission customers, including the Eversource distribution businesses. Eversource's local rates recover the companies' total transmission revenue requirements, less revenues received from regional rates and other sources, and are collected from Eversource's distribution businesses and other transmission customers. The distribution businesses of Eversource, in turn, recover the FERC approved charges from retail customers through annual or semiannual tracking mechanisms, which are retail tariff sales.

The utility's performance obligation for regulated wholesale transmission sales is to provide transmission services to the customer as demanded. The promise to provide transmission service represents a single performance obligation. The transaction prices are the transmission rate formulas as defined by the ISO-NE Tariff and are regulated and established by FERC. Wholesale transmission revenue is recognized over time as the performance obligation is completed, which occurs as transmission services are provided to customers. The revenue is recognized based on the output method. Each Eversource utility is entitled to be compensated for performance completed to date (e.g., use of the transmission system by the customer).

Wholesale Market Sales Revenues: Wholesale market sales transactions include sales of energy and energy-related products into the ISO-NE wholesale electricity market, sales of natural gas to third party marketers, and also the sale of RECs to various counterparties. ISO-NE oversees the region's wholesale electricity market and administers the transactions and terms and conditions, including payment terms, which are established in the ISO-NE tariff, between the buyers and sellers in the market. Pricing is set by the wholesale market. The wholesale transactions in the ISO-NE market occur on a day-ahead basis or a real-time basis (daily) and are, therefore, short-term. Transactions are tracked and reported by ISO-NE net by the hour, which is the net hourly position of energy sales and purchases by each market participant. Beginning in the first quarter of 2018, the performance obligation for ISO-NE energy transactions is defined to be the net by hour transaction. Revenue is recognized when the performance obligation for these energy sales transactions is satisfied, when the sale occurs and the energy is transferred to the customer. For sales of natural gas, transportation, and natural gas pipeline capacity to third party marketers, revenue is recognized when the performance obligation is satisfied at the point in time the sale occurs and the natural gas or related product is transferred to the marketer. RECs are sold to various counterparties, and revenue is recognized when the performance obligation is satisfied upon transfer of title to the customer through the New England Power Pool Generation Information System.

Other Revenue from Contracts with Customers: Other revenue from contracts with customers primarily includes property rentals that are not deemed leases. These revenues are generally recognized on a straight-line basis over time as the service is provided to the customer.

Reserve for Revenue Subject to Refund: Current base rates include an estimate of income taxes, which was based on the U.S. federal corporate income tax rate in effect at the time of the rate proceeding. Eversource established a reserve, recorded as a reduction to revenue, to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Eversource expects to refund these amounts to customers through various rate mechanisms in the future, depending on regulatory outcomes. Effective February 1, 2018, NSTAR Electric's base rates charged to customers have been adjusted to reflect the new federal income tax rate, effective May 1, 2018, CL&P's rates charged to customers reflect the new income tax rate and effective July 1, 2018, NSTAR Gas' rates reflect the new income tax rate.

Alternative Revenue Programs: In accordance with accounting guidance for rate-regulated operations, certain of Eversource's utilities' rate making mechanisms qualify as alternative revenue programs ("ARPs") if they meet specified criteria, in which case revenues may be recognized prior to billing based on allowed levels of collection in rates. Eversource's utility companies recognize revenue and record a regulatory asset or liability once the condition or event allowing for the automatic adjustment of future rates occurs. ARP revenues include both the recognition of the deferral adjustment to ARP revenues, when the regulator-specified condition or event allowing for additional billing or refund has occurred, and an equal and offsetting reversal of the ARP deferral to revenues as those amounts are reflected in the price of service in subsequent periods.

Eversource's ARPs include the revenue decoupling mechanism and the annual reconciliation adjustment to transmission formula rates, described below.

- Certain Eversource electric, natural gas and water companies, including CL&P and NSTAR Electric, have revenue decoupling mechanisms approved by a regulatory commission ("decoupled companies"). Decoupled companies' distribution revenues are not directly based on sales volumes. The decoupled companies reconcile their annual base distribution rate recovery to pre-established levels of baseline distribution delivery service revenues, with any difference between the allowed level of distribution revenue and the actual amount realized adjusted through subsequent rates.

- The transmission formula rates provide for the annual reconciliation and recovery or refund of estimated costs to actual costs. The financial impacts of differences between actual and estimated costs are deferred for future recovery from, or refund to, transmission customers. This transmission deferral reconciles billed transmission revenues to the revenue requirement for our transmission businesses.

Other Revenues: Other Revenues include certain fees charged to customers and lease revenue that are not considered revenue from contracts with customers.

Intercompany Eliminations: Intercompany eliminations are primarily related to the Eversource electric transmission revenues that are derived from ISO-NE regional transmission charges to the distribution businesses of CL&P, NSTAR Electric and PSNH that recover the costs of the wholesale transmission business, and revenues from Eversource's service company. Intercompany revenues and expenses between the Eversource wholesale transmission businesses and the Eversource distribution businesses and from Eversource's service company are eliminated in consolidation and included in "Eliminations" in the table above.

Receivables: Receivables, Net on the balance sheet include trade receivables from our retail customers and receivables arising from ISO-NE billing related to wholesale transmission contracts and wholesale market transactions, sales of natural gas and capacity to marketers, sales of RECs, and property rentals. In general, retail tariff customers and wholesale transmission customers are billed monthly and the payment terms are generally due and payable upon receipt of the bill.

Unbilled Revenues on the balance sheet represent estimated amounts due from retail customers for electricity, natural gas or water delivered to customers but not yet billed. The utility company has satisfied its performance obligation and the customer has received and consumed the commodity as of the balance sheet date, and therefore, the utility company records revenue for those services in the period the services were provided. Only the passage of time is required before the company is entitled to payment for the satisfaction of the performance obligation. Payment from customers is due monthly as services are rendered and amounts are billed. Actual amounts billed to customers when meter readings become available may vary from the estimated amount.

Unbilled revenues are recognized by allocating estimated unbilled sales volumes to the respective customer classes, and then applying an estimated rate by customer class to those sales volumes. Unbilled revenue estimates reflect seasonality, weather, customer usage patterns, customer rates in effect for customer classes, and the timing of customer billing. The companies that have a decoupling mechanism record a regulatory deferral to reflect the actual allowed amount of revenue associated with their respective decoupled distribution rate design.

Practical Expedients: Eversource has elected practical expedients in the accounting guidance that allow the company to record revenue in the amount that the company has a right to invoice, if that amount corresponds directly with the value to the customer of the company's performance to date, and not to disclose related unsatisfied performance obligations. Retail and wholesale transmission tariff sales fall into this category, as these sales are recognized as revenue in the period the utility provides the service and completes the performance obligation, which is the same as the monthly amount billed to customers. There are no other material revenue streams for which Eversource has unsatisfied performance obligations.

17. SEGMENT INFORMATION

Presentation: Eversource is organized among the Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution reportable segments and Other based on a combination of factors, including the characteristics of each segments' services, the sources of operating revenues and expenses and the regulatory environment in which each segment operates. These reportable segments represent substantially all of Eversource's total consolidated revenues. Revenues from the sale of electricity, natural gas and water primarily are derived from residential, commercial and industrial customers and are not dependent on any single customer. The Electric Distribution reportable segment includes the results of PSNH's generation facilities and NSTAR Electric's solar power facilities. Eversource's reportable segments are determined based upon the level at which Eversource's chief operating decision maker assesses performance and makes decisions about the allocation of company resources. On December 4, 2017, Eversource acquired Aquarion, which was considered to be a new operating segment, water distribution. Though the water distribution segment does not meet quantitative thresholds under the segment reporting accounting guidance, based on qualitative factors including the nature of the water distribution business, Water Distribution was deemed a reportable segment beginning in the first quarter of 2018.

The remainder of Eversource's operations is presented as Other in the tables below and primarily consists of 1) the equity in earnings of Eversource parent from its subsidiaries and intercompany interest income, both of which are eliminated in consolidation, and interest expense related to the debt of Eversource parent, 2) the revenues and expenses of Eversource Service, most of which are eliminated in consolidation, 3) the operations of CYAPC and YAEC, and 4) the results of other unregulated subsidiaries, which are not part of its core business. In addition, Other in the tables below includes Eversource parent's equity ownership interests in certain natural gas pipeline projects owned by Enbridge, Inc., the Bay State Wind project, a renewable energy investment fund, and two companies that transmit hydroelectricity imported from the Hydro-Quebec system in Canada. In the ordinary course of business, Yankee Gas and NSTAR Gas purchase natural gas transmission services from the Enbridge, Inc. natural gas pipeline projects described above. These affiliate transaction costs total approximately $62.5 million annually and are classified as Purchased Power, Fuel and Transmission on the Eversource statements of income.

Each of Eversource's subsidiaries, including CL&P, NSTAR Electric and PSNH, has one reportable segment.

Cash flows used for investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred but not paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension and PBOP expense.

Eversource's segment information is as follows:

Eversource *(Millions of Dollars)*	For the Three Months Ended June 30, 2018 (1) Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 1,539.9	$ 206.5	$ 317.4	$ 53.5	$ 237.0	$ (500.4)	$ 1,853.9
Depreciation and Amortization	(135.5)	(19.3)	(57.0)	(12.2)	(11.9)	0.6	(235.3)
Other Operating Expenses	(1,233.0)	(170.6)	(88.8)	(24.5)	(211.7)	501.4	(1,227.2)
Operating Income	$ 171.4	$ 16.6	$ 171.6	$ 16.8	$ 13.4	$ 1.6	$ 391.4
Interest Expense	$ (52.1)	$ (11.4)	$ (30.0)	$ (8.6)	$ (32.3)	$ 8.0	$ (126.4)
Other Income/(Loss), Net	19.0	1.6	9.9	(0.6)	302.0	(281.8)	50.1
Net Income Attributable to Common Shareholders	101.3	5.0	112.7	7.2	288.8	(272.2)	242.8

Eversource *(Millions of Dollars)*	For the Six Months Ended June 30, 2018 (1) Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 3,294.5	$ 631.4	$ 622.4	$ 98.0	$ 467.9	$ (972.4)	$ 4,141.8
Depreciation and Amortization	(279.9)	(45.7)	(113.5)	(22.9)	(23.9)	1.1	(484.8)
Other Operating Expenses	(2,676.5)	(483.2)	(172.0)	(48.4)	(416.3)	973.3	(2,823.1)
Operating Income	$ 338.1	$ 102.5	$ 336.9	$ 26.7	$ 27.7	$ 2.0	$ 833.9
Interest Expense	$ (99.5)	$ (22.5)	$ (59.7)	$ (16.9)	$ (64.3)	$ 15.4	$ (247.5)
Other Income/(Loss), Net	38.6	3.5	17.8	(1.1)	662.1	(637.0)	83.9
Net Income Attributable to Common Shareholders	205.5	62.8	220.1	8.7	634.8	(619.6)	512.3
Cash Flows Used for Investments in Plant	475.6	150.3	508.5	40.2	77.1	—	1,251.7

Eversource *(Millions of Dollars)*	**For the Three Months Ended June 30, 2017** Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 1,275.9	$ 186.0	$ 324.6	$ —	$ 217.0	$ (240.7)	$ 1,762.8
Depreciation and Amortization	(105.4)	(17.9)	(51.4)	—	(7.9)	0.5	(182.1)
Other Operating Expenses	(931.9)	(150.8)	(94.9)	—	(196.0)	241.1	(1,132.5)
Operating Income	$ 238.6	$ 17.3	$ 178.3	$ —	$ 13.1	$ 0.9	$ 448.2
Interest Expense	$ (49.4)	$ (10.9)	$ (28.9)	$ —	$ (21.6)	$ 3.5	$ (107.3)
Other Income, Net	9.1	0.9	6.8	—	257.7	(245.5)	29.0
Net Income Attributable to Common Shareholders	121.9	4.5	96.4	—	249.0	(241.1)	230.7

Eversource *(Millions of Dollars)*	**For the Six Months Ended June 30, 2017** Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 2,677.0	$ 589.6	$ 641.5	$ —	$ 453.4	$ (493.6)	$ 3,867.9
Depreciation and Amortization	(235.2)	(39.6)	(102.0)	—	(17.2)	1.1	(392.9)
Other Operating Expenses	(1,980.9)	(441.0)	(185.0)	—	(412.8)	493.9	(2,525.8)
Operating Income	$ 460.9	$ 109.0	$ 354.5	$ —	$ 23.4	$ 1.4	$ 949.2
Interest Expense	$ (97.6)	$ (21.5)	$ (57.0)	$ —	$ (41.3)	$ 6.6	$ (210.8)
Other Income, Net	21.0	1.8	11.9	—	586.8	(570.9)	50.6
Net Income Attributable to Common Shareholders	236.0	55.3	190.6	—	571.2	(562.9)	490.2
Cash Flows Used for Investments in Plant	515.0	139.7	415.6	—	76.7	—	1,147.0

(1) Effective January 1, 2018, upon implementation of the new revenue accounting guidance, the electric distribution segment is presented gross and intercompany transmission billings are presented in the eliminations column, as Eversource believes that the electric distribution segment acts as a principal, rather than an agent, in its contracts with retail customers. Retail customers contract directly with the electric distribution utility and do not differentiate between distribution and transmission services. Therefore, the electric distribution segment revenues, which are derived from retail customer billings, are presented gross of the eliminations. Prior to 2018, the electric distribution segment presented intercompany electric transmission billings net, based on indicators of net presentation prior to the new revenue guidance. See Note 16, "Revenues," regarding accounting for revenues.

The following table summarizes Eversource's segmented total assets:

Eversource *(Millions of Dollars)*	Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
As of June 30, 2018	$ 21,116.3	$ 3,656.7	$ 10,085.7	$ 2,500.4	$ 16,456.3	$ (16,571.1)	$ 37,244.3
As of December 31, 2017	19,250.4	3,595.2	9,401.2	2,470.0	15,933.8	(14,430.2)	36,220.4

18. ACQUISITION OF AQUARION

On December 4, 2017, Eversource acquired Aquarion from Macquarie Infrastructure Partners for a purchase price of $1.675 billion, consisting of approximately $880 million in cash and $795 million of assumed Aquarion debt. Aquarion is a holding company that owns three separate regulated water utility subsidiaries engaged in the water collection, treatment and distribution business that operate in Connecticut, Massachusetts and New Hampshire. These regulated utilities collect, treat and distribute water to residential, commercial and industrial customers, to other utilities for resale, and for private and municipal fire protection. Aquarion and its subsidiaries became wholly-owned subsidiaries of Eversource, and Eversource's consolidated financial information includes Aquarion and its subsidiaries' activity beginning December 4, 2017. The approximate $880 million cash purchase price included the $745 million equity purchase price plus a $135 million shareholder loan that was repaid at closing.

Purchase Price Allocation: The purchase price allocation reflects a measurement period adjustment recorded in the first quarter of 2018 to revise the fair value of Aquarion's regulated debt. The $7.9 million increase to the fair value of Long-Term Debt and corresponding increase to Regulatory Assets, included within Other Noncurrent Assets, excluding Goodwill in the table below, will be amortized over the life of the related debt. The allocation of the cash purchase price is as follows:

(Millions of Dollars)	
Current Assets	$ 41.2
PP&E	1,034.9
Goodwill	907.9
Other Noncurrent Assets, excluding Goodwill	215.5
Current Liabilities	(121.9)
Noncurrent Liabilities	(421.6)
Long-Term Debt	(778.3)
Total Cash Purchase Price	$ 877.7

EVERSOURCE ENERGY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related combined notes included in this combined Quarterly Report on Form 10-Q, the combined Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, as well as the Eversource 2017 Form 10-K. References in this combined Quarterly Report on Form 10-Q to "Eversource," the "Company," "we," "us," and "our" refer to Eversource Energy and its consolidated subsidiaries. All per-share amounts are reported on a diluted basis. The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P are herein collectively referred to as the "financial statements."

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The only common equity securities that are publicly traded are common shares of Eversource. The earnings and EPS of each business discussed below do not represent a direct legal interest in the assets and liabilities of such business but rather represent a direct interest in our assets and liabilities as a whole. EPS by business is a financial measure not recognized under GAAP calculated by dividing the Net Income Attributable to Common Shareholders of each business by the weighted average diluted Eversource common shares outstanding for the period. We use this non-GAAP financial measure to evaluate and provide details of earnings results by business. We believe that the non-GAAP presentation is a meaningful representation of our financial performance and provides additional and useful information to readers of this report in analyzing historical and future performance by business. This non-GAAP financial measure should not be considered as an alternative to reported Net Income Attributable to Common Shareholders or EPS determined in accordance with GAAP as an indicator of operating performance.

From time to time, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to:

- cyberattacks or breaches, including those resulting in the compromise of the confidentiality of our proprietary information and the personal information of our customers,
- acts of war or terrorism, physical attacks or grid disturbances that may damage and disrupt our transmission and distribution systems,
- ability or inability to commence and complete our major strategic development projects and opportunities,
- actions or inaction of local, state and federal regulatory, public policy and taxing bodies,
- substandard performance of third-party suppliers and service providers,
- fluctuations in weather patterns, including extreme weather due to climate change,
- changes in business conditions, which could include disruptive technology related to our current or future business model,
- increased conservation measures of customers and development of alternative energy sources,
- contamination of or disruption in our water supplies,
- changes in economic conditions, including impact on interest rates, tax policies, and customer demand and payment ability,
- changes in levels or timing of capital expenditures,
- disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly,
- changes in laws, regulations or regulatory policy, including compliance with environmental laws and regulations,
- changes in accounting standards and financial reporting regulations,
- actions of rating agencies, and
- other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated as necessary, and we encourage you to consult such disclosures.

All such factors are difficult to predict and contain uncertainties that may materially affect our actual results, many of which are beyond our control. You should not place undue reliance on the forward-looking statements, as each speaks only as of the date on which such statement is made, and, except as required by federal securities laws, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For more information, see Item 1A, Risk Factors, included in this combined Quarterly Report on Form 10-Q and in Eversource's 2017 combined Annual Report on Form 10-K. This combined Quarterly Report on Form 10-Q and Eversource's 2017 combined Annual Report on Form 10-K also describe material contingencies and critical accounting policies in the accompanying *Management's Discussion and Analysis of Financial Condition and Results of Operations and Combined Notes to Financial Statements*. We encourage you to review these items.

Financial Condition and Business Analysis

Executive Summary

The following items in this executive summary are explained in more detail in this combined Quarterly Report on Form 10-Q:

Results:

- We earned $242.8 million, or $0.76 per share, in the second quarter of 2018, and $512.3 million, or $1.61 per share, in the first half of 2018, compared with $230.7 million, or $0.72 per share, in the second quarter of 2017, and $490.2 million, or $1.54 per share, in the first half of 2017.

- Our electric distribution segment earned $101.3 million, or $0.32 per share, in the second quarter of 2018, and $205.5 million, or $0.65 per share, in the first half of 2018, compared with $121.9 million, or $0.38 per share, in the second quarter of 2017, and $236.0 million, or $0.74 per share, in the first half of 2017. Our electric transmission segment earned $112.7 million, or $0.35 per share, in the second quarter of 2018, and $220.1 million, or $0.69 per share, in the first half of 2018, compared with $96.4 million, or $0.30 per share, in the second quarter of 2017, and $190.6 million, or $0.60 per share, in the first half of 2017. Our natural gas distribution segment earned $5.0 million, or $0.02 per share, in the second quarter of 2018, and $62.8 million, or $0.20 per share, in the first half of 2018, compared with $4.5 million, or $0.01 per share, in the second quarter of 2017, and $55.3 million, or $0.17 per share, in the first half of 2017. Our water distribution segment earned $7.2 million, or $0.02 per share in the second quarter of 2018, and $8.7 million, or $0.03 per share, in the first half of 2018.

- Eversource parent and other companies earned $16.6 million, or $0.05 per share, in the second quarter of 2018 and $15.2 million, or $0.04 per share, in the first half of 2018, compared with $7.9 million, or $0.03 per share, in the second quarter of 2017 and $8.3 million, or $0.03 per share, in the first half of 2017.

Liquidity:

- Cash flows provided by operating activities totaled $698.1 million in the first half of 2018, compared with $895.0 million in the first half of 2017. Investments in property, plant and equipment totaled $1.25 billion in the first half of 2018, compared with $1.15 billion in the first half of 2017. Cash and cash equivalents totaled $64.2 million as of June 30, 2018, compared with $38.2 million as of December 31, 2017.

- On May 8, 2018, PSNH issued $635.7 million of securitized RRBs in multiple tranches with a weighted average interest rate of 3.66 percent, and final maturity dates ranging from 2026 to 2035. The RRBs were issued to finance PSNH's unrecovered stranded costs associated with the divestiture of its generation assets.

- In the second quarter of 2018, we repaid, at maturity, $710 million of previously issued long-term debt, consisting of $300 million at CL&P, $110 million at PSNH and $300 million at Eversource parent.

- On May 2, 2018, our Board of Trustees approved a common share dividend payment of $0.505 per share, which was paid on June 29, 2018, to shareholders of record as of May 24, 2018.

- We expect our total capital expenditures related to our operating companies (including shared services) for the period from 2019 to 2021 to increase from approximately $6.5 billion, as reported in our 2017 Form 10-K, to approximately $7.1 billion. The approximately $600 million increase in projected capital spending is comprised of approximately $300 million at our electric transmission segment, approximately $200 million at our electric distribution segment and approximately $100 million at our natural gas distribution segment, related to resiliency and reliability infrastructure investments.

Strategic, Legislative, Regulatory, Policy and Other Items:

- In March and May 2018, several significant storms caused extensive damage to our electric distribution systems and significant customer outages across all three states. The 2018 storms resulted in deferred storm restoration costs of approximately $274 million ($142 million for CL&P, $116 million for NSTAR Electric, and $16 million for PSNH). Management believes that recovery of these costs from customers is probable through the applicable regulatory recovery processes.

Overview

Consolidated: Below is a summary of our earnings by business, which also reconciles the non-GAAP financial measure of EPS by business to the most directly comparable GAAP measure of diluted EPS, for the second quarter and the first half of 2018 and 2017.

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2018		2017		2018		2017	
(Millions of Dollars, Except Per Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net Income Attributable to Common Shareholders (GAAP)	$ 242.8	$ 0.76	$ 230.7	$ 0.72	$ 512.3	$ 1.61	$ 490.2	$ 1.54
Regulated Companies	$ 226.2	$ 0.71	$ 222.8	$ 0.69	$ 497.1	$ 1.57	$ 481.9	$ 1.51
Eversource Parent and Other Companies	16.6	0.05	7.9	0.03	15.2	0.04	8.3	0.03
Net Income Attributable to Common Shareholders (GAAP)	$ 242.8	$ 0.76	$ 230.7	$ 0.72	$ 512.3	$ 1.61	$ 490.2	$ 1.54

Regulated Companies: Our regulated companies comprise the electric distribution (including PSNH's remaining hydroelectric generation facilities and NSTAR Electric's solar power facilities), electric transmission, natural gas distribution and water distribution segments. A summary of our segment earnings and EPS is as follows:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2018		2017		2018		2017	
(Millions of Dollars, Except Per Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Electric Distribution	$ 101.3	$ 0.32	$ 121.9	$ 0.38	$ 205.5	$ 0.65	$ 236.0	$ 0.74
Electric Transmission	112.7	0.35	96.4	0.30	220.1	0.69	190.6	0.60
Natural Gas Distribution	5.0	0.02	4.5	0.01	62.8	0.20	55.3	0.17
Water Distribution	7.2	0.02	N/A	N/A	8.7	0.03	N/A	N/A
Net Income - Regulated Companies	$ 226.2	$ 0.71	$ 222.8	$ 0.69	$ 497.1	$ 1.57	$ 481.9	$ 1.51

Our electric distribution segment earnings decreased $20.6 million in the second quarter of 2018, as compared to the second quarter of 2017, due primarily to lower electric distribution margin, which includes the seasonal impact of a decoupled rate structure at NSTAR Electric in 2018 as compared to a traditional rate structure with LBR recovery in 2017, partially offset by a net earnings benefit from lower income tax expense as compared to lower distribution revenues resulting from the Tax Cuts and Jobs Act. Earnings were also unfavorably impacted by lower generation earnings due to the sale of PSNH's thermal generation assets on January 10, 2018 and higher property tax expense. The earnings decrease was partially offset by lower employee benefit plan costs and the impact of the CL&P base distribution rate increase effective May 1, 2018.

Our electric distribution segment earnings decreased $30.5 million in the first half of 2018, as compared to the first half of 2017, due primarily to lower generation earnings due to the sale of PSNH's thermal generation assets on January 10, 2018, higher property tax expense, higher depreciation expense, higher operations and maintenance expense and lower electric distribution margin. The lower electric distribution margin is the result of the seasonal impact of a decoupled rate structure at NSTAR Electric in 2018 as compared to a traditional rate structure with LBR recovery in 2017, partially offset by a net earnings benefit from lower income tax expense as compared to lower distribution revenues resulting from the Tax Cuts and Jobs Act. The earnings decrease was partially offset by lower employee benefit plan costs, and the impact of the CL&P base distribution rate increase effective May 1, 2018.

Our electric transmission segment earnings increased $16.3 million and $29.5 million in the second quarter and first half of 2018, respectively, as compared to the second quarter and first half of 2017, due primarily to a higher transmission rate base as a result of our continued investment in our transmission infrastructure.

Our natural gas distribution segment earnings increased $0.5 million in the second quarter of 2018, as compared to the second quarter of 2017, due primarily to an increase in sales volumes and demand revenues driven by colder April weather in Connecticut in 2018, as compared to the same period in 2017, partially offset by higher operations and maintenance expense and higher depreciation expense.

Our natural gas distribution segment earnings increased $7.5 million in the first half of 2018, as compared to the first half of 2017, due primarily to an increase in sales volumes and demand revenues driven by colder January and April weather in Connecticut in 2018, as compared to the same periods in 2017, as well as growth in new customer base, and a net earnings benefit from lower income tax expense as compared to lower distribution revenues resulting from the Tax Cuts and Jobs Act, partially offset by higher operations and maintenance expense and higher depreciation expense.

Our second quarter and first half of 2018 water distribution segment results reflect the earnings of the Aquarion water distribution business, which was acquired on December 4, 2017.

Eversource Parent and Other Companies: Eversource parent and other companies had earnings of $16.6 million in the second quarter of 2018 and $15.2 million in the first half of 2018, compared with $7.9 million in the second quarter of 2017 and $8.3 million in the first half of 2017. The increase in earnings in both periods was due primarily to increased unrealized gains on our investment in a renewable energy fund and an income tax benefit associated with our investments, partially offset by higher interest expense.

Electric, Natural Gas and Water Sales Volumes: Weather, fluctuations in energy supply costs, conservation measures (including utility-sponsored energy efficiency programs), and economic conditions affect customer energy usage and water consumption. Industrial sales volumes are less sensitive to temperature variations than residential and commercial sales volumes. In our service territories, weather impacts both electric and water sales volumes during the summer and both electric and natural gas sales volumes during the winter; however, natural gas sales volumes are more sensitive to temperature variations than are electric sales volumes. Customer heating or cooling usage may not directly correlate with historical levels or with the level of degree-days that occur.

Fluctuations in retail electric sales volumes at PSNH and natural gas sales volumes at Yankee Gas impact earnings ("Traditional" in the table below). For CL&P, NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision) and NSTAR Gas, fluctuations in retail sales volumes do not impact earnings due to their respective regulatory commission approved distribution revenue decoupling mechanisms ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized. Fluctuations in water sales volumes largely do not impact earnings as our Connecticut water distribution business is decoupled.

CL&P and NSTAR Electric reconcile their annual base distribution rate recovery amounts to their respective pre-established levels of baseline distribution delivery service revenues of approximately $1.1 billion (effective May 1, 2018) and $947 million, respectively. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

A 2016 DPU-approved energy efficiency plan at NSTAR Electric authorized recovery of LBR in its eastern Massachusetts service territory until LBR was covered under a decoupled rate structure, which occurred on February 1, 2018. NSTAR Electric recognized LBR of $7.0 million in the first half of 2018, compared to $18.7 million and $35.9 million in the second quarter and first half of 2017, and no longer has an LBR mechanism effective February 1, 2018.

A summary of our retail electric GWh sales volumes, our firm natural gas MMcf sales volumes, and our water MG sales volumes, and percentage changes, for the three and six months ended June 30, 2018, as compared to 2017, is as follows:

	Electric			Firm Natural Gas			Water		
	Sales Volumes (GWh)		Percentage Increase/ (Decrease)	Sales Volumes (MMcf)		Percentage Increase/ (Decrease)	Sales Volumes (MG)		Percentage Increase/ (Decrease)
	2018	2017 (1)		2018	2017		2018	2017 (2)	
Three Months Ended June 30:									
Traditional	1,803	1,823	(1.1)%	9,287	7,778	19.4 %	485	472	2.8 %
Decoupled	10,330	10,341	(0.1)%	8,812	8,106	8.7 %	5,016	5,387	(6.9)%
Special Contracts (3)	N/A	N/A	N/A	833	1,132	(26.4)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	10,330	10,341	(0.1)%	9,645	9,238	4.4 %	5,016	5,387	(6.9)%
Total Sales Volumes	12,133	12,164	(0.3)%	18,932	17,016	11.3 %	5,501	5,859	(6.1)%
Six Months Ended June 30:									
Traditional	5,650	5,522	2.3 %	29,760	26,683	11.5 %	953	904	5.4 %
Decoupled	19,704	19,813	(0.6)%	30,685	29,130	5.3 %	9,373	9,827	(4.6)%
Special Contracts (3)	N/A	N/A	N/A	1,538	2,349	(34.5)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	19,704	19,813	(0.6)%	32,223	31,479	2.4 %	9,373	9,827	(4.6)%
Total Sales Volumes	25,354	25,335	0.1 %	61,983	58,162	6.6 %	10,326	10,731	(3.8)%

(1) In 2017 and in the month of January 2018, NSTAR Electric operated under two different rate structures (traditional and decoupled) based on its service territory geography. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. The 2017 sales volumes for NSTAR Electric have been recast to present February through June 2017 as decoupled, to conform to the 2018 presentation for comparative purposes.

(2) Eversource acquired its water distribution business on December 4, 2017. Prior year sales volumes have been presented for comparative purposes.

(3) Special contracts are unique to Yankee Gas natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Traditional retail electric sales volumes were lower in the second quarter of 2018, as compared to the second quarter of 2017, due primarily to increased customer energy conservation efforts. Traditional retail electric sales volumes were higher in the first half of 2018, as compared to the first half of 2017, due primarily to colder weather in January 2018 at NSTAR Electric (prior to its decoupled rate structure). Heating degree days in January of 2018 were 21.7 percent higher in the Boston metropolitan, as compared to January 2017.

Our firm natural gas sales volumes are subject to many of the same influences as our retail electric sales volumes. In addition, they have benefited from customer growth in our natural gas distribution segment. Consolidated firm natural gas sales volumes were higher in the second quarter of 2018, as compared to the second quarter of 2017, due primarily to colder April weather in 2018. Consolidated firm natural gas sales volumes were higher in the first half of 2018, as compared to the first half of 2017, due primarily to colder January and April weather in 2018. Heating degree days in the second quarter and first half of 2018 were 12.8 percent and 4.4 percent higher in Connecticut, respectively, as compared to the same periods in 2017.

Liquidity

Consolidated: Cash and cash equivalents totaled $64.2 million as of June 30, 2018, compared with $38.2 million as of December 31, 2017.

Short-Term Debt - Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's $1.45 billion commercial paper program.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's $650 million commercial paper program.

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of June 30, 2018 or December 31, 2017. Eversource's water distribution business has a $100 million revolving credit facility, which expires on August 19, 2019, and there were no amounts outstanding as of June 30, 2018 and $76.0 million outstanding as of December 31, 2017.

The amount of borrowings outstanding and available under the commercial paper programs were as follows:

	Borrowings Outstanding as of		Available Borrowing Capacity as of		Weighted-Average Interest Rate as of	
(Millions of Dollars)	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Eversource Parent Commercial Paper Program	$ 747.0	$ 979.3	$ 703.0	$ 470.7	2.28%	1.86%
NSTAR Electric Commercial Paper Program	443.8	234.0	206.2	416.0	1.99%	1.55%

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, $201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

As of June 30, 2018, there were intercompany loans from Eversource parent of $24.0 million to CL&P, $118.7 million to PSNH and $4.0 million to NSTAR Electric. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $221.6 million to Eversource Service and $149.0 million to NSTAR Gas as of June 30, 2018. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $115.9 million to Eversource Service and $198.0 million to NSTAR Gas as of December 31, 2017. These intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets. Intercompany loans from Eversource parent are eliminated in consolidation on Eversource's balance sheets.

Long-Term Debt: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds for Issuances/ Repayment Information
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	April 2048	Repay long-term debt due to mature in 2018 and repay short-term borrowings
5.65% 2008 Series A First Mortgage Bonds	May 2008	(300.0)	May 2018	Repayment at maturity paid on May 1, 2018
PSNH:				
6.00% 2008 Series O First Mortgage Bonds	May 2008	(110.0)	May 2018	Repayment at maturity paid on May 1, 2018
Eversource Parent:				
2.50% Series I Senior Notes [(1)]	January 2018	200.0	March 2021	Repay long-term debt due to mature in 2018 and repay short-term borrowings
3.30% Series M Senior Notes	January 2018	450.0	January 2028	Repay long-term debt due to mature in 2018
1.60% Series G Senior Notes	January 2015	(150.0)	January 2018	Repayment at maturity paid on January 15, 2018
1.45% Series E Senior Notes	May 2013	(300.0)	May 2018	Repayment at maturity paid on May 1, 2018

(1) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount for these notes is now $450 million.

Rate Reduction Bonds: PSNH Funding LLC 3 (PSNH Funding) is a bankruptcy remote, special purpose, wholly-owned subsidiary of PSNH. PSNH Funding was formed solely to issue RRBs to finance PSNH's unrecovered stranded costs associated with the divestiture of its generation assets.

On May 8, 2018, PSNH issued $635.7 million of securitized RRBs in multiple tranches with a weighted average interest rate of 3.66 percent, and final maturity dates ranging from 2026 to 2035. The RRBs are expected to mature by February 1, 2033. RRB payments consist of principal and interest and will be paid semi-annually, beginning on February 1, 2019. The RRBs were issued pursuant to a finance order issued by the NHPUC on January 30, 2018 to recover stranded costs resulting from the divestiture of PSNH's generating assets.

The proceeds were used to purchase PSNH's stranded cost asset-recovery property, including its vested property right to bill, collect and adjust a non-bypassable stranded cost recovery charge from PSNH's retail customers. The collections will be used to pay principal, interest and other costs in connection with the RRBs. The RRBs are secured by the stranded cost asset-recovery property and cash collections from the stranded cost recovery charges, and funds on deposit in trust accounts are the sole source of funds to satisfy the debt obligation. PSNH is not the owner of the RRBs, and PSNH Funding's assets and revenues are not available to pay PSNH's creditors. The RRBs are non-recourse senior secured obligations of PSNH Funding and are not insured or guaranteed by PSNH or Eversource Energy.

Cash Flows: Cash flows provided by operating activities totaled $698.1 million in the first half of 2018, compared with $895.0 million in the first half of 2017. The decrease in operating cash flows was due primarily to cash payments made in 2018 for storm restoration costs of approximately $172 million, an increase of $109.2 million in income tax payments made in the first half of 2018, as compared to 2017, and an increase of $87.6 million in 2018 of Pension and PBOP contributions. Partially offsetting these unfavorable impacts was the benefit related to the timing of payments of our working capital items, including accounts payable, and the increases in certain regulatory overrecoveries. The 2018 Pension Plan cash contribution of approximately $170 million was made in the first quarter of 2018, compared with the 2017 cash contributions of approximately $235 million that were made over the twelve month period ended December 31, 2017.

We believe the future operating cash flows of Eversource, CL&P, NSTAR Electric and PSNH, along with our existing borrowing availability and access to financial markets for the issuance of new long-term debt, will be sufficient to meet any working capital and future operating requirements, and capital investment forecast opportunities.

On May 2, 2018, our Board of Trustees approved a common share dividend payment of $0.505 per share, which was paid on June 29, 2018, to shareholders of record as of May 24, 2018. In the first half of 2018, we paid cash dividends of $320.1 million, compared with $301.0 million paid in the first half of 2017.

In the first half of 2018, CL&P, NSTAR Electric and PSNH paid $60.0 million, $161.0 million, and $150.0 million, respectively, in common stock dividends to Eversource parent. In the second quarter of 2018, PSNH returned $530 million of capital to Eversource parent.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension and PBOP expense. In the first half of 2018, investments for Eversource, CL&P, NSTAR Electric, and PSNH were $1.25 billion, $457.7 million, $356.5 million, and $149.9 million respectively.

Credit Ratings: On June 14, 2018, Moody's raised the outlook on all its credit ratings for NSTAR Electric from stable to positive. On June 27, 2018, Moody's upgraded CL&P's corporate credit rating to A3 from Baa1 and the credit rating of CL&P's senior secured debt to A1 from A2.

Business Development and Capital Expenditures

Our consolidated capital expenditures, including amounts incurred but not paid, cost of removal, AFUDC, and the capitalized portions of pension and PBOP expense (all of which are non-cash factors), totaled $1.18 billion in the first half of 2018, compared to $1.03 billion in the first half of 2017. These amounts included $69.8 million and $58.6 million in the first half of 2018 and 2017, respectively, related to information technology and facilities upgrades and enhancements, primarily at Eversource Service and The Rocky River Realty Company.

Offshore Wind Projects: Bay State Wind is a proposed offshore wind project being jointly developed by Eversource and Denmark-based Ørsted. Bay State Wind will be located in a 300-square-mile area of the Atlantic Ocean approximately 25 miles off the coast of Massachusetts that has the ultimate potential to generate at least 2,000 MW of clean, renewable energy. Eversource and Ørsted each hold a 50 percent ownership interest in Bay State Wind.

Based on current clean energy requirements in New England and New York, future solicitations for offshore wind are expected to occur in late 2018 and early 2019. Bay State Wind expects to participate in some or all of the following opportunities:

- Connecticut issued a draft RFP for zero carbon resources in which nuclear and clean energy resources, including offshore wind, are eligible to participate. Bids are expected to be due in the third quarter of 2018 with a decision expected in either late 2018 or early 2019.
- Massachusetts' second offshore wind RFP for 400 MW to 800 MW is expected to be issued in 2019.
- Rhode Island announced a 400 MW clean energy RFP with bids due in the fourth quarter of 2018 and a decision scheduled in 2019.
- New York has a goal of 2,400 MW of offshore wind by 2030; 800 MW is expected to be procured by 2019, with the first RFP expected to be issued later this year.

Bay State Wind had previously participated in certain other New England RFPs earlier this year and was not selected.

Electric Transmission Business:

Our consolidated electric transmission business capital expenditures increased by $111.7 million in the first half of 2018, as compared to the first half of 2017. A summary of electric transmission capital expenditures by company is as follows:

	For the Six Months Ended June 30,	
(Millions of Dollars)	2018	2017
CL&P	$ 240.4	$ 185.7
NSTAR Electric	138.6	118.0
PSNH	88.7	50.6
NPT	19.4	21.1
Total Electric Transmission Segment	$ 487.1	$ 375.4

Northern Pass: Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire.

Northern Pass has achieved several key milestones, including receiving the following major permits:

- NHPUC approval on February 12, 2018 for the proposed lease of certain land and easement rights from PSNH to NPT, concluding that the lease is in the public interest;
- U.S. Forest Service Record of Decision on January 5, 2018, which allows NPT to install approximately 11 miles of underground transmission lines along existing roads through the White Mountain National Forest;
- Province of Québec permit granted to HQ on December 21, 2017 to construct the hydroelectric transmission line that will connect at the border of New Hampshire;
- DOE Record of Decision and Presidential Permit on November 16, 2017, which will allow construction of transmission facilities at the Québec-New Hampshire border; and
- DOE final Environmental Impact Statement issued on August 10, 2017, which concluded that the proposed Northern Pass route is the preferred alternative, providing substantial benefits with only minimal impacts.

On January 25, 2018, Northern Pass was selected from the 46 proposal packages submitted as the winning bidder in the Massachusetts clean energy request for proposal ("RFP"), which successfully positioned Northern Pass to provide a firm delivery of hydropower to Massachusetts. On February 1, 2018, the NHSEC voted to deny Northern Pass' siting application. On March 28, 2018, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified Northern Pass that the EDCs had terminated its selection and all contract negotiations.

On March 30, 2018, the NHSEC released its written decision confirming its denial. NPT reviewed the written decision and filed a motion for rehearing with the NHSEC on April 27, 2018. The NHSEC issued its written decision denying Northern Pass' motion for rehearing on July 12, 2018. We are preparing to initiate an appeal to the New Hampshire Supreme Court, based on the NHSEC's failure to follow applicable law in its review of the project. In parallel, Northern Pass intends to pursue all available options to secure NHSEC approval and to construct the project.

The March 2018 NHSEC decision denying Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs in the first quarter of 2018. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount was recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs were recoverable as of March 31, 2018, based on our expectation that the Northern Pass project remains probable of being placed in service. The events that occurred subsequent to March 31, 2018 did not require an additional review of recoverability of the Northern Pass project costs as of June 30, 2018, which were approximately $297 million.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. If, as a result of future events and changes in circumstances, a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass' project costs to the estimated fair value, which could result in most of our $297 million of capitalized project costs being written off. Such a write off could have a material adverse effect on our financial position and results of operations.

Greater Boston Reliability Solution: In February 2015, ISO-NE selected the Greater Boston and New Hampshire Solution (the "Solution"), proposed by Eversource and National Grid, to satisfy the requirements identified in the Greater Boston study. The Solution consists of a portfolio of electric transmission upgrades in southern New Hampshire and northern Massachusetts and continuing into the greater Boston metropolitan area, of which 28 upgrades are in Eversource's service territory. The NHSEC issued its written order approving the New Hampshire upgrades on October 4, 2016. All the New Hampshire upgrades, including the Merrimack Valley Reliability Project, have been completed and placed in service. We are currently pursuing the necessary regulatory and siting application approvals in Massachusetts. To date, we have received approval for five of these projects from the Massachusetts Energy Facilities Siting Board. Construction has also begun on multiple projects, several of which have been placed in service. Most upgrades are expected to be completed by the end of 2019. One project is now expected to be in service by the end of 2020 and another project by mid 2021. We estimate our portion of the investment in the Solution will be approximately $560 million, of which $273.0 million has been capitalized through June 30, 2018.

GHCC: The Greater Hartford Central Connecticut ("GHCC") projects, which have been approved by ISO-NE, consist of 27 projects with an expected investment of approximately $350 million that are scheduled to be placed in service through 2019. As of June 30, 2018, 21 projects have been placed in service, and three projects are in active construction. The remaining three projects are expected to enter construction in the third quarter of 2018. As of June 30, 2018, CL&P had capitalized $224.7 million in costs associated with GHCC.

Seacoast Reliability Project: On April 12, 2016, PSNH filed a siting application with the NHSEC for the Seacoast Reliability Project, a 13-mile, 115kV transmission line within several New Hampshire communities, which proposes to use a combination of overhead, underground and underwater line design to help meet the growing demand for electricity in the Seacoast region. In June 2016, the NHSEC accepted the application as complete. On February 28, 2018, the New Hampshire Department of Environmental Services issued a final decision and recommended approval of the application to the NHSEC. On July 1, 2018, PSNH filed with the NHSEC, per its order, a more detailed review of potential construction methods for installing the underwater line. The review supports the original proposed method of embedding the cable in the floor of the bay as cost effective with minimal environmental impacts. The NHSEC decision is expected in late 2018 or early 2019. This project is scheduled to be completed by the end of 2019. We estimate the investment in this project to be approximately $84 million, of which PSNH had capitalized $27.2 million in costs through June 30, 2018.

Distribution Business:

A summary of distribution capital expenditures is as follows:

	For the Six Months Ended June 30,						
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	Total Electric	Natural Gas	Water	Total
2018							
Basic Business	$ 87.2	$ 92.6	$ 37.5	$ 217.3	$ 29.0	$ 7.5	$ 253.8
Aging Infrastructure	54.2	45.3	41.0	140.5	87.6	27.8	255.9
Load Growth and Other	34.9	14.1	5.9	54.9	19.1	1.1	75.1
Total Distribution	176.3	152.0	84.4	412.7	135.7	36.4	584.8
Generation and Solar	—	38.5	0.8	39.3	—	—	39.3
Total	$ 176.3	$ 190.5	$ 85.2	$ 452.0	$ 135.7	$ 36.4	$ 624.1
2017							
Basic Business	$ 106.8	$ 80.0	$ 37.7	$ 224.5	$ 35.3	N/A	$ 259.8
Aging Infrastructure	77.9	40.2	42.1	160.2	81.4	N/A	241.6
Load Growth and Other	26.4	32.2	8.1	66.7	15.9	N/A	82.6
Total Distribution	211.1	152.4	87.9	451.4	132.6	N/A	584.0
Generation and Solar	—	7.2	4.5	11.7	—	N/A	11.7
Total	$ 211.1	$ 159.6	$ 92.4	$ 463.1	$ 132.6	N/A	$ 595.7

For the electric distribution business, basic business includes the purchase of meters, tools, vehicles, information technology, transformer replacements, equipment facilities, and the relocation of plant. Aging infrastructure relates to reliability and the replacement of overhead lines, plant substations, underground cable replacement, and equipment failures. Load growth and other includes requests for new business and capacity additions on distribution lines and substation additions and expansions.

For the natural gas distribution business, basic business addresses daily operational needs including meters, pipe relocations due to public works projects, vehicles, and tools. Aging infrastructure projects seek to improve the reliability of the system through enhancements related to cast iron and bare steel replacement of main and services, corrosion mediation, and station upgrades. Load growth and other reflects growth in existing service territories including new developments, installation of services, and expansion.

For the water distribution business, basic business addresses daily operational needs including periodic meter replacement, water main relocation, facility maintenance, and tools. Aging infrastructure relates to reliability and the replacement of water mains, regulators, storage tanks, pumping stations, wellfields, reservoirs, and treatment facilities. Load growth and other reflects growth in our territory including improvements to acquisitions, installation of new services, and interconnections of systems.

Projected Capital Expenditures: We expect our total capital expenditures related to our operating companies (including shared services) for the period from 2019 to 2021 to increase from approximately $6.5 billion, as reported in our 2017 Form 10-K, to approximately $7.1 billion. The approximately $600 million increase in projected capital spending is comprised of approximately $300 million at our electric transmission segment, approximately $200 million at our electric distribution segment and approximately $100 million at our natural gas distribution segment, related to resiliency and reliability infrastructure investments.

FERC Regulatory Matters

FERC ROE Complaints: Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, filed on October 1, 2011, December 27, 2012, and July 31, 2014, respectively, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods.

The ROE billed during the period October 1, 2011 (beginning of the first complaint period) through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") at 11.74 percent for the first complaint period. This was also effective for all prospective billings to customers beginning October 16, 2014. This FERC order was vacated on April 14, 2017 by the U.S. Court of Appeals for the D.C. Circuit (the "Court").

All amounts associated with the first complaint period have been refunded. Eversource has recorded a reserve of $39.1 million (pre-tax and excluding interest) for the second complaint period as of June 30, 2018. This reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH as of June 30, 2018.

In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the incentive cap of 11.74 percent, asserting that these ROEs were unjust and unreasonable. Hearings on the fourth complaint were held in December 2017 before the FERC Administrative Law Judge ("ALJ"). On March 27, 2018, the FERC ALJ issued an initial decision in that complaint, finding that the current base ROE of 10.57 percent, which has an incentive cap ROE of 11.74 percent, is not unjust and not unreasonable.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. No events in 2017 or 2018 provided a reasonable basis for a change to the reserve balance of $39.1 million (pre-tax and excluding interest) for the second complaint period, and the Company has not changed its reserve or recognized ROEs for any of the complaint periods. Eversource, CL&P, NSTAR Electric and PSNH currently record revenues at the 10.57 percent base ROE and incentive cap at 11.74 percent established in the October 16, 2014 FERC order. At this time, the Company cannot predict the timing or ultimate effect of the Court decision or future FERC action on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric or PSNH.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

Regulatory Developments and Rate Matters

Electric, Natural Gas and Water Base Distribution Rates:

The regulated companies' distribution rates are set by their respective state regulatory commissions, and their tariffs include mechanisms for periodically adjusting their rates for the recovery of specific incurred costs. Other than as described below, for the first half of 2018, changes made to the regulated companies' rates did not have a material impact on their earnings, financial position, or cash flows. For further information, see "Financial Condition and Business Analysis – Regulatory Developments and Rate Matters" included in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," of the Eversource 2017 Form 10-K.

U.S. Federal Corporate Income Taxes:

On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, this act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. For our regulated companies, the most significant changes will be (1) the benefit of incurring a lower federal income tax expense, which we expect to be passed back to customers depending on regulatory outcomes, and (2) the provisional regulated excess ADIT liabilities that we expect will benefit our customers in future periods, which were estimated to be approximately $2.9 billion and recognized as regulatory liabilities as of June 30, 2018.

We are currently working with our state regulatory commissions, who have opened investigations to examine the impact of this act on customer rates. As part of this regulatory process, each of our utility companies is quantifying, or has quantified, the refund amount being deferred in current rates and the excess ADIT, and is working on proposals with estimated timing to refund these amounts to customers, which will be, or have already been, submitted in filings to the state regulatory commissions.

On March 15, 2018, the FERC issued a notice of inquiry requesting comments from FERC-regulated utilities on whether and how the FERC should address changes in ADIT as a result of this act. Effective January 1, 2018, the local transmission service rates were updated to reflect the lower U.S. corporate federal income tax rate that resulted from the act, which impacts only the revenue requirements we currently bill customers, not the excess ADIT. On June 28, 2018, FERC granted a one-time tariff waiver related to the corporate federal income tax rate so that effective June 1, 2018, the regional transmission service rates reflect the reduced federal corporate income tax rate at 21 percent.

NSTAR Electric (effective February 1, 2018), CL&P (effective May 1, 2018) and NSTAR Gas (effective July 1, 2018) lowered rates charged to customers to reflect the impacts of the lower U.S. corporate federal income tax rate, which impacts only the revenue requirements we currently bill customers, not the excess ADIT. For further information on these rate changes, see "Connecticut" and "Massachusetts" sections below.

We will continue to evaluate the impacts of the Tax Cuts and Jobs Act on our statement of financial position, results of operations, and cash flows. The impacts will vary depending on the ultimate amount and timing of when certain income tax benefits will benefit our customers, and will vary by jurisdiction.

Storms:

In March and May 2018, several significant storms caused extensive damage to our electric distribution systems and significant customer outages across all three states. A storm must meet certain criteria to qualify for recovery with the criteria specific to each state jurisdiction and utility company. Once a storm qualifies for recovery, all qualifying expenses incurred during storm restoration efforts are deferred and recovered from customers. Costs for storms that do not meet the specific criteria are expensed as incurred. The 2018 storms resulted in deferred storm restoration costs of approximately $274 million ($142 million for CL&P, $116 million for NSTAR Electric, and $16 million for PSNH) as of June 30, 2018. Management believes the storm restoration costs were prudent and meet the criteria for specific cost recovery in Connecticut, Massachusetts and New Hampshire, and that recovery from customers is probable through the applicable regulatory recovery processes.

Connecticut:

CL&P Rate Case Settlement: On April 18, 2018, PURA approved the distribution rate case settlement agreement that was reached by CL&P, the Prosecutorial Unit of PURA, and the OCC on December 15, 2017, as amended on March 23, 2018. The distribution rate case settlement agreement included, among other things, rate increases of $64.3 million, $31.1 million, and $29.2 million, effective May 1, 2018, 2019, and 2020, respectively, an authorized regulatory ROE of 9.25 percent, 53 percent common equity in CL&P's capital structure, and a new capital tracker, effective July 1, 2018, for capital expenditures and for capital additions for system resiliency and grid modernization. In addition, the rates charged to customers were adjusted to reflect the impacts of a lower federal income tax rate from the Tax Cuts and Jobs Act. Amounts related to the excess ADIT liabilities will be addressed in a separate proceeding. The settlement agreement also incorporated $18.6 million of rate base recovery for catastrophic storms occurring after December 31, 2016, subject to a future storm filing.

Yankee Gas Rate Case: On June 15, 2018, Yankee Gas filed its application with PURA, which sought rate increases of $49.0 million, $21.0 million and $16.0 million effective January 1, 2019, 2020, and 2021, respectively. As part of this filing, Yankee Gas proposes to continue its ongoing gas system expansion program; implement a Distribution Integrity Management Program cost recovery mechanism; implement a revenue decoupling rate mechanism; and recover merger costs. Yankee Gas is requesting a regulatory ROE of 10.25 percent. In addition, the rates to be charged to customers will be adjusted to reflect the impacts of a lower corporate federal income tax rate from the Tax Cuts and Jobs Act. Amounts related to excess ADIT are also being addressed in this proceeding. A final decision from PURA is expected in late 2018, with new rates anticipated to be effective January 1, 2019.

Massachusetts:

NSTAR Electric Grid Modernization Plan: On May 10, 2018, the DPU issued an order approving a grid modernization plan for NSTAR Electric. In the order, the DPU pre-authorized $133 million in grid-facing investments over three years, adopted a regulatory review construct for pre-authorization of grid modernization investments, and allowed targeted cost recovery of eligible incremental grid-modernization capital and operations and maintenance expenses. The pre-authorized $133 million is in addition to $100 million associated with energy storage and electric vehicle infrastructure previously approved by the DPU in the November 30, 2017 order issued in the NSTAR Electric distribution rate case.

Massachusetts Tax Proceeding: The DPU opened an investigation into the impact of the Tax Cuts and Jobs Act on Massachusetts regulated utilities. On June 29, 2018, the DPU issued a decision ordering NSTAR Gas to lower rates effective July 1, 2018 by an annualized $7.3 million. For NSTAR Electric, lower rates due to the reduction in the corporate federal income tax rate were effective February 1, 2018. A second phase of the investigation will address the excess ADIT issue and any potential rate refund for the period January 1, 2018 to the effective date of the rate changes that have occurred.

New Hampshire:

Generation Divestiture: In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, under the terms of which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approval for this agreement, as well as NHPUC approval of the final divestiture plan and auction process, were received in the second half of 2016. In October 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of $175 million and $83 million, respectively, subject to adjustments as set forth in the Agreements. The NHPUC approved the Agreements in late November 2017.

On January 10, 2018, PSNH completed the sale of its thermal generation assets, pursuant to the Purchase and Sale Agreement dated October 11, 2017. In accordance with the Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million, resulting in net proceeds of $134.1 million. In the second quarter of 2018, PSNH adjusted the purchase price by approximately $17 million for the thermal generation assets relating to the valuation of certain allowances, and also received amounts in escrow of $3.5 million. As a result of these adjustments, total proceeds from the sale amounted to $116.8 million.

On July 16, 2018, FERC issued its order approving the transfer of PSNH's six hydro licenses to the private investors. The order includes a 30-day rehearing period. PSNH expects to complete the sale of its hydroelectric generation assets in the third quarter of 2018 at a sale price of $83 million, subject to closing adjustments.

Full recovery of the costs of PSNH's generation assets and transaction-related expenses is expected to occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs primarily via the issuance of bonds that are secured by a non-bypassable charge billed to PSNH's customers. On May 8, 2018, PSNH issued $635.7 million of securitized RRBs in multiple tranches with a weighted average interest rate of 3.66 percent, and final maturity dates ranging from 2026 to 2035. For further information on the securitized RRB issuance, see "Liquidity - Rate Reduction Bonds" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Legislative, Policy and Litigation Matters

New Hampshire: On January 11, 2018, the New Hampshire Supreme Court issued a decision that affirmed the lower court's October 2016 decision that the Town of Bow, New Hampshire had over-assessed the value of the property owned by PSNH for the 2012 and 2013 property tax years. The result of this decision was that approximately $7.4 million in property taxes and interest was payable to PSNH. Of this amount, $6.9 million was refunded to PSNH as of March 31, 2018 and the remainder was received as of June 30, 2018.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and, at times, difficult, subjective or complex judgments. Changes in these estimates, assumptions and judgments, in and of themselves, could materially impact our financial position, results of operations or cash flows. Our management communicates to and discusses with the Audit Committee of our Board of Trustees significant matters relating to critical accounting policies. Our critical accounting policies that we believed were the most critical in nature were reported in the Eversource 2017 Form 10-K. There have been no material changes with regard to these critical accounting policies.

Other Matters

Accounting Standards: For information regarding new accounting standards, see Note 1B, "Summary of Significant Accounting Policies –Accounting Standards," to the financial statements.

Contractual Obligations and Commercial Commitments: There have been no material contractual obligations identified and no material changes with regard to the contractual obligations and commercial commitments previously disclosed in the Eversource 2017 Form 10-K.

Web Site: Additional financial information is available through our website at www.eversource.com. We make available through our website a link to the SEC's EDGAR website (http://www.sec.gov/edgar/searchedgar/companysearch.html), at which site Eversource's, CL&P's, NSTAR Electric's and PSNH's combined Annual Reports on Form 10-K, combined Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports may be reviewed. Information contained on the Company's website or that can be accessed through the website is not incorporated into and does not constitute a part of this combined Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the three and six months ended June 30, 2018 and 2017 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(Millions of Dollars)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)
Operating Revenues	$ 1,853.9	$ 1,762.8	$ 91.1	$ 4,141.8	$ 3,867.9	$ 273.9
Operating Expenses:						
Purchased Power, Fuel and Transmission	653.9	549.7	104.2	1,600.7	1,303.3	297.4
Operations and Maintenance	293.9	310.2	(16.3)	626.4	648.5	(22.1)
Depreciation	199.1	189.9	9.2	403.4	376.7	26.7
Amortization	36.2	(7.8)	44.0	81.4	16.2	65.2
Energy Efficiency Programs	102.0	116.4	(14.4)	236.2	262.6	(26.4)
Taxes Other Than Income Taxes	177.5	156.2	21.3	359.8	311.4	48.4
Total Operating Expenses	1,462.6	1,314.6	148.0	3,307.9	2,918.7	389.2
Operating Income	391.3	448.2	(56.9)	833.9	949.2	(115.3)
Interest Expense	126.4	107.3	19.1	247.5	210.7	36.8
Other Income, Net	50.1	29.0	21.1	83.9	50.6	33.3
Income Before Income Tax Expense	315.0	369.9	(54.9)	670.3	789.1	(118.8)
Income Tax Expense	70.4	137.3	(66.9)	154.2	295.1	(140.9)
Net Income	244.6	232.6	12.0	516.1	494.0	22.1
Net Income Attributable to Noncontrolling Interests	1.9	1.9	—	3.8	3.8	—
Net Income Attributable to Common Shareholders	$ 242.7	$ 230.7	$ 12.0	$ 512.3	$ 490.2	$ 22.1

Operating Revenues

Operating Revenues by segment increased for the three and six months ended June 30, 2018, as compared to the same periods in 2017, as follows (the variance in electric distribution revenues reflects intercompany transmission billings in both periods):

(Millions of Dollars)	Three Months Ended	Six Months Ended
Electric Distribution	$ 17.5	$ 128.1
Natural Gas Distribution	20.5	41.8
Electric Transmission	(7.2)	(19.1)
Water Distribution	53.5	98.0
Other	20.0	14.5
Eliminations	(13.2)	10.6
Total Operating Revenues	$ 91.1	$ 273.9

Sales Volumes: A summary of our retail electric GWh sales volumes, our firm natural gas MMcf sales volumes, and our water MG sales volumes, and percentage changes, for the three and six months ended June 30, 2018, as compared to 2017, is as follows:

	Electric			Firm Natural Gas			Water		
	Sales Volumes (GWh)		Percentage Increase/ (Decrease)	Sales Volumes (MMcf)		Percentage Increase/ (Decrease)	Sales Volumes (MG)		Percentage Increase/ (Decrease)
	2018	2017 (1)		2018	2017		2018	2017 (2)	
Three Months Ended June 30:									
Traditional	1,803	1,823	(1.1)%	9,287	7,778	19.4 %	485	472	2.8 %
Decoupled	10,330	10,341	(0.1)%	8,812	8,106	8.7 %	5,016	5,387	(6.9)%
Special Contracts (3)	N/A	N/A	N/A	833	1,132	(26.4)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	10,330	10,341	(0.1)%	9,645	9,238	4.4 %	5,016	5,387	(6.9)%
Total Sales Volumes	12,133	12,164	(0.3)%	18,932	17,016	11.3 %	5,501	5,859	(6.1)%
Six Months Ended June 30:									
Traditional	5,650	5,522	2.3 %	29,760	26,683	11.5 %	953	904	5.4 %
Decoupled	19,704	19,813	(0.6)%	30,685	29,130	5.3 %	9,373	9,827	(4.6)%
Special Contracts (3)	N/A	N/A	N/A	1,538	2,349	(34.5)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	19,704	19,813	(0.6)%	32,223	31,479	2.4 %	9,373	9,827	(4.6)%
Total Sales Volumes	25,354	25,335	0.1 %	61,983	58,162	6.6 %	10,326	10,731	(3.8)%

(1) In 2017 and in the month of January 2018, NSTAR Electric operated under two different rate structures (traditional and decoupled) based on its service territory geography. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. The 2017 sales volumes for NSTAR Electric have been recast to present February through June 2017 as decoupled, to conform to the 2018 presentation for comparative purposes.

(2) Eversource acquired its water distribution business on December 4, 2017. Prior year sales volumes have been presented for comparative purposes.

(3) Special contracts are unique to Yankee Gas natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Fluctuations in retail electric sales volumes at PSNH and natural gas sales volumes at Yankee Gas impact earnings ("Traditional" in the table above). For CL&P, NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision) and NSTAR Gas, fluctuations in retail sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table above). Fluctuations in water sales volumes largely do not impact earnings as our Connecticut water distribution business is decoupled.

Three Months Ended: Operating Revenues, which primarily consist of base distribution revenues and tracked revenues further described below, increased $91.1 million for the three months ended June 30, 2018, as compared to the same period in 2017.

Base Electric and Natural Gas Distribution Revenues:

- Electric distribution revenues decreased $40 million due primarily to lower base distribution rates at NSTAR Electric, as per the DPU-approved rate case decision that became effective February 1, 2018, in which rates were adjusted to reflect the new lower federal corporate income tax rate (most of which did not impact earnings). Electric distribution revenues also decreased at NSTAR Electric due to the seasonal impact of a decoupled rate structure in 2018 as compared to a traditional rate structure with LBR recovery in 2017. The decrease in revenues was partially offset by CL&P's base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings).

- Electric distribution revenues also decreased $7.3 million due to the reserve established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

- Base natural gas distribution revenues increased $3.1 million due primarily to a $6.6 million increase in sales volumes and demand revenues driven by colder April weather in Connecticut in 2018, as well as growth in new customer base. The increase in revenues was partially offset by a $3.5 million decrease due to the reserve established to reflect the impact of the reduction in federal corporate income tax rates, effective January 1, 2018.

Tracked Electric and Natural Gas Distribution Revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers.

- Tracked electric distribution revenues increased as a result of an increase in electric energy supply costs ($27.6 million), driven by increased average retail prices. In addition, there was an increase in stranded cost recovery revenues ($23.0 million) and an increase in retail electric transmission charges ($8.9 million).

- Tracked natural gas distribution revenues increased as a result of an increase in natural gas supply costs ($17.4 million).

Water: Water operating revenues totaled $53.5 million for the three months ended June 30, 2018 as a result of the acquisition of Aquarion on December 4, 2017.

Electric Transmission Revenues: The electric transmission segment revenues decreased $7.2 million due to lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Six Months Ended: Operating Revenues, which primarily consist of base distribution revenues and tracked revenues further described below, increased $273.9 million for the six months ended June 30, 2018, as compared to the same period in 2017.

Base Electric and Natural Gas Distribution Revenues:

- Electric distribution revenues decreased $49.6 million due primarily to lower base distribution rates at NSTAR Electric, as per the DPU-approved rate case decision that became effective February 1, 2018, in which rates were adjusted to reflect the new lower federal corporate income tax rate (most of which did not impact earnings). Electric distribution revenues also decreased at NSTAR Electric due to the seasonal impact of a decoupled rate structure in 2018 as compared to a traditional rate structure with LBR recovery in 2017. The decrease in revenues was partially offset by CL&P's base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings), and an increase in sales volumes primarily driven by the colder weather in January 2018, as compared to the same period in 2017, at NSTAR Electric (prior to its decoupled rate structure). Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure.

- Electric distribution revenues also decreased $26.5 million due to the reserve established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

- Base natural gas distribution revenues increased $5.0 million due primarily to a $13.0 million increase in sales volumes and demand revenues driven by colder January and April weather in Connecticut in 2018, as well as growth in new customer base. The increase in revenues was partially offset by an $8.0 million decrease due to the reserve established to reflect the impact of the reduction in federal corporate income tax rates, effective January 1, 2018.

Tracked Electric and Natural Gas Distribution Revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers.

- Tracked electric distribution revenues increased as a result of an increase in electric energy supply costs ($136.6 million), driven by increased average retail prices. In addition, there was an increase in stranded cost recovery revenues ($18.1 million) and an increase in retail electric transmission charges ($32.9 million).

- Tracked natural gas distribution revenues increased as a result of an increase in natural gas supply costs ($33.6 million) and an increase in energy efficiency program revenues ($4.9 million).

Water: Water operating revenues totaled $98.0 million for the six months ended June 30, 2018 as a result of the acquisition of Aquarion on December 4, 2017.

Electric Transmission Revenues: The electric transmission segment revenues decreased $19.1 million due to lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity, natural gas and water, on behalf of our customers. These supply costs are recovered from customers in rates through commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased for the three and six months ended June 30, 2018, as compared to the same periods in 2017, due primarily to the following:

(Millions of Dollars)	Three Months Ended	Six Months Ended
Electric Distribution	$ 62.2	$ 192.5
Natural Gas Distribution	15.9	28.1
Transmission	14.2	42.8
Water Distribution	0.3	0.7
Eliminations	11.6	33.3
Total Purchased Power, Fuel and Transmission	$ 104.2	$ 297.4

The variance in electric distribution reflects intercompany transmission charges in both periods. The increase in purchased power expense at the electric distribution business for the three and six months ended June 30, 2018, as compared to the same periods in 2017, was driven primarily by higher prices associated with the procurement of energy supply as well as higher purchased volumes at PSNH. As a result of the sale of PSNH's thermal generation assets on January 10, 2018, PSNH purchased power in place of its self-generation output in the first half of 2018. The increase in natural gas supply costs at our natural gas distribution business was due to higher average prices and sales volumes.

The increase in transmission costs for the three and six months ended June 30, 2018, as compared to the same periods in 2017, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and an increase in the retail transmission deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. This was partially offset by a decrease in Local Network Service charges, which reflect the cost of transmission service provided by Eversource over our local transmission network.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric, natural gas and water distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) for the three and six months ended June 30, 2018, as compared to the same periods in 2017, due primarily to the following:

(Millions of Dollars)	Three Months Ended	Six Months Ended
Base Electric Distribution (Non-Tracked Costs):		
Bad debt expense	$ 8.1	$ 11.0
Shared corporate costs (including computer software depreciation at Eversource Service)	5.4	9.9
Employee-related expenses, including labor and benefits	(2.0)	0.1
Storm restoration costs	(8.7)	(6.5)
Operations-related expenses, including vegetation management, vehicles, and outside services (excluding storm restoration costs)	(4.2)	(12.7)
Other non-tracked operations and maintenance	0.5	4.8
Total Base Electric Distribution (Non-Tracked Costs)	(0.9)	6.6
Base Natural Gas Distribution (Non-Tracked Costs)	2.3	7.6
Water Distribution (Addition of Aquarion operations and maintenance expenses due to acquisition on December 4, 2017)	19.6	38.9
Tracked Costs (Electric Distribution, Electric Transmission and Natural Gas Distribution) - Decrease primarily due to lower PSNH generation operations expenses due to the January 10, 2018 sale of thermal generation assets and lower transmission expenses	(30.3)	(61.7)
Other and eliminations:		
Eversource Parent and Other Companies - other operations and maintenance	0.9	0.1
Eliminations	(7.9)	(13.6)
Total Operations and Maintenance	$ (16.3)	$ (22.1)

Depreciation expense increased for the three and six months ended June 30, 2018, as compared to the same periods in 2017, due primarily to higher net plant in service balances and new depreciation rates effective with the CL&P distribution rate case settlement agreement. Partially offsetting these increases were lower depreciation expense at PSNH as a result of the sale of thermal generation assets on January 10, 2018 and lower depreciation expense at NSTAR Electric due to lower depreciation composite rates effective with the NSTAR Electric rate case decision.

Amortization expense includes the deferral of energy supply and energy-related costs included in certain commission-approved cost tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization increased for the three and six months ended June 30, 2018, as compared to the same periods in 2017, due primarily to the deferral of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs at the electric, natural gas and water companies are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense decreased for the three and six months ended June 30, 2018, as compared to the same periods in 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut. For the three and six months ended June 30, 2018, these amounts totaled $12.7 million and $25.4 million, respectively. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified these amounts as Taxes Other than Income Taxes. The costs for the majority of the state energy policy initiatives and expanded energy efficiency programs are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense increased for the three and six months ended June 30, 2018, as compared to the same periods in 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $12.7 million and $25.4 million for the three and six months ended June 30, 2018, respectively), as well as higher property taxes due to higher utility plant in service balances.

Interest Expense increased for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to an increase in interest on long-term debt ($10.0 million) as a result of new debt issuances, the addition of Aquarion operations in 2018 ($6.5 million), an increase related to interest expense on the 2018 RRB issuance ($2.8 million) and an increase in interest on notes payable ($2.5 million), partially offset by higher AFUDC related to debt funds ($2.0 million) and a decrease in regulatory deferrals, primarily at NSTAR Electric, which decreased interest expense ($0.9 million).

Interest Expense increased for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to an increase in interest on long-term debt ($23.1 million) as a result of new debt issuances, the addition of Aquarion operations in 2018 ($12.8 million) and an increase in interest on notes payable ($3.8 million), partially offset by higher AFUDC related to debt funds ($4.0 million) and a decrease in regulatory deferrals, primarily at NSTAR Electric, which decreased interest expense ($2.1 million).

Other Income, Net increased for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to an increase related to pension, SERP and PBOP non-service income components ($7.1 million), an increase in gains on investments ($9.6 million), primarily related to Eversource's investment in a renewable energy fund, and higher AFUDC related to equity funds ($2.9 million).

Other Income, Net increased for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to an increase related to pension, SERP and PBOP non-service income components ($14.3 million), an increase in gains on investments ($9.6 million), primarily related to Eversource's investment in a renewable energy fund, higher AFUDC related to equity funds ($6.0 million) and changes in the market value related to deferred compensation plans ($4.2 million).

Income Tax Expense decreased for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate income tax rate from 35 percent to 21 percent and lower pre-tax earnings ($63.3 million), and by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($3.6 million).

Income Tax Expense decreased for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to the federal corporate income tax rate reduction from 35 percent to 21 percent and lower pre-tax earnings ($135.4 million), offset by higher state taxes ($1.7 million), decreased further by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($7.2 million).

**RESULTS OF OPERATIONS –
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES**

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P, NSTAR Electric and PSNH for the six months ended June 30, 2018 and 2017 included in this combined Quarterly Report on Form 10-Q:

	For the Six Months Ended June 30,								
	CL&P			NSTAR Electric			PSNH		
(Millions of Dollars)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)
Operating Revenues	$ 1,479.9	$ 1,398.9	$ 81.0	$ 1,460.9	$ 1,438.5	$ 22.4	$ 502.5	$ 483.5	$ 19.0
Operating Expenses:									
Purchased Power, Fuel and Transmission	536.2	452.1	84.1	598.7	504.9	93.8	193.2	122.2	71.0
Operations and Maintenance	227.0	237.7	(10.7)	220.8	227.7	(6.9)	97.9	130.5	(32.6)
Depreciation	136.9	120.6	16.3	134.6	135.7	(1.1)	46.3	63.2	(16.9)
Amortization of Regulatory Assets/(Liabilities), Net	43.4	24.2	19.2	18.3	7.1	11.2	14.0	(13.5)	27.5
Energy Efficiency Programs	41.4	68.8	(27.4)	140.0	145.9	(5.9)	9.8	7.0	2.8
Taxes Other Than Income Taxes	174.7	144.4	30.3	95.9	82.7	13.2	38.7	44.0	(5.3)
Total Operating Expenses	1,159.6	1,047.8	111.8	1,208.3	1,104.0	104.3	399.9	353.4	46.5
Operating Income	320.3	351.1	(30.8)	252.6	334.5	(81.9)	102.6	130.1	(27.5)
Interest Expense	75.5	70.2	5.3	53.8	57.9	(4.1)	27.4	25.8	1.6
Other Income, Net	13.7	7.5	6.2	26.9	15.5	11.4	8.2	4.7	3.5
Income Before Income Tax Expense	258.5	288.4	(29.9)	225.7	292.1	(66.4)	83.4	109.0	(25.6)
Income Tax Expense	60.2	106.9	(46.7)	60.6	113.7	(53.1)	22.5	43.1	(20.6)
Net Income	$ 198.3	$ 181.5	$ 16.8	$ 165.1	$ 178.4	$ (13.3)	$ 60.9	$ 65.9	$ (5.0)

Operating Revenues
Sales Volumes: A summary of our retail electric GWh sales volumes was as follows:

	For the Six Months Ended June 30,			
	2018	2017	Increase/(Decrease)	Percent
CL&P	10,222	10,168	54	0.5 %
NSTAR Electric	11,357	11,352	5	— %
PSNH	3,775	3,815	(40)	(1.0)%

Fluctuations in retail electric sales volumes at PSNH impact earnings. For CL&P and NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision), fluctuations in retail electric sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms.

Operating Revenues: Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased for the six months ended June 30, 2018, as compared to the same period in 2017, as follows:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Operating Revenues	$ 81.0	$ 22.4	$ 19.0

Base Distribution Revenues:

- CL&P's distribution revenues increased $5.6 million due primarily to the impact of its base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings).
- NSTAR Electric's distribution revenues decreased $51.9 million due primarily to lower base distribution rates, as per the DPU-approved rate case decision that became effective February 1, 2018, in which rates were adjusted to reflect the new lower federal corporate income tax rate (most of which did not impact earnings). Electric distribution revenues also decreased due to the seasonal impact of a decoupled rate structure in 2018 as compared to a traditional rate structure with LBR recovery in 2017. The decrease in revenues was partially offset by an increase in January 2018 sales volumes, as compared to January 2017, primarily driven by the colder weather. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure, and changes in sales volumes no longer impact earnings.
- PSNH's base distribution revenues decreased $3.3 million for the six months ended June 30, 2018, as compared to the same period in 2017, primarily as a result of a rate change due to the completion of the full recovery of certain costs in revenues. The majority of this decrease did not impact earnings.

- Distribution revenues decreased $16.6 million at CL&P, 3.7 million at NSTAR Electric and 6.2 million at PSNH due to the reserve established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

Tracked Revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through commission-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers. Tracked revenues increased/(decreased) for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Energy supply procurement	$ 91.7	$ 44.2	$ 0.7
Retail transmission	4.2	25.6	3.1
Stranded cost recovery	0.9	(9.9)	27.1
Other distribution tracking mechanisms	(5.6)	17.2	3.7

Transmission Revenues: Transmission revenues decreased $8.8 million and $10.9 million at CL&P and NSTAR Electric, respectively, due to lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P, NSTAR Electric and PSNH's customers. For PSNH, these costs also include PSNH's generation of electricity. These energy supply costs are recovered from customers in commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased/(decreased) for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Purchased Power Costs	$ 64.2	$ 59.9	$ 68.4
Transmission Costs	12.9	25.5	4.4
Eliminations	7.0	8.4	(1.8)
Total Purchased Power, Fuel and Transmission	$ 84.1	$ 93.8	$ 71.0

Purchased Power Costs: Included in purchased power costs are the costs associated with providing electric generation service supply to all customers who have not migrated to third party suppliers. In order to meet the demand of customers who have not migrated to third party suppliers, PSNH also procures power through power supply contracts and spot purchases in the competitive New England wholesale power market and/or produces power through its own generation. The increase in purchased power costs for the six months ended June 30, 2018, as compared to same period in 2017, was due primarily to the following:

- The increase at CL&P was due primarily to an increase in the price of power procured on behalf of our customers.
- The increase at NSTAR Electric was due primarily to higher prices associated with the procurement of energy supply, partially offset by slightly lower purchased volumes.
- The increase at PSNH was due primarily to higher purchased power energy expenses that are recovered as a component of the Energy Service tracking mechanism. As a result of the sale of its thermal generation assets on January 10, 2018, PSNH purchased power in place of its self-generation output in the first half of 2018.

Transmission Costs: Included in transmission costs are charges that recover the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market. The increase in transmission costs for the six months ended June 30, 2018, as compared to the same period in 2017, at CL&P, NSTAR Electric and PSNH was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment and an increase in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. This was partially offset by a decrease in Local Network Service charges, which reflect the cost of transmission service.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Base Electric Distribution (Non-Tracked Costs):			
Bad debt expense	$ 5.7	$ 5.4	$ (0.1)
Shared corporate costs (including computer software depreciation at Eversource Service)	3.7	5.1	1.1
Employee-related expenses, including labor and benefits	4.5	(3.2)	(1.2)
Storm restoration costs	(4.2)	(0.5)	(1.8)
Operations-related expenses, including vegetation management, vehicles, and outside services (excluding storm restoration costs)	(10.4)	1.8	(4.1)
Other non-tracked operations and maintenance	(3.2)	6.8	1.2
Total Base Electric Distribution (Non-Tracked Costs)	(3.9)	15.4	(4.9)
Tracked Costs:			
Decrease of PSNH generation operations expenses due to the January 10, 2018 sale of thermal generation assets	—	—	(24.4)
Transmission expenses	(9.5)	(8.2)	(0.7)
Other tracked operations and maintenance	2.7	(14.1)	(2.6)
Total Tracked Costs	(6.8)	(22.3)	(27.7)
Total Operations and Maintenance	$ (10.7)	$ (6.9)	$ (32.6)

Depreciation increased/(decreased) for the six months ended June 30, 2018, as compared to same period in 2017, due primarily to the following:

- The increase at CL&P is due primarily to higher net plant in service balances and the implementation of new depreciation rates effective with the CL&P distribution rate case settlement agreement.
- The decrease at NSTAR Electric is due to lower depreciation composite rates effective with the NSTAR Electric rate case decision, partially offset by higher net plant in service.
- The decrease at PSNH is due to lower net plant in service balances as a result of the sale of thermal generation assets on January 10, 2018.

Amortization of Regulatory Assets/(Liabilities), Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets/(Liabilities), Net increased at CL&P, NSTAR Electric and PSNH for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense includes costs for various state energy policy initiatives and expanded energy efficiency programs and the majority is recovered from customers in rates and has no impact on earnings. Energy Efficiency Programs expense decreased for the six months ended June 30, 2018, as compared to same period in 2017, due primarily to the following:

- The decrease at CL&P is due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut. In the first half of 2018, this amount totaled $25.4 million. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified this amount as Taxes Other than Income Taxes.
- The decrease at NSTAR Electric is due to the deferral adjustment, which reflects the actual cost of energy efficiency programs compared to the estimated amounts billed to customers, and the timing of the recovery of energy efficiency costs. The deferral adjusts costs incurred to match energy efficiency revenue billed to customers.

Taxes Other Than Income Taxes increased/(decreased) for the six months ended June 30, 2018, as compared to same period in 2017, due primarily to the following:

- The increase at CL&P is due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $25.4 million for the first half of 2018), as well as higher property taxes due to higher utility plant balances.
- The increase at NSTAR Electric is due primarily to higher property taxes due to higher utility plant balances.
- The decrease at PSNH is due primarily to the absence of property taxes as a result of the sale of thermal generation assets on January 10, 2018 and a 2018 refund of disputed property taxes for prior years from the Town of Bow, New Hampshire, partially offset by higher property taxes due to higher utility plant balances.

Interest Expense increased/(decreased) for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to the following:

- The increase at CL&P is due primarily to higher interest on long-term debt as a result of new debt issuances ($4.8 million).
- The decrease at NSTAR Electric is due primarily to a decrease in regulatory deferrals, which decreased interest expense ($3.3 million).
- The increase at PSNH is due primarily to interest on RRBs ($2.8 million) and higher interest on short-term borrowings ($1.4 million), partially offset by lower interest on long-term debt ($2.6 million).

Other Income, Net increased for the six months ended June 30, 2018, as compared to same period in 2017, due primarily to the following:

- The increase at CL&P is due to an increase related to pension, SERP and PBOP non-service income components ($4.4 million) and higher AFUDC related to equity funds ($1.3 million).
- The increase at NSTAR Electric is due to an increase related to pension, SERP and PBOP non-service income components ($8.1 million) and higher AFUDC related to equity funds ($3.2 million).
- The increase at PSNH is due to interest income primarily related to a 2018 refund of disputed property taxes for prior years ($2.6 million) and an increase related to pension, SERP and PBOP non-service income components ($1.3 million).

Income Tax Expense decreased for the six months ended June 30, 2018, as compared to same period in 2017, due primarily to the following:

- The decrease at CL&P was due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate tax rate from 35 percent to 21 percent and lower pre-tax earnings ($46.7 million).
- The decrease at NSTAR Electric was due primarily to the federal corporate income tax rate reduction from 35 percent to 21 percent and lower pre-tax earnings ($54.8 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.7 million).
- The decrease at PSNH was due primarily to the federal corporate income tax rate reduction from 35 percent to 21 percent and lower pre-tax earnings ($20.6 million).

EARNINGS SUMMARY

CL&P's earnings increased $16.8 million for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to an increase in transmission earnings driven by a higher transmission rate base, a net earnings benefit from lower income tax expense as compared to lower distribution revenues resulting from the Tax Cuts and Jobs Act, lower employee benefit plan costs, lower non-tracked operations and maintenance expense, and the impact of the CL&P base distribution rate increase effective May 1, 2018. The earnings increase was partially offset by higher depreciation expense, higher property tax expense, and higher interest expense.

NSTAR Electric's earnings decreased $13.3 million for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to lower electric distribution margin (which includes the seasonal impact of a decoupled rate structure at NSTAR Electric in 2018 as compared to a traditional rate structure with LBR recovery in 2017, partially offset by a net earnings benefit from lower income tax expense as compared to lower distribution revenues resulting from the Tax Cuts and Jobs Act), higher non-tracked operations and maintenance expense, and higher property tax expense. The earnings decrease was partially offset by an increase in transmission earnings driven by a higher transmission rate base, lower interest expense, and lower depreciation expense.

PSNH's earnings decreased $5.0 million for the six months ended June 30, 2018, as compared to the same period in 2017, due primarily to lower generation earnings due to the sale of thermal generation assets on January 10, 2018. The earnings decrease was partially offset by a net earnings benefit from lower income tax expense as compared to lower distribution revenues resulting from the Tax Cuts and Jobs Act, an increase in transmission earnings driven by a higher transmission rate base, lower non-tracked operations and maintenance expense, and lower property tax expense due to the 2018 refund of disputed property taxes for prior tax years.

LIQUIDITY

Cash Flows: CL&P had cash flows provided by operating activities of $268.1 million for the six months ended June 30, 2018, as compared to $355.7 million in the same period of 2017. The decrease in operating cash flows was due primarily to cash payments made in the first six months of 2018 for storm restoration costs of approximately $71 million and an increase in pension contributions of $39.9 million. Partially offsetting these decreases were the timing of collections and payments related to our working capital items, including accounts payable.

NSTAR Electric had cash flows provided by operating activities of $202.7 million for the six months ended June 30, 2018, as compared to $215.5 million in the same period of 2017. The decrease in operating cash flows was due primarily to cash payments made for storm restoration costs of approximately $85 million and income tax payments made in 2018 of $57.9 million, compared to income tax refunds received in 2017 of $14.5 million, and an increase of $43.8 million in Pension and PBOP contributions made in 2018, as compared to 2017. Partially offsetting these decreases were increases in certain regulatory overrecoveries and the timing of payments related to our working capital items, including accounts payable.

PSNH had cash flows provided by operating activities of $112.8 million for the six months ended June 30, 2018, as compared to $142.1 million in the same period of 2017. The decrease in operating cash flows was due primarily to the timing of collections and payments of our working capital items, including accounts receivable and accounts payable and increases in regulatory underrecoveries. Partially offsetting these decreases were $17.5 million in lower income tax payments made in 2018, compared to 2017.

For further information on CL&P's, NSTAR Electric's and PSNH's liquidity and capital resources, see "Liquidity" and "Business Development and Capital Expenditures" included in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

RESULTS OF OPERATIONS – THE CONNECTICUT LIGHT AND POWER COMPANY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P for the three months ended June 30, 2018 and 2017 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended June 30,		
(Millions of Dollars)	2018	2017	Increase/ (Decrease)
Operating Revenues	$ 694.9	$ 666.6	$ 28.3
Operating Expenses:			
Purchased Power and Transmission	234.3	207.2	27.1
Operations and Maintenance	109.7	108.9	0.8
Depreciation	69.4	60.8	8.6
Amortization of Regulatory Assets, Net	15.4	11.4	4.0
Energy Efficiency Programs	18.6	32.2	(13.6)
Taxes Other Than Income Taxes	84.4	70.5	13.9
Total Operating Expenses	531.8	491.0	40.8
Operating Income	163.1	175.6	(12.5)
Interest Expense	38.7	35.3	3.4
Other Income, Net	7.1	4.2	2.9
Income Before Income Tax Expense	131.5	144.5	(13.0)
Income Tax Expense	31.8	53.2	(21.4)
Net Income	$ 99.7	$ 91.3	$ 8.4

Operating Revenues
Sales Volumes: A summary of CL&P's retail electric GWh sales volumes was as follows:

	For the Three Months Ended June 30,			
	2018	2017	Increase	Percent
CL&P	4,846	4,838	8	0.2%

Fluctuations in retail electric sales volumes do not impact earnings due to its PURA-approved distribution revenue decoupling mechanism.

Operating Revenues: Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased $28.3 million for the three months ended June 30, 2018, as compared to the same period in 2017.

Base Distribution Revenues:

- CL&P's distribution revenues increased $5.9 million due primarily to the impact of its base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings).
- Distribution revenues decreased $4.2 million due to the reserve established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective May 1, 2018, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

Tracked Revenues: Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through PURA-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers. Tracked revenues increased/(decreased) for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	
Energy supply procurement	$ 33.9
Retail transmission	(3.7)
Other distribution tracking mechanisms	(5.1)

Transmission Revenues: Transmission revenues decreased $2.2 million due to lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Purchased Power and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P's customers. These energy supply costs are recovered from customers in PURA-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power and Transmission expense increased for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)		
Purchased Power Costs	$	24.1
Transmission Costs		0.8
Eliminations		2.2
Total Purchased Power and Transmission	$	27.1

Purchased Power Costs: The increase in purchased power costs was due primarily to an increase in the price of power procured on behalf of our customers.

Transmission Costs: The increase in transmission costs was due primarily to the result of an increase in costs billed by ISO-NE that support regional grid investment and an increase in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. This was partially offset by a decrease in Local Network Service charges, which reflect the cost of transmission service.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)		
Base Electric Distribution (Non-Tracked Costs):		
Bad debt expense	$	4.6
Storm restoration costs		(5.0)
Other non-tracked operations and maintenance		0.6
Total Base Electric Distribution (Non-Tracked Costs)		0.2
Total Tracked Costs		0.6
Total Operations and Maintenance	$	0.8

Depreciation expense increased for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to higher net plant in service balances and the implementation of new depreciation rates effective with the CL&P distribution rate case settlement agreement.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets, Net increased at CL&P for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense includes costs for state energy policy initiatives and expanded energy efficiency programs and the majority is recovered from customers in rates and has no impact on earnings. Energy Efficiency Programs expense decreased for the three months ended June 30, 2018, as compared to same period in 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut. For the three months ended June 30, 2018, this amount totaled $12.7 million. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified this amount as Taxes Other than Income Taxes.

Taxes Other Than Income Taxes increased for the three months ended June 30, 2018, as compared to same period in 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $12.7 million for the three months ended June 30, 2018), as well as higher property taxes due to higher utility plant balances.

Income Tax Expense decreased for the three months ended June 30, 2018, as compared to same period in 2017, due primarily to the lower federal tax rate and lower pre-tax earnings ($23.0 million) and lower state taxes ($1.1 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($2.7 million).

EARNINGS SUMMARY

CL&P's earnings increased $8.4 million for the three months ended June 30, 2018, as compared to the same period in 2017, due primarily to an increase in transmission earnings driven by a higher transmission rate base, the impact of the CL&P base distribution rate increase effective May 1, 2018, and lower employee benefit plan costs. The earnings increase was partially offset by higher depreciation expense, higher interest expense, and higher property tax expense.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Information

Commodity Price Risk Management: Our Regulated companies enter into energy contracts to serve our customers and the economic impacts of those contracts are passed on to our customers. Accordingly, the Regulated companies have no exposure to loss of future earnings or fair values due to these market risk-sensitive instruments. Eversource's Energy Supply Risk Committee, comprised of senior officers, reviews and approves all large scale energy related transactions entered into by its Regulated companies.

Other Risk Management Activities

Interest Rate Risk Management: We manage our interest rate risk exposure in accordance with our written policies and procedures by maintaining a mix of fixed and variable rate long-term debt.

Credit Risk Management: Credit risk relates to the risk of loss that we would incur as a result of non-performance by counterparties pursuant to the terms of our contractual obligations. We serve a wide variety of customers and transact with suppliers that include IPPs, industrial companies, natural gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and we realize interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms that, in turn, require us to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by our risk management process.

Our Regulated companies are subject to credit risk from certain long-term or high-volume supply contracts with energy marketing companies. Our Regulated companies manage the credit risk with these counterparties in accordance with established credit risk practices and monitor contracting risks, including credit risk. As of June 30, 2018, our Regulated companies held collateral (letters of credit or cash) of $10 million from counterparties related to our standard service contracts. As of June 30, 2018, Eversource had $24.6 million of cash posted with ISO-NE related to energy transactions.

We have provided additional disclosures regarding interest rate risk management and credit risk management in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in Eversource's 2017 Form 10-K, which is incorporated herein by reference. There have been no additional risks identified and no material changes with regard to the items previously disclosed in the Eversource 2017 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, evaluated the design and operation of the disclosure controls and procedures as of June 30, 2018 to determine whether they are effective in ensuring that the disclosure of required information is made timely and in accordance with the Securities Exchange Act of 1934 and the rules and regulations of the SEC. This evaluation was made under management's supervision and with management's participation, including the principal executive officer and principal financial officer as of the end of the period covered by this Quarterly Report on Form 10-Q. There are inherent limitations of disclosure controls and procedures, including the possibility of human error and the circumventing or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The principal executive officer and principal financial officer have concluded, based on their review, that the disclosure controls and procedures of Eversource, CL&P, NSTAR Electric and PSNH are effective to ensure that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and regulations and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in internal controls over financial reporting for Eversource, CL&P, NSTAR Electric and PSNH during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are parties to various legal proceedings. We have disclosed these legal proceedings in Part I, Item 3, "Legal Proceedings," and elsewhere in our 2017 Form 10-K. These disclosures are incorporated herein by reference. There have been no additional material legal proceedings identified and no further material changes with regard to the legal proceedings previously disclosed in our 2017 Form 10-K.

ITEM 1A. RISK FACTORS

We are subject to a variety of significant risks in addition to the matters set forth under our forward-looking statements section in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Quarterly Report on Form 10-Q. We have identified a number of these risk factors in Part I, Item 1A, "Risk Factors," in our 2017 Form 10-K, which risk factors are incorporated herein by reference. These risk factors should be considered carefully in evaluating our risk profile. There have been no additional risk factors identified and no material changes with regard to the risk factors previously disclosed in our 2017 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table discloses purchases of our common shares made by us or on our behalf for the periods shown below. The common shares purchased consist of open market purchases made by the Company or an independent agent. These share transactions related to shares awarded under the Company's Incentive Plan and Dividend Reinvestment Plan and matching contributions under the Eversource 401k Plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans and Programs (at month end)
April 1 - April 30, 2018	103,494	$ 59.46	—	—
May 1 - May 31, 2018	3,643	58.17	—	—
June 1 - June 30, 2018	7,345	56.57	—	—
Total	114,482	$ 59.23	—	—

ITEM 6. EXHIBITS

Each document described below is filed herewith, unless designated with an asterisk (*), which exhibits are incorporated by reference by the registrant under whose name the exhibit appears.

Exhibit No.	Description
	Listing of Exhibits (Eversource)
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chief Executive Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chief Executive Officer and Chief Financial Officer of Eversource Energy pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
	Listing of Exhibits (CL&P)
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of The Connecticut Light and Power Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
	Listing of Exhibits (NSTAR Electric Company)
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of NSTAR Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
	Listing of Exhibits (PSNH)
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of Public Service Company of New Hampshire pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Listing of Exhibits (Eversource, CL&P, NSTAR Electric, PSNH)

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERSOURCE ENERGY

August 3, 2018 By: /s/ Jay S. Buth

Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CONNECTICUT LIGHT AND POWER COMPANY

August 3, 2018 By: /s/ Jay S. Buth

Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NSTAR ELECTRIC COMPANY

August 3, 2018 By: /s/ Jay S. Buth

Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

August 3, 2018 By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

Eversource Energy and Subsidiaries

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 516,072	$ 995,515	$ 949,821	$ 886,004	$ 827,065	$ 793,689
Income tax expense	154,219	578,892	554,997	539,967	468,297	426,941
Equity in earnings of equity investees	(27,479)	(27,432)	(243)	(883)	(1,044)	(1,318)
Dividends received from equity investees	10,450	20,042	120	—	—	582
Fixed charges, as below	264,151	451,287	429,406	397,392	386,451	362,403
Less: Interest capitalized (including AFUDC)	(8,974)	(12,453)	(10,791)	(7,221)	(5,766)	(4,062)
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	(5,370)	(12,532)	(12,532)	(12,532)	(12,532)	(12,803)
Total earnings, as defined	$ 903,069	$ 1,993,319	$ 1,910,778	$ 1,802,727	$ 1,662,471	$ 1,565,432
Fixed charges, as defined:						
Interest expense	$ 247,533	$ 421,755	$ 400,961	$ 372,420	$ 362,106	$ 338,699
Rental interest factor	2,274	4,547	5,122	5,219	6,047	6,839
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	5,370	12,532	12,532	12,532	12,532	12,803
Interest capitalized (including AFUDC)	8,974	12,453	10,791	7,221	5,766	4,062
Total fixed charges, as defined	$ 264,151	$ 451,287	$ 429,406	$ 397,392	$ 386,451	$ 362,403
Ratio of Earnings to Fixed Charges	3.42	4.42	4.45	4.54	4.30	4.32

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ James J. Judge

James J. Judge
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Eversource Energy (the registrant) for the period ending June 30, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the Board, President and Chief Executive Officer of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman of the Board, President and Chief Executive Officer

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 3, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The Connecticut Light and Power Company

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 198,280	$ 376,726	$ 334,254	$ 299,360	$ 287,754	$ 279,412
Income tax expense	60,192	186,646	208,308	177,396	133,451	141,663
Equity in earnings of equity investees	(19)	(39)	(61)	(31)	(32)	(67)
Dividends received from equity investees	—	—	60	—	—	289
Fixed charges, as below	80,932	152,888	152,635	153,751	152,513	139,929
Less: Interest capitalized (including AFUDC)	(3,027)	(5,102)	(3,319)	(2,630)	(1,867)	(2,249)
Total earnings, as defined	$ 336,358	$ 711,119	$ 691,877	$ 627,846	$ 571,819	$ 558,977
Fixed charges, as defined:						
Interest expense	$ 75,498	$ 142,973	$ 144,110	$ 145,795	$ 147,421	$ 133,650
Rental interest factor	2,407	4,813	5,206	5,326	3,225	4,030
Interest capitalized (including AFUDC)	3,027	5,102	3,319	2,630	1,867	2,249
Total fixed charges, as defined	$ 80,932	$ 152,888	$ 152,635	$ 153,751	$ 152,513	$ 139,929
Ratio of Earnings to Fixed Charges	4.16	4.65	4.53	4.08	3.75	3.99

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant) for the period ending June 30, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 3, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

NSTAR Electric Company and Subsidiary

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 165,071	$ 374,726	$ 350,777	$ 401,048	$ 360,907	$ 328,984
Income tax expense	60,607	242,085	225,789	265,014	239,249	210,234
Equity in earnings of equity investees	(412)	(302)	(325)	(351)	(416)	(568)
Dividends received from equity investees	—	—	35	—	—	424
Fixed charges, as below	59,347	114,419	117,542	107,089	108,705	99,431
Less: Interest capitalized (including AFUDC)	(3,580)	(4,800)	(5,278)	(3,022)	(2,891)	(1,009)
Total earnings, as defined	$ 281,033	$ 726,128	$ 688,540	$ 769,778	$ 705,554	$ 637,496
Fixed charges, as defined:						
Interest expense	$ 53,822	$ 105,729	$ 108,430	$ 100,139	$ 102,809	$ 95,234
Rental interest factor	1,945	3,890	3,834	3,928	3,005	3,188
Interest capitalized (including AFUDC)	3,580	4,800	5,278	3,022	2,891	1,009
Total fixed charges, as defined	$ 59,347	$ 114,419	$ 117,542	$ 107,089	$ 108,705	$ 99,431
Ratio of Earnings to Fixed Charges	4.74	6.35	5.86	7.19	6.49	6.41

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant) for the period ending June 30, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 3, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Public Service Company of New Hampshire and Subsidiaries

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 60,871	$ 135,996	$ 131,985	$ 114,442	$ 113,944	$ 111,397
Income tax expense	22,547	88,675	82,364	73,060	72,135	71,101
Equity in earnings of equity investees	(4)	(9)	(15)	(8)	(8)	(12)
Dividends received from equity investees	—	—	25	—	—	42
Fixed charges, as below	28,520	52,851	51,843	47,949	46,530	47,318
Less: Interest capitalized (including AFUDC)	(576)	(729)	(787)	(994)	(640)	(500)
Total earnings, as defined	$ 111,358	$ 276,784	$ 265,415	$ 234,449	$ 231,961	$ 229,346
Fixed charges, as defined:						
Interest expense	$ 27,386	$ 51,007	$ 50,040	$ 45,990	$ 45,349	$ 46,176
Rental interest factor	558	1,115	1,016	965	541	642
Interest capitalized (including AFUDC)	576	729	787	994	640	500
Total fixed charges, as defined	$ 28,520	$ 52,851	$ 51,843	$ 47,949	$ 46,530	$ 47,318
Ratio of Earnings to Fixed Charges	3.90	5.24	5.12	4.89	4.99	4.85

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant) for the period ending June 30, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: August 3, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

EVERSOURCE ENERGY

780 N. Commercial Street, Manchester, NH 03101

Eversource Energy
P.O. Box 330
Manchester, NH 03105-0330
(603) 634-2701
Fax (603) 634-2511

Christopher J. Goulding
Revenue Requirements - NH

E-Mail: Christopher.goulding@eversource.com

November 15, 2018

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, New Hampshire 03301-2429

Re: Docket No. IR 90-218
PSNH d/b/a Eversource Energy Monitoring

Dear Ms. Howland:

Pursuant to Commission Order No. 23,122 in the above Docket, please find enclosed one copy of the following report which was also filed electronically with the NHPUC:

- Eversource Energy Combined Form 10-Q, which includes PSNH, for the quarter ended September 30, 2018.

If you would like additional copies of this report, please do not hesitate to contact me.

Very truly yours,

Christopher J. Goulding
Manager
Revenue Requirements – New Hampshire

CJG/kd
Enclosure
c: Mr. R. A. Bersak
Mr. A. M. Desbiens
Mr. T. C. Frantz, NHPUC
Mr. D. Kreis, NHOCA
Mr. J. W. Hunt, III
Mr. W. J. Quinlan

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2018

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
1-5324	**EVERSOURCE ENERGY** (a Massachusetts voluntary association) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (800) 286-5000	04-2147929
0-00404	**THE CONNECTICUT LIGHT AND POWER COMPANY** (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (800) 286-5000	06-0303850
1-02301	**NSTAR ELECTRIC COMPANY** (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (800) 286-5000	04-1278810
1-6392	**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134 Telephone: (800) 286-5000	02-0181050

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes	No
☒	☐

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Yes	No
☒	☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Eversource Energy	☒	☐	☐	☐	☐
The Connecticut Light and Power Company	☐	☐	☒	☐	☐
NSTAR Electric Company	☐	☐	☒	☐	☐
Public Service Company of New Hampshire	☐	☐	☒	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

	Yes	No
Eversource Energy	☐	☒
The Connecticut Light and Power Company	☐	☒
NSTAR Electric Company	☐	☒
Public Service Company of New Hampshire	☐	☒

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

Company - Class of Stock	Outstanding as of October 31, 2018
Eversource Energy Common Shares, $5.00 par value	316,885,808 shares
The Connecticut Light and Power Company Common Stock, $10.00 par value	6,035,205 shares
NSTAR Electric Company Common Stock, $1.00 par value	200 shares
Public Service Company of New Hampshire Common Stock, $1.00 par value	301 shares

Eversource Energy holds all of the 6,035,205 shares, 200 shares, and 301 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire, respectively.

NSTAR Electric Company and Public Service Company of New Hampshire each meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q, and each is therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) of Form 10-Q.

Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire each separately file this combined Form 10-Q. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

GLOSSARY OF TERMS

The following is a glossary of abbreviations and acronyms that are found in this report:

Current or former Eversource Energy companies, segments or investments:	
Eversource, ES or the Company	Eversource Energy and subsidiaries
Eversource parent or ES parent	Eversource Energy, a public utility holding company
ES parent and other companies	ES parent and other companies are comprised of Eversource parent, Eversource Service and other subsidiaries, which primarily includes our unregulated businesses, HWP Company, The Rocky River Realty Company (a real estate subsidiary), and the consolidated operations of CYAPC and YAEC
CL&P	The Connecticut Light and Power Company
NSTAR Electric	NSTAR Electric Company
PSNH	Public Service Company of New Hampshire
NSTAR Gas	NSTAR Gas Company
Yankee Gas	Yankee Gas Services Company
Aquarion	Eversource Aquarion Holdings, Inc and its subsidiaries (formerly known as Macquarie Utilities Inc)
NPT	Northern Pass Transmission LLC
Northern Pass	The HVDC and associated alternating-current transmission line project from Canada into New Hampshire
Eversource Service	Eversource Energy Service Company
Bay State Wind	A project being developed jointly by Eversource and Denmark-based Ørsted (formerly known as DONG Energy) to construct an offshore wind farm off the coast of Massachusetts
CYAPC	Connecticut Yankee Atomic Power Company
MYAPC	Maine Yankee Atomic Power Company
YAEC	Yankee Atomic Electric Company
Yankee Companies	CYAPC, YAEC and MYAPC
Regulated companies	The Eversource regulated companies are comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric and PSNH, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, NPT, Aquarion, the generation facilities of PSNH, and the solar power facilities of NSTAR Electric
Regulators:	
DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission
SJC	Supreme Judicial Court of Massachusetts
Other Terms and Abbreviations:	
Access Northeast	A project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge"), and National Grid plc ("National Grid") through Algonquin Gas Transmission, LLC ("AGT") to bring needed additional natural gas pipeline and storage capacity to New England.
ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance For Funds Used During Construction
AOCI	Accumulated Other Comprehensive Income
ARO	Asset Retirement Obligation
Bcf	Billion cubic feet
C&LM	Conservation and Load Management
CfD	Contract for Differences
CTA	Competitive Transition Assessment
CWIP	Construction Work in Progress
EDC	Electric distribution company
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974

ESOP	Employee Stock Ownership Plan
Eversource 2017 Form 10-K	The Eversource Energy and Subsidiaries 2017 combined Annual Report on Form 10-K as filed with the SEC
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt-Hours
HQ	Hydro-Québec, a corporation wholly-owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High-voltage direct current
Hydro Renewable Energy	Hydro Renewable Energy, Inc., a wholly-owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kVa	Kilovolt-ampere
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LBR	Lost Base Revenue
LNG	Liquefied natural gas
LRS	Supplier of last resort service
MG	Million gallons
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
MMcf	Million cubic feet
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
NETOs	New England Transmission Owners (including Eversource, National Grid and Avangrid)
OCI	Other Comprehensive Income/(Loss)
PAM	Pension and PBOP Rate Adjustment Mechanism
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree benefits, primarily medical, dental and life insurance
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
RRBs	Rate Reduction Bonds
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
RNS	Regional Network Service
ROE	Return on Equity
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plans and non-qualified defined benefit retirement plans
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

TABLE OF CONTENTS

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 59,092	$ 38,165
Receivables, Net	1,091,589	925,083
Unbilled Revenues	170,044	201,361
Fuel, Materials, Supplies and Inventory	192,508	223,063
Regulatory Assets	436,704	741,868
Prepayments and Other Current Assets	203,434	138,009
Assets Held for Sale	—	219,550
Total Current Assets	2,153,371	2,487,099
Property, Plant and Equipment, Net	24,967,702	23,617,463
Deferred Debits and Other Assets:		
Regulatory Assets	4,716,631	4,497,447
Goodwill	4,427,266	4,427,266
Marketable Securities	585,960	585,419
Other Long-Term Assets	664,739	605,692
Total Deferred Debits and Other Assets	10,394,596	10,115,824
Total Assets	$ 37,515,669	$ 36,220,386
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 1,067,200	$ 1,088,087
Long-Term Debt – Current Portion	387,310	549,631
Rate Reduction Bonds – Current Portion	52,332	—
Accounts Payable	962,298	1,085,034
Obligations to Third Party Suppliers	199,762	144,046
Regulatory Liabilities	344,708	128,071
Other Current Liabilities	616,662	594,176
Total Current Liabilities	3,630,272	3,589,045
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	3,386,324	3,297,518
Regulatory Liabilities	3,706,792	3,637,273
Derivative Liabilities	385,865	377,257
Accrued Pension, SERP and PBOP	1,013,182	1,228,091
Other Long-Term Liabilities	1,094,019	1,073,501
Total Deferred Credits and Other Liabilities	9,586,182	9,613,640
Long-Term Debt	12,151,536	11,775,889
Rate Reduction Bonds	583,331	—
Noncontrolling Interest – Preferred Stock of Subsidiaries	155,570	155,570
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid In	6,234,044	6,239,940
Retained Earnings	3,882,695	3,561,084
Accumulated Other Comprehensive Loss	(59,582)	(66,403)
Treasury Stock	(317,771)	(317,771)

Common Shareholders' Equity	11,408,778	11,086,242
Total Liabilities and Capitalization	$ 37,515,669	$ 36,220,386

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars, Except Share Information)	2018	2017	2018	2017
Operating Revenues	$ 2,271,425	$ 1,988,512	$ 6,413,243	$ 5,856,458
Operating Expenses:				
Purchased Power, Fuel and Transmission	842,291	651,776	2,442,953	1,955,129
Operations and Maintenance	344,475	307,773	970,881	956,274
Depreciation	208,671	194,466	612,077	571,152
Amortization	92,711	41,848	174,108	58,058
Energy Efficiency Programs	129,965	129,205	366,162	391,761
Taxes Other Than Income Taxes	187,291	168,193	547,155	479,648
Total Operating Expenses	1,805,404	1,493,261	5,113,336	4,412,022
Operating Income	466,021	495,251	1,299,907	1,444,436
Interest Expense	125,201	108,719	372,734	319,477
Other Income, Net	16,718	28,536	100,656	79,178
Income Before Income Tax Expense	357,538	415,068	1,027,829	1,204,137
Income Tax Expense	66,278	152,818	220,497	447,921
Net Income	291,260	262,250	807,332	756,216
Net Income Attributable to Noncontrolling Interests	1,880	1,880	5,639	5,639
Net Income Attributable to Common Shareholders	$ 289,380	$ 260,370	$ 801,693	$ 750,577
Basic Earnings Per Common Share	$ 0.91	$ 0.82	$ 2.53	$ 2.36
Diluted Earnings Per Common Share	$ 0.91	$ 0.82	$ 2.52	$ 2.36
Dividends Declared Per Common Share	$ 0.51	$ 0.48	$ 1.52	$ 1.43
Weighted Average Common Shares Outstanding:				
Basic	317,360,110	317,393,029	317,367,252	317,415,848
Diluted	317,967,311	317,949,396	317,948,498	318,007,042

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2018	2017	2018	2017
Net Income	$ 291,260	$ 262,250	$ 807,332	$ 756,216
Other Comprehensive Income/(Loss), Net of Tax:				
Qualified Cash Flow Hedging Instruments	432	519	1,627	1,567
Changes in Unrealized (Losses)/Gains on Marketable Securities	(136)	(1,872)	(724)	733
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	1,110	673	5,918	(633)
Other Comprehensive Income/(Loss), Net of Tax	1,406	(680)	6,821	1,667
Comprehensive Income Attributable to Noncontrolling Interests	(1,880)	(1,880)	(5,639)	(5,639)
Comprehensive Income Attributable to Common Shareholders	$ 290,786	$ 259,690	$ 808,514	$ 752,244

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30, 2018	2017
Operating Activities:		
Net Income	$ 807,332	$ 756,216
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	612,077	571,152
Deferred Income Taxes	70,402	374,863
Uncollectible Expense	50,720	30,111
Pension, SERP and PBOP Expense, Net	5,192	16,891
Pension and PBOP Contributions	(188,874)	(197,900)
Regulatory Overrecoveries, Net	189,932	185,952
Amortization	174,108	58,058
Other	(129,039)	(197,876)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(212,326)	(107,473)
Fuel, Materials, Supplies and Inventory	44,702	23,686
Taxes Receivable/Accrued, Net	70,885	88,856
Accounts Payable	(72,591)	(96,551)
Other Current Assets and Liabilities, Net	(14,858)	(30,138)
Net Cash Flows Provided by Operating Activities	1,407,662	1,475,847
Investing Activities:		
Investments in Property, Plant and Equipment	(1,885,081)	(1,642,280)
Proceeds from Sales of Marketable Securities	405,276	520,664
Purchases of Marketable Securities	(396,277)	(506,302)
Proceeds from the Sale of PSNH Generation Assets	193,924	—
Other Investing Activities	(23,405)	(24,173)
Net Cash Flows Used in Investing Activities	(1,705,563)	(1,652,091)
Financing Activities:		
Cash Dividends on Common Shares	(480,082)	(451,562)
Cash Dividends on Preferred Stock	(5,639)	(5,639)
Decrease in Notes Payable	(222,110)	(231,500)
Issuance of Rate Reduction Bonds	635,663	—
Issuance of Long-Term Debt	1,300,000	1,250,000
Retirement of Long-Term Debt	(860,855)	(320,000)
Other Financing Activities	(20,361)	171
Net Cash Flows Provided by Financing Activities	346,616	241,470
Net Increase in Cash, Cash Equivalents and Restricted Cash	48,715	65,226
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	85,890	106,750
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 134,605	$ 171,976

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 977	$ 6,028
Receivables, Net	466,768	370,676
Accounts Receivable from Affiliated Companies	32,074	28,181
Unbilled Revenues	53,690	54,154
Materials, Supplies and Inventory	45,757	48,438
Regulatory Assets	128,793	200,281
Prepaid Property Taxes	60,532	17,884
Prepayments and Other Current Assets	15,470	29,042
Total Current Assets	804,061	754,684
Property, Plant and Equipment, Net	8,753,744	8,271,030
Deferred Debits and Other Assets:		
Regulatory Assets	1,545,012	1,444,935
Other Long-Term Assets	175,488	159,597
Total Deferred Debits and Other Assets	1,720,500	1,604,532
Total Assets	$ 11,278,305	$ 10,630,246
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 45,900	$ 69,500
Long-Term Debt – Current Portion	250,000	300,000
Accounts Payable	347,443	367,605
Accounts Payable to Affiliated Companies	86,772	82,201
Obligations to Third Party Suppliers	64,283	52,860
Accrued Taxes	78,507	21,665
Regulatory Liabilities	126,574	38,967
Other Current Liabilities	152,147	159,961
Total Current Liabilities	1,151,626	1,092,759
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,136,221	1,103,367
Regulatory Liabilities	1,131,234	1,112,136
Derivative Liabilities	385,779	376,918
Accrued Pension, SERP and PBOP	301,946	354,469
Other Long-Term Liabilities	130,069	128,135
Total Deferred Credits and Other Liabilities	3,085,249	3,075,025
Long-Term Debt	3,003,625	2,759,135
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	2,210,765	2,110,765
Retained Earnings	1,650,182	1,415,741
Accumulated Other Comprehensive Income	306	269
Common Stockholder's Equity	3,921,605	3,587,127
Total Liabilities and Capitalization	$ 11,278,305	$ 10,630,246

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30, 2018	2017	For the Nine Months Ended September 30, 2018	2017
Operating Revenues	$ 865,028	$ 774,762	$ 2,344,903	$ 2,173,629
Operating Expenses:				
Purchased Power and Transmission	314,571	259,005	850,794	711,154
Operations and Maintenance	128,523	123,511	355,500	361,166
Depreciation	72,017	63,727	208,899	184,275
Amortization of Regulatory Assets, Net	54,031	34,574	97,437	58,799
Energy Efficiency Programs	30,240	37,739	71,606	106,483
Taxes Other Than Income Taxes	92,987	79,067	267,662	223,482
Total Operating Expenses	692,369	597,623	1,851,898	1,645,359
Operating Income	172,659	177,139	493,005	528,270
Interest Expense	37,609	36,313	113,107	106,577
Other Income, Net	7,098	7,913	20,722	15,402
Income Before Income Tax Expense	142,148	148,739	400,620	437,095
Income Tax Expense	41,818	52,595	102,010	159,450
Net Income	$ 100,330	$ 96,144	$ 298,610	$ 277,645

The accompanying notes are an integral part of these unaudited condensed financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30, 2018	2017	For the Nine Months Ended September 30, 2018	2017
Net Income	$ 100,330	$ 96,144	$ 298,610	$ 277,645
Other Comprehensive (Loss)/Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	(7)	96	58	298
Changes in Unrealized (Losses)/Gains on Marketable Securities	(5)	(64)	(21)	25
Other Comprehensive (Loss)/Income, Net of Tax	(12)	32	37	323
Comprehensive Income	$ 100,318	$ 96,176	$ 298,647	$ 277,968

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30, 2018	2017
Operating Activities:		
Net Income	$ 298,610	$ 277,645
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	208,899	184,275
Deferred Income Taxes	28,637	90,132
Uncollectible Expense	12,135	1,755
Pension, SERP, and PBOP Expense, Net	6,594	6,421
Pension Contributions	(41,150)	(1,875)
Regulatory (Under)/Over Recoveries, Net	(1,136)	71,413
Amortization of Regulatory Assets, Net	97,437	58,799
Other	(55,827)	(23,911)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(126,513)	(70,936)
Taxes Receivable/Accrued, Net	72,702	69,335
Accounts Payable	(15,303)	(1,649)
Other Current Assets and Liabilities, Net	(33,965)	(36,340)
Net Cash Flows Provided by Operating Activities	451,120	625,064
Investing Activities:		
Investments in Property, Plant and Equipment	(660,673)	(621,882)
Other Investing Activities	167	185
Net Cash Flows Used in Investing Activities	(660,506)	(621,697)
Financing Activities:		
Cash Dividends on Common Stock	(60,000)	(205,200)
Cash Dividends on Preferred Stock	(4,169)	(4,169)
Capital Contributions from Eversource Parent	100,000	—
Issuance of Long-Term Debt	500,000	525,000
Retirement of Long-Term Debt	(300,000)	(250,000)
Decrease in Notes Payable to Eversource Parent	(23,600)	(80,100)
Premium on Issuance of Long-Term Debt	—	21,937
Other Financing Activities	(7,584)	(6,322)
Net Cash Flows Provided by Financing Activities	204,647	1,146
Net (Decrease)/Increase in Cash and Restricted Cash	(4,739)	4,513
Cash and Restricted Cash - Beginning of Period	9,619	8,403
Cash and Restricted Cash - End of Period	$ 4,880	$ 12,916

The accompanying notes are an integral part of these unaudited condensed financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 2,367	$ 1,763
Receivables, Net	457,695	341,341
Accounts Receivable from Affiliated Companies	43,767	40,723
Unbilled Revenues	55,046	49,865
Materials, Supplies and Inventory	66,361	95,517
Regulatory Assets	193,541	333,882
Prepayments and Other Current Assets	18,128	24,499
Total Current Assets	836,905	887,590
Property, Plant and Equipment, Net	8,576,096	8,246,494
Deferred Debits and Other Assets:		
Regulatory Assets	1,226,811	1,190,575
Prepaid PBOP	153,142	126,948
Other Long-Term Assets	107,208	84,766
Total Deferred Debits and Other Assets	1,487,161	1,402,289
Total Assets	$ 10,900,162	$ 10,536,373
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	$ 240,500	$ 234,000
Notes Payable to Eversource Parent	16,000	—
Accounts Payable	296,208	340,115
Accounts Payable to Affiliated Companies	77,329	91,260
Obligations to Third Party Suppliers	133,865	88,721
Renewable Portfolio Standards Compliance Obligations	100,782	111,524
Regulatory Liabilities	168,225	79,562
Other Current Liabilities	113,728	79,916
Total Current Liabilities	1,146,637	1,025,098
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,279,302	1,275,814
Regulatory Liabilities	1,566,285	1,514,451
Accrued Pension and SERP	6,171	89,995
Other Long-Term Liabilities	219,050	198,176
Total Deferred Credits and Other Liabilities	3,070,808	3,078,436
Long-Term Debt	2,944,616	2,943,759
Preferred Stock Not Subject to Mandatory Redemption	43,000	43,000
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	1,608,442	1,502,942
Retained Earnings	2,088,157	1,944,961
Accumulated Other Comprehensive Loss	(1,498)	(1,823)
Common Stockholder's Equity	3,695,101	3,446,080
Total Liabilities and Capitalization	$ 10,900,162	$ 10,536,373

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2018	2017	2018	2017
Operating Revenues	$ 939,460	$ 851,922	$ 2,400,324	$ 2,290,432
Operating Expenses:				
Purchased Power and Transmission	383,208	294,115	981,895	799,007
Operations and Maintenance	123,634	118,777	344,478	346,469
Depreciation	70,616	68,746	205,210	204,442
Amortization of Regulatory Assets, Net	17,149	10,131	35,467	17,243
Energy Efficiency Programs	89,430	82,611	229,408	228,543
Taxes Other Than Income Taxes	49,927	47,830	145,740	130,492
Total Operating Expenses	733,964	622,210	1,942,198	1,726,196
Operating Income	205,496	229,712	458,126	564,236
Interest Expense	26,958	30,810	80,780	88,715
Other Income, Net	13,697	9,165	40,567	24,610
Income Before Income Tax Expense	192,235	208,067	417,913	500,131
Income Tax Expense	51,640	82,301	112,247	196,001
Net Income	$ 140,595	$ 125,766	$ 305,666	$ 304,130

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2018	2017	2018	2017
Net Income	$ 140,595	$ 125,766	$ 305,666	$ 304,130
Other Comprehensive Income, Net of Tax:				
Changes in Funded Status of SERP Benefit Plan	1	(4)	3	(12)
Qualified Cash Flow Hedging Instruments	110	109	328	328
Changes in Unrealized (Losses)/Gains on Marketable Securities	(1)	(18)	(6)	7
Other Comprehensive Income, Net of Tax	110	87	325	323
Comprehensive Income	$ 140,705	$ 125,853	$ 305,991	$ 304,453

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
(Thousands of Dollars)	2018	2017
Operating Activities:		
Net Income	$ 305,666	$ 304,130
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	205,210	204,442
Deferred Income Taxes	16,203	100,335
Uncollectible Expense	20,433	14,937
Pension, SERP and PBOP Income, Net	(15,855)	(7,586)
Pension and PBOP Contributions	(60,454)	(83,040)
Regulatory Overrecoveries, Net	180,797	71,647
Amortization of Regulatory Assets, Net	35,467	17,243
Other	(49,178)	(47,972)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(155,669)	(113,960)
Materials, Supplies and Inventory	29,156	11,483
Taxes Receivable/Accrued, Net	42,148	71,705
Accounts Payable	(13,178)	(42,519)
Other Current Assets and Liabilities, Net	33,543	4,982
Net Cash Flows Provided by Operating Activities	574,289	505,827
Investing Activities:		
Investments in Property, Plant and Equipment	(538,973)	(467,275)
Other Investing Activities	46	(3,565)
Net Cash Flows Used in Investing Activities	(538,927)	(470,840)
Financing Activities:		
Cash Dividends on Common Stock	(161,000)	(214,500)
Cash Dividends on Preferred Stock	(1,470)	(1,470)
Capital Contributions from Eversource Parent	105,500	2,300
Increase in Notes Payable to Eversource Parent	16,000	—
Increase/(Decrease) in Notes Payable	6,500	(80,600)
Issuance of Long-Term Debt	—	350,000
Other Financing Activities	(239)	(3,410)
Net Cash Flows (Used in)/Provided by Financing Activities	(34,709)	52,320
Increase in Cash, Cash Equivalents and Restricted Cash	653	87,307
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	14,708	15,506
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 15,361	$ 102,813

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 7,462	$ 900
Receivables, Net	115,706	92,774
Accounts Receivable from Affiliated Companies	20,007	5,297
Unbilled Revenues	39,760	49,448
Materials, Supplies and Inventory	39,877	40,285
Regulatory Assets	61,379	130,134
Special Deposits	26,863	728
Prepayments and Other Current Assets	7,600	28,203
Assets Held for Sale	—	219,550
Total Current Assets	318,654	567,319
Property, Plant and Equipment, Net	2,826,541	2,642,274
Deferred Debits and Other Assets:		
Regulatory Assets	892,075	810,677
Other Long-Term Assets	19,252	42,391
Total Deferred Debits and Other Assets	911,327	853,068
Total Assets	$ 4,056,522	$ 4,062,661
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	$ 46,600	$ 262,900
Long-Term Debt – Current Portion	—	110,000
Rate Reduction Bonds – Current Portion	52,332	—
Accounts Payable	118,523	128,685
Accounts Payable to Affiliated Companies	35,699	24,676
Dividends Payable to Eversource Parent	—	150,000
Accrued Interest	19,615	6,722
Renewable Portfolio Standards Compliance Obligations	29,867	27,765
Regulatory Liabilities	39,661	6,251
Other Current Liabilities	34,790	33,437
Total Current Liabilities	377,087	750,436
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	457,512	443,468
Regulatory Liabilities	433,822	444,397
Accrued Pension, SERP and PBOP	126,839	124,639
Other Long-Term Liabilities	35,901	56,689
Total Deferred Credits and Other Liabilities	1,054,074	1,069,193
Long-Term Debt	894,100	892,438
Rate Reduction Bonds	583,331	—
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	538,134	843,134
Retained Earnings	612,919	511,382
Accumulated Other Comprehensive Loss	(3,123)	(3,922)

Common Stockholder's Equity		1,147,930		1,350,594
Total Liabilities and Capitalization	$	4,056,522	$	4,062,661

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2018	2017	2018	2017
Operating Revenues	$ 290,203	$ 250,032	$ 792,700	$ 733,572
Operating Expenses:				
Purchased Power, Fuel and Transmission	100,763	57,099	293,975	179,289
Operations and Maintenance	55,429	65,104	153,296	195,637
Depreciation	23,223	32,084	69,524	95,266
Amortization of Regulatory Assets/(Liabilities), Net	27,357	2,835	41,318	(10,658)
Energy Efficiency Programs	5,863	4,007	15,694	11,040
Taxes Other Than Income Taxes	21,095	22,936	59,775	66,935
Total Operating Expenses	233,730	184,065	633,582	537,509
Operating Income	56,473	65,967	159,118	196,063
Interest Expense	16,593	12,896	43,977	38,676
Other Income, Net	16,095	2,664	24,253	7,367
Income Before Income Tax Expense	55,975	55,735	139,394	164,754
Income Tax Expense	15,309	22,012	37,857	65,128
Net Income	$ 40,666	$ 33,723	$ 101,537	$ 99,626

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Thousands of Dollars)	2018	2017	2018	2017
Net Income	$ 40,666	$ 33,723	$ 101,537	$ 99,626
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	268	291	835	872
Changes in Unrealized (Losses)/Gains on Marketable Securities	(7)	(112)	(36)	43
Other Comprehensive Income, Net of Tax	261	179	799	915
Comprehensive Income	$ 40,927	$ 33,902	$ 102,336	$ 100,541

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30, 2018	2017
Operating Activities:		
Net Income	$ 101,537	$ 99,626
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	69,524	95,266
Deferred Income Taxes	11,473	43,217
Regulatory (Under)/Over Recoveries, Net	(19,764)	8,910
Amortization of Regulatory Assets/(Liabilities), Net	41,318	(10,658)
Other	(3,104)	(7,866)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(32,819)	(30,276)
Fuel, Materials, Supplies and Inventory	14,555	4,263
Taxes Receivable/Accrued, Net	10,929	10,749
Accounts Payable	(3,828)	18,394
Other Current Assets and Liabilities, Net	27,844	32,300
Net Cash Flows Provided by Operating Activities	217,665	263,925
Investing Activities:		
Investments in Property, Plant and Equipment	(236,206)	(215,470)
Proceeds from the Sale of Generation Assets	193,924	—
Proceeds from the Sale of Property	4,782	—
Other Investing Activities	367	113
Net Cash Flows Used in Investing Activities	(37,133)	(215,357)
Financing Activities:		
Cash Dividends on Common Stock	(150,000)	(23,900)
Capital Contribution from Eversource Parent	225,000	—
Return of Capital	(530,000)	—
Issuance of Rate Reduction Bonds	635,663	—
Retirement of Long-Term Debt	(110,000)	(70,000)
(Decrease)/Increase in Notes Payable to Eversource Parent	(216,300)	41,400
Other Financing Activities	1,080	(187)
Net Cash Flows Used in Financing Activities	(144,557)	(52,687)
Net Increase/(Decrease) in Cash and Restricted Cash	35,975	(4,119)
Cash and Restricted Cash - Beginning of Period	2,191	5,953
Cash and Restricted Cash - End of Period	$ 38,166	$ 1,834

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

COMBINED NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout the combined notes to the unaudited condensed financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Eversource Energy is a public utility holding company primarily engaged, through its wholly-owned regulated utility subsidiaries, in the energy delivery business. Eversource Energy's wholly-owned regulated utility subsidiaries consist of CL&P, NSTAR Electric and PSNH (electric utilities), Yankee Gas and NSTAR Gas (natural gas utilities) and Aquarion (water utilities). Eversource provides energy delivery and/or water service to approximately four million electric, natural gas and water customers through eight regulated utilities in Connecticut, Massachusetts and New Hampshire.

On December 31, 2017, Western Massachusetts Electric Company ("WMECO") was merged into NSTAR Electric. In accordance with accounting guidance on combinations between entities under common control, the net assets, results of operations and cash flows of WMECO are reflected in the NSTAR Electric financial statements. NSTAR Electric's financial statements for all prior periods presented in this combined Quarterly Report on Form 10-Q have been retrospectively recast as if the merger occurred on the first day of the earliest reporting period.

The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH include the accounts of each of their respective subsidiaries. Intercompany transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P are herein collectively referred to as the "financial statements."

The combined notes to the financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. The accompanying financial statements should be read in conjunction with the *Combined Notes to Financial Statements* included in Item 8, "Financial Statements and Supplementary Data," of the Eversource 2017 Form 10-K, which was filed with the SEC on February 26, 2018. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements contain, in the opinion of management, all adjustments (including normal, recurring adjustments) necessary to present fairly Eversource's, CL&P's, NSTAR Electric's and PSNH's financial position as of September 30, 2018 and December 31, 2017, the results of operations and comprehensive income for the three and nine months ended September 30, 2018 and 2017, and the cash flows for the nine months ended September 30, 2018 and 2017. The results of operations and comprehensive income for the three and nine months ended September 30, 2018 and 2017 and the cash flows for the nine months ended September 30, 2018 and 2017 are not necessarily indicative of the results expected for a full year.

Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's and PSNH's combined ownership interest in each of these entities is greater than 50 percent. Intercompany transactions between CL&P, NSTAR Electric, PSNH and the CYAPC and YAEC companies have been eliminated in consolidation of the Eversource financial statements.

Eversource's utility subsidiaries' electric and natural gas distribution and transmission businesses, and water distribution business, are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for entities with rate-regulated operations, which considers the effect of regulation on the differences in the timing of the recognition of certain revenues and expenses from those of other businesses and industries. See Note 2, "Regulatory Accounting," for further information.

Certain reclassifications of prior period data were made in the accompanying financial statements to conform to the current period presentation.

B. Accounting Standards

Accounting Standards Issued but Not Yet Effective: In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which changes existing lease accounting guidance and is required to be applied in the first quarter of 2019, with earlier application permitted. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) - Targeted Improvements*, allowing a transition method to adopt the new leases standard as of the adoption date and recognizing a cumulative-effect to the opening balance of retained earnings in the period of adoption, with comparative periods presented in the financial statements continuing to follow existing lease accounting guidance under Topic 840 (Leases) in the accounting literature. The Company intends to adopt the transition method allowed in ASU 2018-11. The Company will implement the new leases standard in the first quarter of 2019 and apply the Topic 842 lease criteria to new leases and lease renewals entered into effective on or after January 1, 2019. The requirements of the new leases standard include balance sheet recognition of leases previously deemed to be operating leases, and additional disclosure requirements. The Company is in the process of evaluating what impact the ASU, including the practical expedients, will have on its financial statements, including reviewing its lease population. The Company has decided to elect the practical expedient package whereby it need not reassess whether a contract is or contains a lease or whether a lease is an operating or capital lease and it need not reassess initial direct costs for leases. As of December 31, 2017, Eversource's total future undiscounted minimum rental payments, excluding executory costs, under long-term noncancelable operating and capital leases were less than $100 million.

Accounting Standards Recently Adopted: On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted ASU 2014-09, *Revenue from Contracts with Customers*, which amended existing revenue recognition guidance, using the modified retrospective method (cumulatively at the date of initial application) applying it only to contracts that were not complete at January 1, 2018. Under this method of adoption, prior year reported results were not restated. Implementation of the ASU did not have a material effect on the results of operations, financial position or cash flows of Eversource, CL&P, NSTAR Electric or PSNH. See Note 16, "Revenues," for further information.

The Company identified an item that was accounted for differently under the new revenue guidance, as compared to the previously existing guidance. As a result of applying guidance on the unit of account under the new standard, purchases of power from and sales of power to ISO-New England are now accounted for net by the hour, rather than net by the month. This change increased Operating Revenues and Purchased Power, Fuel and Transmission by $0.4 million and $22.4 million, respectively, for the three and nine months ended September 30, 2018, with no impact on net income.

On January 1, 2018, Eversource adopted ASU 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Liabilities*. The ASU removed the available-for-sale designation for equity securities, whereby changes in fair value were previously recorded in accumulated other comprehensive income within shareholders' equity, and required changes in fair value of all equity securities to be recorded in earnings effective January 1, 2018. There was no cumulative effect of adoption. Unrealized gains recorded in Other Income, Net were $2.4 million and $2.6 million for the three and nine months ended September 30, 2018, respectively. For further information, see Note 5, "Marketable Securities," to the financial statements.

On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted ASU 2017-07, *Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The ASU required separate presentation of service cost from other components of net pension, SERP and PBOP costs, with the other components presented as non-operating income and not subject to capitalization. The ASU has been applied retrospectively for the separate presentation in the income statement of service costs and other components and prospectively in the balance sheet for the capitalization of only the service cost component. As of September 30, 2018, the non-service cost components of net pension, SERP and PBOP costs that were not capitalized in plant were recorded as an increase to regulatory liabilities of approximately $30 million, as these amounts continue to be included in rates. See Note 1G, "Summary of Significant Accounting Policies - Other Income, Net," to the financial statements for the portion of pension, SERP and PBOP costs that are presented as non-operating income for the three and nine months ended September 30, 2018 and 2017. For the three months ended September 30, 2017, the amounts, which were previously presented within Operations and Maintenance expense on the statements of income, totaled $7.3 million at Eversource, $0.4 million at CL&P, $4.7 million at NSTAR Electric and $1.5 million at PSNH, and have been retrospectively presented within Other Income, Net. For the nine months ended September 30, 2017, these amounts were $22.9 million at Eversource, $1.3 million at CL&P, $14.5 million at NSTAR Electric and $4.5 million at PSNH.

On January 1, 2018, Eversource, CL&P, NSTAR Electric and PSNH adopted two accounting standards relating to the statement of cash flows; ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments,* and ASU 2016-18, *Restricted Cash.* As a result of implementing ASU 2016-15, dividends from equity method investments of $16.4 million and $14.0 million for the nine months ended September 30, 2018 and 2017, respectively, are presented in operating activities at Eversource, for which the 2017 amounts were previously classified in investing activities. ASU 2016-18 required that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. Both standards were applied retrospectively, as required, and neither had a material impact on Eversource's, CL&P's, NSTAR Electric's or PSNH's statements of cash flows. See Note 1I, "Summary of Significant Accounting Policies - Supplemental Cash Flow Information," to the financial statements for a reconciliation of cash and cash equivalents as reported on the balance sheet to the statement of cash flows, which includes amounts described as restricted cash and restricted cash equivalents.

C. Northern Pass

Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire. As of September 30, 2018, our capitalized Northern Pass project costs were approximately $302 million.

In March 2018, the New Hampshire Site Evaluation Committee ("NHSEC") issued a written decision denying Northern Pass' siting application and the Massachusetts EDCs terminated the selection of, and subsequent contract negotiations with, Northern Pass under the Massachusetts Clean Energy RFP. On April 27, 2018, NPT filed a motion for rehearing with the NHSEC and on July 12, 2018, the NHSEC issued its written decision denying Northern Pass' motion for rehearing. On August 10, 2018, NPT filed an appeal to the New Hampshire Supreme Court, based on the NHSEC's failure to follow applicable law in its review of the project. On October 12, 2018, the New Hampshire Supreme Court accepted this appeal and directed the NHSEC to transmit the record of its proceedings to the Court by December 11, 2018. The Supreme Court has not yet issued a schedule for the balance of the appeal process. In parallel, NPT intends to continue to pursue all available options to secure NHSEC approval and to construct the project.

The March 2018 NHSEC denial of Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs in the first quarter of 2018. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount was recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs were recoverable as of March 31, 2018, based on our expectation that the Northern Pass project remains probable of being placed in service. The events that occurred subsequent to March 31, 2018 did not require an additional review of the recoverability of the Northern Pass project costs as of September 30, 2018.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. If as a result of future events and changes in circumstances a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass' project costs to the estimated fair value, which could result in most of our $302 million of capitalized project costs being impaired. Such an impairment could have a material adverse effect on our financial position and results of operations.

D. Impairment of Access Northeast

Access Northeast is a natural gas pipeline and storage project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge") and National Grid plc ("National Grid"), through Algonquin Gas Transmission, LLC ("AGT"). Eversource's investments include a 40 percent ownership interest in Access Northeast, which is accounted for as an equity method investment. Equity method investments are assessed for impairment when conditions exist that indicate that the fair value of the investment is less than book value. If the decline in value is considered to be other-than-temporary, the investment is written down to its estimated fair value, which establishes a new cost basis in the investment. Impairment evaluations involve a significant degree of judgment and estimation, including identifying circumstances that indicate an impairment may exist and developing undiscounted future cash flows.

In 2015 and 2016, AGT sought to secure long-term natural gas pipeline capacity contracts with EDCs in Massachusetts, Connecticut, New Hampshire, Maine, and Rhode Island. Subsequently, in 2016, the Massachusetts Supreme Judicial Court and the NHPUC each ruled that state statutes precluded the state regulatory agencies from approving those contracts in Massachusetts and New Hampshire, respectively. The New Hampshire Supreme Court overruled the NHPUC decision in May 2018. Legislative changes are needed in Massachusetts to allow the DPU to approve natural gas pipeline capacity contracts. No such changes have occurred during any legislative session in 2017 or 2018.

In September 2018, certain non-Eversource natural gas related events in eastern Massachusetts resulted in widespread property and system damage, personal injuries, and a fatality. As a result of these events, compounded by the failure to secure Massachusetts legislation to date, we believe there is significant uncertainty around the future timing of, and ability to secure, needed legislative change affecting the natural gas industry and pipeline expansion, which may significantly delay the completion of the Access Northeast project.

Eversource identified the September 2018 natural gas related event, compounded by the adverse legislative environment, as negative evidence that indicated potential impairment. Our impairment assessment uses a discounted cash flow income approach, including consideration of the severity and duration of any decline in fair value of our investment in the project, and involves significant management judgment and estimation, including projections of the project's discounted cash flows and assumptions about exit price. As of September 30, 2018, management determined that the future cash flows of the Access Northeast project are uncertain and can no longer be reasonably estimated and that the book value of our equity method investment is not recoverable. As a result, for the three months ended September 30, 2018, Eversource recorded an other-than-temporary impairment of $32.9 million within Other Income, Net on our statement of income, representing the full carrying value of our equity method investment.

E. Provision for Uncollectible Accounts

Eversource, including CL&P, NSTAR Electric and PSNH, presents its receivables at estimated net realizable value by maintaining a provision for uncollectible accounts. This provision is determined based upon a variety of judgments and factors, including the application of an estimated uncollectible percentage to each receivable aging category. The estimate is based upon historical collection and write-off experience and management's assessment of collectability from customers. Management continuously assesses the collectability of receivables and adjusts collectability estimates based on actual experience. Receivable balances are written off against the provision for uncollectible accounts when the customer accounts are terminated and these balances are deemed to be uncollectible.

The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows NSTAR Electric and NSTAR Gas to recover in rates, amounts associated with certain uncollectible hardship accounts receivable. These uncollectible hardship customer account balances are included in Regulatory Assets or Other Long-Term Assets on the balance sheets.

The total provision for both uncollectible accounts and for uncollectible hardship accounts (the uncollectible hardship balance is included in the total provision) is included in Receivables, Net on the balance sheets, and is as follows:

	Total Provision for Uncollectible Accounts		Uncollectible Hardship	
(Millions of Dollars)	As of September 30, 2018	As of December 31, 2017	As of September 30, 2018	As of December 31, 2017
Eversource	$ 218.1	$ 195.7	$ 132.6	$ 122.5
CL&P	84.6	78.9	68.3	65.5
NSTAR Electric	82.0	69.7	46.5	40.3
PSNH	11.3	10.5	—	—

In accordance with new revenue accounting guidance, uncollectible expense associated with customers' accounts receivable included in Operations and Maintenance expense on the statements of income is as follows:

	For the Three Months Ended		For the Nine Months Ended	
(Millions of Dollars)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Eversource	$ 21.5	$ 14.4	$ 50.7	$ 30.1
CL&P	4.4	3.6	12.1	1.8
NSTAR Electric	9.1	8.1	20.4	14.9
PSNH	1.6	1.5	4.9	5.2

F. Fair Value Measurements
Fair value measurement guidance is applied to derivative contracts that are not elected or designated as "normal purchases" or "normal sales" ("normal") and to the marketable securities held in trusts. Fair value measurement guidance is also applied to valuations of the investments used to calculate the funded status of pension and PBOP plans, the nonrecurring fair value measurements of nonfinancial assets such as goodwill and AROs, and the estimated fair value of preferred stock, long-term debt and RRBs.

Fair Value Hierarchy: In measuring fair value, Eversource uses observable market data when available in order to minimize the use of unobservable inputs. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. Eversource evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and Eversource's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy-related products.

Determination of Fair Value: The valuation techniques and inputs used in Eversource's fair value measurements are described in Note 4, "Derivative Instruments," Note 5, "Marketable Securities," and Note 11, "Fair Value of Financial Instruments," to the financial statements.

G. Other Income, Net

The components of Other Income, Net on the statements of income were as follows:

	For the Three Months Ended							
	September 30, 2018				September 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Pension, SERP and PBOP Non-Service Income Components [(1)]	$ 14.8	$ 2.0	$ 9.0	$ 2.0	$ 7.3	$ 0.4	$ 4.7	$ 1.5
AFUDC Equity	12.0	3.3	4.2	—	9.2	3.3	2.7	—
Equity in Earnings/(Loss) and Impairment of Unconsolidated Affiliates [(2)]	(27.9)	—	0.2	—	5.1	—	0.3	—
Investment Income/(Loss)	1.8	0.7	(0.4)	0.1	4.6	3.1	0.9	0.7
Interest Income [(3)]	10.8	0.9	0.2	9.6	2.3	1.1	0.6	0.5
Gain on Sale of Property	5.0	—	0.5	4.4	—	—	—	—
Other	0.2	0.2	—	—	—	—	—	—
Total Other Income, Net [(1)]	$ 16.7	$ 7.1	$ 13.7	$ 16.1	$ 28.5	$ 7.9	$ 9.2	$ 2.7

	For the Nine Months Ended							
	September 30, 2018				September 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Pension, SERP and PBOP Non-Service Income Components [(1)]	$ 44.6	$ 7.3	$ 26.8	$ 6.4	$ 22.9	$ 1.3	$ 14.5	$ 4.5
AFUDC Equity	32.6	9.4	11.5	—	23.8	8.2	6.7	—
Equity in Earnings/(Loss) and Impairment of Unconsolidated Affiliates [(2)]	(0.4)	—	0.6	—	23.0	—	0.2	—
Investment Income	2.2	0.9	0.6	0.2	3.7	2.4	2.1	1.2
Interest Income [(3)]	16.2	2.9	0.6	13.3	5.8	3.5	1.1	1.6
Gain on Sale of Property	5.0	—	0.5	4.4	—	—	—	—
Other	0.5	0.2	—	—	—	—	—	0.1
Total Other Income, Net [(1)]	$ 100.7	$ 20.7	$ 40.6	$ 24.3	$ 79.2	$ 15.4	$ 24.6	$ 7.4

(1) As a result of the adoption of new accounting guidance, the non-service related components of pension, SERP and PBOP benefit costs are presented as non-operating income and recorded in Other Income, Net on the statements of income. The 2017 amounts, which were previously presented within Operations and Maintenance expense on the statements of income, have been retrospectively presented within Other Income, Net for the three and nine months ended September 30, 2017. Eversource elected the practical expedient in the accounting guidance that allows the Company to use the amounts disclosed in its Pension Benefits and Postretirement Benefits Other Than Pension footnote for the prior period presentations as the estimation basis for applying the retrospective presentation requirements.

(2) For the three months ended September 30, 2018, equity in earnings/(loss) and impairment of unconsolidated affiliates includes an other-than-temporary impairment of $32.9 million in the Access Northeast project investment. See Note 1D, "Summary of Significant Accounting Policies - Impairment of Access Northeast," for further information. For the nine months ended September 30, 2018 and 2017, equity in earnings includes $17.6 million and $9.7 million of unrealized gains associated with an investment in a renewable energy fund, respectively.

(3) See Note 2, "Regulatory Accounting," for interest income recognized in the third quarter of 2018 for the equity return component of carrying charges on storm costs at PSNH.

H. Other Taxes

Eversource's companies that serve customers in Connecticut collect gross receipts taxes levied by the state of Connecticut from their customers. These gross receipts taxes are shown separately with collections in Operating Revenues and with payments in Taxes Other Than Income Taxes on the statements of income as follows:

	For the Three Months Ended		For the Nine Months Ended	
(Millions of Dollars)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Eversource	$ 43.5	$ 40.3	$ 122.5	$ 118.2
CL&P	40.6	37.8	107.7	103.5

As agents for state and local governments, Eversource's companies that serve customers in Connecticut and Massachusetts collect certain sales taxes that are recorded on a net basis with no impact on the statements of income.

Separate from the amounts above are $10.7 million and $36.1 million of amounts recorded as Taxes Other than Income Taxes for the three and nine months ended September 30, 2018, respectively, related to the future remittance to the State of Connecticut of energy efficiency funds collected from customers in Operating Revenues. These amounts are shown separately with collections in Operating Revenues and expenses in Taxes Other than Income Taxes on the Eversource and CL&P statements of income.

I. Supplemental Cash Flow Information
Non-cash investing activities include plant additions included in Accounts Payable as follows:

(Millions of Dollars)	As of September 30, 2018	As of September 30, 2017
Eversource	$ 303.7	$ 307.7
CL&P	103.0	113.4
NSTAR Electric	62.5	92.5
PSNH	48.3	39.6

The following table reconciles cash and cash equivalents as reported on the balance sheets to the cash, cash equivalents, and restricted cash as reported on the statements of cash flows:

	As of September 30, 2018				As of December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Cash and Cash Equivalents as reported on the Balance Sheets	$ 59.1	$ 1.0	$ 2.4	$ 7.5	$ 38.2	$ 6.0	$ 1.8	$ 0.9
Restricted cash included in:								
Prepayments and Other Current Assets	51.4	3.5	12.9	26.8	24.4	3.1	12.8	0.5
Marketable Securities	20.9	0.4	0.1	0.7	23.3	0.5	0.1	0.8
Other Long-Term Assets	3.2	—	—	3.2	—	—	—	—
Cash, Cash Equivalents, and Restricted Cash reported on the Statements of Cash Flows	$ 134.6	$ 4.9	$ 15.4	$ 38.2	$ 85.9	$ 9.6	$ 14.7	$ 2.2

Restricted cash included in Prepayments and Other Current Assets and Other Long-Term Assets, shown above, primarily represents required ISO-NE cash deposits and cash collections related to the PSNH RRB customer charges that are held in trust. Restricted cash included in Marketable Securities, shown above, represents money market funds held in trusts to fund certain non-qualified executive benefits and restricted trusts to fund CYAPC and YAEC's spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

As a result of implementing new accounting guidance for the statement of cash flows, the reclassification of the change in restricted cash balances, which was previously classified as operating activities, resulted in a decrease of $30.2 million in the total cash and restricted cash change for the nine months ended September 30, 2017.

J. Income Taxes
On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules to reduce U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. Our regulated companies have established a liability to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate. Eversource, CL&P, NSTAR Electric and PSNH's effective tax rate has decreased, as compared to the prior period, as a result of incurring a lower federal income tax expense, which is reflected on the statements of income for the three and nine months ended September 30, 2018. See Note 16, "Revenues," for further information on the amounts deducted from revenues.

Eversource's annual return to provision process in the third quarter of 2018 resulted in significant benefits as a result of both tax reform and changes in Connecticut state tax legislation that resulted in the remeasurement of a tax reserve. These benefits from both federal tax reform and Connecticut tax law change reduced income tax expense by an aggregate $18 million for the three months ended September 30, 2018.

2. REGULATORY ACCOUNTING

Eversource's utility companies are subject to rate regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The regulated companies' financial statements reflect the effects of the rate-making process. The rates charged to the customers of Eversource's regulated companies are designed to collect each company's costs to provide service, including a return on investment.

Management believes it is probable that each of the regulated companies will recover its respective investments in long-lived assets, including regulatory assets. If management were to determine that it could no longer apply the accounting guidance applicable to rate-regulated enterprises to any of the regulated companies' operations, or if management could not conclude it is probable that costs would be recovered from customers in future rates, the costs would be charged to net income in the period in which the determination is made.

Regulatory Assets: The components of regulatory assets were as follows:

	As of September 30, 2018				As of December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Benefit Costs	$ 1,988.4	$ 447.4	$ 541.2	$ 172.0	$ 2,068.8	$ 469.2	$ 560.7	$ 212.3
Income Taxes, Net	720.7	448.1	112.9	15.6	768.9	453.8	113.2	21.7
Securitized Stranded Costs	618.6	—	—	618.6	—	—	—	—
Deferred Costs from Generation Asset Sale	—	—	—	—	516.1	—	—	516.1
Storm Restoration Costs, Net	598.5	319.7	222.1	56.7	404.8	216.7	146.6	41.5
Regulatory Tracker Mechanisms	257.8	39.5	128.4	74.9	509.9	85.3	273.0	116.4
Derivative Liabilities	360.0	359.9	—	—	367.2	362.3	—	—
Goodwill-related	352.6	—	302.7	—	365.2	—	313.6	—
Asset Retirement Obligations	87.5	31.8	41.3	3.3	101.0	30.3	39.0	17.0
Other Regulatory Assets	169.2	27.4	71.7	12.4	137.4	27.6	78.4	15.8
Total Regulatory Assets	5,153.3	1,673.8	1,420.3	953.5	5,239.3	1,645.2	1,524.5	940.8
Less: Current Portion	436.7	128.8	193.5	61.4	741.9	200.3	333.9	130.1
Total Long-Term Regulatory Assets	$ 4,716.6	$ 1,545.0	$ 1,226.8	$ 892.1	$ 4,497.4	$ 1,444.9	$ 1,190.6	$ 810.7

Securitized Stranded Costs: On May 8, 2018, a subsidiary of PSNH issued $635.7 million of securitized RRBs to finance PSNH's unrecovered stranded costs associated with the divestiture of its generation assets. Securitized regulatory assets, which are not earning an equity return, are being recovered over the amortization period of the associated RRBs. The PSNH RRBs are expected to be repaid by February 1, 2033. The stranded costs related to the difference between the carrying value and the fair value less costs to sell the thermal generation assets were reflected as a deferred cost in the table above as of December 31, 2017, and are reflected in the securitized stranded costs balance as of September 30, 2018.

Storm Restoration Costs, Net:
2018 Storms: In 2018, several significant storms caused extensive damage to our electric distribution systems and significant customer outages across all three states. A storm must meet certain criteria to qualify for deferral and recovery with the criteria specific to each state jurisdiction and utility company. Once a storm qualifies for recovery, all qualifying expenses incurred during storm restoration efforts are deferred and recovered from customers. Costs for storms that do not meet the specific criteria are expensed as incurred. The 2018 storms resulted in deferred storm restoration costs of approximately $266 million ($149 million for CL&P, $101 million for NSTAR Electric, and $16 million for PSNH), which were reflected in Storm Restoration Costs, Net in the table above as of September 30, 2018. Management believes the storm restoration costs were prudent and meet the criteria for specific cost recovery in Connecticut, Massachusetts and New Hampshire, and that recovery from customers is probable through the applicable regulatory recovery processes.

On September 17, 2018, the NHPUC approved the recovery of $49 million, plus carrying charges, in storm costs incurred from August 2011 through March 2013 and the transfer of funding from PSNH's major storm funding reserve to offset those costs. The costs of these storms (excluding the equity return component of the carrying charges) were deferred as regulatory assets, and the funding reserve collected from customers was accrued as a regulatory liability. The storm cost deferral is separate from the major storm funding reserve that is being collected from customers. As a result of the approval, PSNH recognized $8.7 million (pre-tax) within Other Income, Net on our statement of income in the third quarter of 2018 for the equity return component of the carrying charges, which have been billed and collected. Storm costs incurred from March 2013 through 2016 are currently being audited by the NHPUC staff.

Regulatory Costs in Long-Term Assets: Eversource's regulated companies had $104.6 million (including $27.6 million for CL&P, $53.3 million for NSTAR Electric and $3.9 million for PSNH) and $105.8 million (including $18.2 million for CL&P, $42.7 million for NSTAR Electric and $27.2 million for PSNH) of additional regulatory costs as of September 30, 2018 and December 31, 2017, respectively, that were included in long-term assets on the balance sheets. These amounts represent incurred costs for which recovery has not yet been specifically approved by the applicable regulatory agency. However, based on regulatory policies or past precedent on similar costs, management believes it is probable that these costs will ultimately be approved and recovered from customers in rates.

Regulatory Liabilities: The components of regulatory liabilities were as follows:

	As of September 30, 2018				As of December 31, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Excess ADIT due to Tax Cuts and Jobs Act	$ 2,876.9	$ 1,026.3	$ 1,100.5	$ 397.4	$ 2,882.0	$ 1,031.6	$ 1,087.9	$ 405.1
Cost of Removal	516.4	37.8	305.7	24.9	502.1	23.2	293.8	37.9
Benefit Costs	127.1	—	107.2	0.5	132.3	—	112.6	—
Regulatory Tracker Mechanisms	345.6	111.9	168.3	38.5	136.7	34.6	77.8	5.0
AFUDC - Transmission	68.6	47.8	20.8	—	67.1	48.8	18.3	—
Revenue Subject to Refund	36.2	8.3	3.7	9.4	—	—	—	—
Other Regulatory Liabilities	80.7	25.7	28.3	2.8	45.2	12.9	3.7	2.7
Total Regulatory Liabilities	4,051.5	1,257.8	1,734.5	473.5	3,765.4	1,151.1	1,594.1	450.7
Less: Current Portion	344.7	126.6	168.2	39.7	128.1	39.0	79.6	6.3
Total Long-Term Regulatory Liabilities	$ 3,706.8	$ 1,131.2	$ 1,566.3	$ 433.8	$ 3,637.3	$ 1,112.1	$ 1,514.5	$ 444.4

Revenue Subject to Refund: The regulatory liability balance represents the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric, May 1, 2018 for CL&P and July 1, 2018 for NSTAR Gas, base rates charged to customers have been adjusted to reflect the new federal income tax rate. As part of CL&P's 2018 rate case settlement, a new capital tracker regulatory mechanism was established, which includes the refund of the reserve for the higher federal corporate income tax rate to customers between January 1, 2018 through April 30, 2018 in rates, from July 1, 2018 through December 31, 2018.

3. PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

The following tables summarize property, plant and equipment by asset category:

Eversource

(Millions of Dollars)	As of September 30, 2018	As of December 31, 2017
Distribution - Electric	$ 14,794.9	$ 14,410.5
Distribution - Natural Gas	3,371.2	3,244.2
Transmission - Electric	9,733.6	9,270.9
Distribution - Water	1,594.3	1,558.4
Solar	109.3	36.2
Utility	29,603.3	28,520.2
Other [(1)]	759.0	693.7
Property, Plant and Equipment, Gross	30,362.3	29,213.9
Less: Accumulated Depreciation		
Utility	(7,065.4)	(6,846.9)
Other	(325.4)	(286.9)
Total Accumulated Depreciation	(7,390.8)	(7,133.8)
Property, Plant and Equipment, Net	22,971.5	22,080.1
Construction Work in Progress	1,996.2	1,537.4
Total Property, Plant and Equipment, Net	$ 24,967.7	$ 23,617.5

	As of September 30, 2018			As of December 31, 2017		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Distribution	$ 6,027.1	$ 6,651.1	$ 2,157.0	$ 5,888.3	$ 6,479.0	$ 2,083.4
Transmission	4,513.7	3,915.5	1,255.6	4,239.9	3,821.2	1,161.3
Solar	—	109.3	—	—	36.2	—
Property, Plant and Equipment, Gross	10,540.8	10,675.9	3,412.6	10,128.2	10,336.4	3,244.7
Less: Accumulated Depreciation	(2,297.4)	(2,673.0)	(762.1)	(2,239.0)	(2,550.2)	(751.8)
Property, Plant and Equipment, Net	8,243.4	8,002.9	2,650.5	7,889.2	7,786.2	2,492.9
Construction Work in Progress	510.3	573.2	176.0	381.8	460.3	149.4
Total Property, Plant and Equipment, Net	$ 8,753.7	$ 8,576.1	$ 2,826.5	$ 8,271.0	$ 8,246.5	$ 2,642.3

(1) These assets are primarily comprised of building improvements, computer software, hardware and equipment at Eversource Service.

4. DERIVATIVE INSTRUMENTS

The electric and natural gas companies purchase and procure energy and energy-related products, which are subject to price volatility, for their customers. The costs associated with supplying energy to customers are recoverable from customers in future rates. These regulated companies manage the risks associated with the price volatility of energy and energy-related products through the use of derivative and non-derivative contracts.

Many of the derivative contracts meet the definition of, and are designated as, normal and qualify for accrual accounting under the applicable accounting guidance. The costs and benefits of derivative contracts that meet the definition of normal are recognized in Operating Expenses on the statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not designated as normal are recorded at fair value as current or long-term Derivative Assets or Derivative Liabilities on the balance sheets. For the electric and natural gas companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivatives, as contract settlement amounts are recovered from, or refunded to, customers in their respective energy supply rates.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with current and long-term portions, on the balance sheets. The following table presents the gross fair values of contracts, categorized by risk type, and the net amounts recorded as current or long-term derivative assets or liabilities:

		As of September 30, 2018			As of December 31, 2017		
(Millions of Dollars)	Fair Value Hierarchy	Commodity Supply and Price Risk Management	Netting (1)	Net Amount Recorded as a Derivative	Commodity Supply and Price Risk Management	Netting (1)	Net Amount Recorded as a Derivative
Current Derivative Assets:							
Eversource	Level 2	$ 0.8	$ (0.5)	$ 0.3	$ —	$ —	$ —
CL&P	Level 3	8.8	(4.8)	4.0	9.5	(7.1)	2.4
Long-Term Derivative Assets:							
CL&P	Level 3	75.0	(2.3)	72.7	71.9	(5.3)	66.6
Current Derivative Liabilities:							
Eversource	Level 2	—	—	—	(4.5)	—	(4.5)
CL&P	Level 3	(50.8)	—	(50.8)	(54.4)	—	(54.4)
Long-Term Derivative Liabilities:							
Eversource	Level 2	(0.1)	—	(0.1)	(0.4)	—	(0.4)
CL&P	Level 3	(385.8)	—	(385.8)	(376.9)	—	(376.9)

(1) Amounts represent derivative assets and liabilities that Eversource elected to record net on the balance sheets. These amounts are subject to master netting agreements or similar agreements for which the right of offset exists.

For further information on the fair value of derivative contracts, see Note 1F, "Summary of Significant Accounting Policies - Fair Value Measurements," to the financial statements.

Derivative Contracts at Fair Value with Offsetting Regulatory Amounts
Commodity Supply and Price Risk Management: As required by regulation, CL&P, along with UI, has capacity-related contracts with generation facilities. CL&P has a sharing agreement with UI, with 80 percent of the costs or benefits of each contract borne by or allocated to CL&P and 20 percent borne by or allocated to UI. The combined capacity of these contracts is 787 MW. The capacity contracts extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set capacity price and the capacity market price received in the ISO-NE capacity markets. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

As of September 30, 2018 and December 31, 2017, Eversource had New York Mercantile Exchange ("NYMEX") financial contracts for natural gas futures in order to reduce variability associated with the price of 10.6 million and 9.5 million MMBtu of natural gas, respectively.

For the three months ended September 30, 2018 and 2017, there were gains of $1.6 million and $0.6 million, respectively, deferred as regulatory costs, which reflect the change in fair value associated with Eversource's derivative contracts. For the nine months ended September 30, 2018 and 2017, there were losses of $25.8 million and $30.3 million, respectively.

Fair Value Measurements of Derivative Instruments
Derivative contracts classified as Level 2 in the fair value hierarchy relate to the financial contracts for natural gas futures. Prices are obtained from broker quotes and are based on actual market activity. The contracts are valued using NYMEX natural gas prices. Valuations of these contracts also incorporate discount rates using the yield curve approach.

The fair value of derivative contracts classified as Level 3 utilizes significant unobservable inputs. The fair value is modeled using income techniques, such as discounted cash flow valuations adjusted for assumptions related to exit price. Significant observable inputs for valuations of these contracts include energy and energy-related product prices in future years for which quoted prices in an active market exist. Fair value measurements categorized in Level 3 of the fair value hierarchy are prepared by individuals with expertise in valuation techniques, pricing of energy and energy-related products, and accounting requirements. The future power and capacity prices for periods that are not quoted in an active market or established at auction are based on available market data and are escalated based on estimates of inflation in order to address the full term of the contract.

Valuations of derivative contracts using a discounted cash flow methodology include assumptions regarding the timing and likelihood of scheduled payments and also reflect non-performance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the Company's credit rating for liabilities. Valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using historical market transactions adjusted for the terms of the contract.

The following is a summary of CL&P's Level 3 derivative contracts and the range of the significant unobservable inputs utilized in the valuations over the duration of the contracts:

	As of September 30, 2018						As of December 31, 2017					
CL&P	**Range**					**Period Covered**	**Range**					**Period Covered**
Capacity Prices	$	4.30	—	7.44	per kW-Month	2022-2026	$	5.00	—	8.70	per kW-Month	2021 - 2026
Forward Reserve	$	0.95	—	2.00	per kW-Month	2019-2024	$	1.00	—	2.00	per kW-Month	2018 - 2024

Exit price premiums of 1 percent through 16 percent are also applied to these contracts and reflect the uncertainty and illiquidity premiums that would be required based on the most recent market activity available for similar type contracts.

Significant increases or decreases in future energy, capacity or forward reserve prices in isolation would decrease or increase, respectively, the fair value of the derivative liability. Any increases in risk premiums would increase the fair value of the derivative liability. Changes in these fair values are recorded as a regulatory asset or liability and do not impact net income.

Valuations using significant unobservable inputs: The following table presents changes in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis.

CL&P	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	**2018**	**2017**	**2018**	**2017**
Derivatives, Net:				
Fair Value as of Beginning of Period	$ (369.3)	$ (394.8)	$ (362.3)	$ (420.5)
Net Realized/Unrealized Gains/(Losses) Included in Regulatory Assets and Liabilities	1.2	(0.7)	(27.0)	(15.9)
Settlements	8.2	13.9	29.4	54.8
Fair Value as of End of Period	$ (359.9)	$ (381.6)	$ (359.9)	$ (381.6)

5. MARKETABLE SECURITIES

Eversource holds marketable securities that are primarily used to fund certain non-qualified executive benefits. The trusts that hold marketable securities are not subject to regulatory oversight by state or federal agencies. CYAPC and YAEC maintain legally restricted trusts, each of which holds marketable securities, to fund the spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

Equity Securities: In accordance with new accounting guidance, unrealized gains and losses on equity securities are recorded in Other Income, Net on the statements of income. The fair value of equity securities subject to this guidance as of September 30, 2018 and December 31, 2017 was $54.5 million and $50 million, respectively. For the three and nine months ended September 30, 2018, there were unrealized gains of $2.4 million and $2.6 million, respectively, recorded in Other Income, Net related to these equity securities.

Eversource's equity securities also include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts, which had fair values of $258.0 million and $263.8 million as of September 30, 2018 and December 31, 2017, respectively. Unrealized gains and losses for these nuclear decommissioning trusts are subject to regulatory accounting treatment and are recorded in Marketable Securities with the corresponding offset to Other Long-Term Liabilities on the balance sheets, with no impact on the statements of income.

Available-for-Sale Debt Securities: The following is a summary of the available-for-sale debt securities, which are recorded at fair value and are included in current and long-term Marketable Securities on the balance sheets.

Eversource (Millions of Dollars)	As of September 30, 2018 Amortized Cost	As of September 30, 2018 Pre-Tax Unrealized Gains	As of September 30, 2018 Pre-Tax Unrealized Losses	As of September 30, 2018 Fair Value	As of December 31, 2017 Amortized Cost	As of December 31, 2017 Pre-Tax Unrealized Gains	As of December 31, 2017 Pre-Tax Unrealized Losses	As of December 31, 2017 Fair Value
Debt Securities	$ 292.8	$ 0.8	$ (2.7)	$ 290.9	$ 284.9	$ 3.2	$ (1.1)	$ 287.0

Eversource's debt securities include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts in the amounts of $247.1 million and $242.3 million as of September 30, 2018 and December 31, 2017, respectively.

Unrealized gains and losses on available-for-sale debt securities held in Eversource's non-qualified benefit trust are recorded in Accumulated Other Comprehensive Income. There have been no significant unrealized losses, other-than-temporary impairments, or credit losses for the three and nine months ended September 30, 2018 and 2017. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset-backed debt securities, underlying collateral and expected future cash flows are also evaluated.

As of September 30, 2018, the contractual maturities of available-for-sale debt securities were as follows:

Eversource (Millions of Dollars)	Amortized Cost	Fair Value
Less than one year [1]	$ 28.5	$ 28.5
One to five years	48.7	48.3
Six to ten years	61.8	61.2
Greater than ten years	153.8	152.9
Total Debt Securities	$ 292.8	$ 290.9

[1] Amounts in the Less than one year category include securities in the CYAPC and YAEC nuclear decommissioning trusts, which are restricted and are classified in long-term Marketable Securities on the balance sheets.

Realized Gains and Losses: Realized gains and losses are recorded in Other Income, Net for Eversource's non-qualified benefit trust and are offset in Other Long-Term Liabilities for CYAPC and YAEC. Eversource utilizes the specific identification basis method for the Eversource non-qualified benefit trust, and the average cost basis method for the CYAPC and YAEC nuclear decommissioning trusts to compute the realized gains and losses on the sale of marketable securities.

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

Eversource (Millions of Dollars)	As of September 30, 2018	As of December 31, 2017
Level 1:		
Mutual Funds and Equities	$ 312.5	$ 313.8
Money Market Funds	20.9	23.3
Total Level 1	$ 333.4	$ 337.1
Level 2:		
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 80.8	$ 70.2
Corporate Debt Securities	41.8	50.9
Asset-Backed Debt Securities	14.3	21.2
Municipal Bonds	121.2	110.7
Other Fixed Income Securities	11.9	10.7
Total Level 2	$ 270.0	$ 263.7
Total Marketable Securities	$ 603.4	$ 600.8

U.S. government issued debt securities are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate debt securities are valued using a market approach, utilizing recent trades of the same or similar instruments and also incorporating yield curves, credit spreads and specific bond terms and conditions. Asset-backed debt securities include collateralized mortgage obligations, commercial mortgage backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset-backed debt securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates, and tranche information. Municipal bonds are valued using a market approach that incorporates reported trades and benchmark yields. Other fixed income securities are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

6. SHORT-TERM AND LONG-TERM DEBT

Short-Term Debt - Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's $1.45 billion commercial paper program.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's $650 million commercial paper program.

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of September 30, 2018 or December 31, 2017. Eversource's water distribution segment has a $100 million revolving credit facility, which expires on August 19, 2019, and there were no amounts outstanding as of September 30, 2018 and $76.0 million outstanding as of December 31, 2017.

The amount of borrowings outstanding and available under the commercial paper programs were as follows:

	Borrowings Outstanding as of		Available Borrowing Capacity as of		Weighted-Average Interest Rate as of	
(Millions of Dollars)	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Eversource Parent Commercial Paper Program	$ 826.7	$ 979.3	$ 623.3	$ 470.7	2.34%	1.86%
NSTAR Electric Commercial Paper Program	240.5	234.0	409.5	416.0	2.17%	1.55%

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, $201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

As of September 30, 2018, there were intercompany loans from Eversource parent of $45.9 million to CL&P, $46.6 million to PSNH and $16.0 million to Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"). Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $196.9 million to Eversource Service, $108.0 million to Aquarion, and $117.2 million to NSTAR Gas as of September 30, 2018. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $115.9 million to Eversource Service and $198.0 million to NSTAR Gas as of December 31, 2017. These intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets. Intercompany loans from Eversource parent are eliminated in consolidation on Eversource's balance sheets.

We believe the future operating cash flows of Eversource, CL&P, NSTAR Electric and PSNH, along with our existing borrowing availability and access to financial markets for the issuance of new long-term debt, will be sufficient to meet any working capital and future operating requirements, and capital investment forecast opportunities.

Long-Term Debt: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds for Issuances/ Repayment Information
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	April 2048	Repaid long-term debt that matured in 2018 and repaid short-term borrowings
5.65% 2008 Series A First Mortgage Bonds	May 2008	(300.0)	May 2018	Repaid at maturity on May 1, 2018
PSNH:				
6.00% 2008 Series O First Mortgage Bonds	May 2008	(110.0)	May 2018	Repaid at maturity on May 1, 2018
Other:				
Eversource Parent 2.50% Series I Senior Notes [(1)]	January 2018	200.0	March 2021	Repaid long-term debt that matured in 2018 and repaid short-term borrowings
Eversource Parent 3.30% Series M Senior Notes	January 2018	450.0	January 2028	Repaid long-term debt that matured in 2018
Eversource Parent 1.60% Series G Senior Notes	January 2015	(150.0)	January 2018	Repaid at maturity on January 15, 2018
Eversource Parent 1.45% Series E Senior Notes	May 2013	(300.0)	May 2018	Repaid at maturity on May 1, 2018
Yankee Gas 4.13% Series O First Mortgage Bonds	September 2018	50.0	October 2048	Repaid long-term debt that matured in 2018
NSTAR Gas 4.09% Series P First Mortgage Bonds	September 2018	100.0	October 2048	Repaid short-term borrowings
Yankee Gas 6.90% Series J First Mortgage Bonds	October 2018	(100.0)	October 2018	Repaid at maturity on October 1, 2018

(1) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount for these notes is now $450 million.

On October 10, 2018, PSNH delivered a redemption notice for its $89.3 million adjustable rate 2001 Series A Pollution Control Revenue Bonds. The bonds, which are scheduled to mature on May 1, 2021, will be redeemed on November 28, 2018 at a redemption price of $89.3 million. The bonds are classified as Long-Term Debt on the balance sheet as of September 30, 2018.

As a result of the Eversource parent debt issuances in January 2018, $446.8 million of current portion of long-term debt related to two Eversource parent issuances maturing in 2018 and $201.2 million of commercial paper borrowings were reclassified to Long-Term Debt as of December 31, 2017.

7. RATE REDUCTION BONDS AND VARIABLE INTEREST ENTITIES

Rate Reduction Bonds: PSNH Funding LLC 3 (PSNH Funding) is a bankruptcy remote, special purpose, wholly-owned subsidiary of PSNH. PSNH Funding was formed solely to issue rate reduction bonds (RRBs) to finance PSNH’s unrecovered stranded costs associated with the divestiture of its generation assets.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs in multiple tranches with a weighted average interest rate of 3.66 percent, and final maturity dates ranging from 2026 to 2035. The RRBs are expected to be repaid by February 1, 2033. RRB payments consist of principal and interest and will be paid semi-annually, beginning on February 1, 2019. The RRBs were issued pursuant to a finance order issued by the NHPUC on January 30, 2018 to recover stranded costs resulting from the divestiture of PSNH’s generation assets.

The proceeds were used to purchase PSNH’s stranded cost asset-recovery property, including its vested property right to bill, collect and adjust a non-bypassable stranded cost recovery charge from PSNH’s retail customers. The collections will be used to pay principal, interest and other costs in connection with the RRBs. The RRBs are secured by the stranded cost asset-recovery property. Cash collections from the stranded cost recovery charges and funds on deposit in trust accounts are the sole source of funds to satisfy the debt obligation. PSNH is not the owner of the RRBs, and PSNH Funding’s assets and revenues are not available to pay PSNH’s creditors. The RRBs are non-recourse senior secured obligations of PSNH Funding and are not insured or guaranteed by PSNH or Eversource Energy.

PSNH Funding is considered a variable interest entity (VIE) primarily because the equity capitalization is insufficient to support its operations. PSNH has the power to direct the significant activities of the VIE and is most closely associated with the VIE as compared to other interest holders. Therefore, PSNH is considered the primary beneficiary and consolidates PSNH Funding in its consolidated financial statements. The following tables summarize the impact of PSNH Funding on PSNH's balance sheet and income statement:

(Millions of Dollars)

Balance Sheet:	As of September 30, 2018	
Restricted Cash - Current Portion (included in Prepayments and Other Current Assets)	$	26.9
Restricted Cash - Long-Term Portion (included in Other Long-Term Assets)		3.2
Securitized Stranded Cost (included in Regulatory Assets)		618.6
Other Regulatory Liabilities (included in Regulatory Liabilities)		1.0
Accrued Interest (included in Other Current Liabilities)		8.8
Rate Reduction Bonds - Current Portion		52.3
Rate Reduction Bonds - Long-Term Portion		583.3

(Millions of Dollars)

Income Statement:	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2018	
Amortization of RRB Principal (included in Amortization of Regulatory Assets, Net)	$	10.2	$	17.1
Interest Expense on RRB Principal (included in Interest Expense)		6.0		8.8

Variable Interest Entities - Other: The Company's variable interests outside of the consolidated group include contracts that are required by regulation and provide for regulatory recovery of contract costs and benefits through customer rates. Eversource, CL&P and NSTAR Electric hold variable interests in VIEs through agreements with certain entities that own single renewable energy or peaking generation power plants, with other independent power producers and with transmission businesses. Eversource, CL&P and NSTAR Electric do not control the activities that are economically significant to these VIEs or provide financial or other support to these VIEs. Therefore, Eversource, CL&P and NSTAR Electric do not consolidate these VIEs.

8. PENSION BENEFITS AND POSTRETIREMENT BENEFITS OTHER THAN PENSION

Eversource provides defined benefit retirement plans ("Pension Plans") that cover eligible employees, including, among others, employees of CL&P, NSTAR Electric and PSNH. In addition to the Pension Plans, Eversource maintains non-qualified defined benefit retirement plans ("SERP Plans"), which provide benefits in excess of Internal Revenue Code limitations to eligible participants consisting of current and retired employees. Eversource also provides defined benefit postretirement plans (the "PBOP Plans") that provide life insurance and a health reimbursement arrangement created for the purpose of reimbursing retirees and dependents for health insurance premiums and certain medical expenses to eligible employees that met certain age and service eligibility requirements.

The components of net periodic benefit expense for the Pension, SERP and PBOP Plans are shown below. The service cost component of net periodic benefit expense and the intercompany allocations, less the capitalized portions, are included in Operations and Maintenance expense on the statements of income. The remaining components of net periodic benefit costs for pension, SERP and PBOP are included in Other Income, Net on the statements of income. Capitalized amounts relate to employees working on capital projects and are included in Property, Plant and Equipment, Net on the balance sheets. Pension, SERP and PBOP expense reflected in the statements of cash flows for CL&P, NSTAR Electric and PSNH does not include the intercompany allocations or the corresponding capitalized and deferred portion, as these amounts are cash settled on a short-term basis.

	Pension and SERP							
	For the Three Months Ended September 30, 2018				For the Three Months Ended September 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 20.9	$ 5.2	$ 4.3	$ 2.7	$ 17.4	$ 4.6	$ 3.8	$ 2.4
Interest Cost	49.2	10.5	10.9	5.5	47.2	10.5	10.7	5.3
Expected Return on Plan Assets	(97.8)	(19.4)	(26.6)	(10.8)	(83.5)	(17.8)	(21.9)	(10.0)
Actuarial Loss	35.7	7.1	10.1	3.3	33.9	6.8	10.4	3.0
Prior Service Cost	2.0	0.2	0.1	0.1	1.2	0.4	0.2	0.1
Total Net Periodic Benefit Expense/(Income)	$ 10.0	$ 3.6	$ (1.2)	$ 0.8	$ 16.2	$ 4.5	$ 3.2	$ 0.8
Intercompany Allocations	N/A	$ 1.5	$ 1.6	$ 0.5	N/A	$ 2.4	$ 2.3	$ 0.8
Capitalized Pension Expense	$ 6.6	$ 2.0	$ 1.8	$ 0.8	$ 5.5	$ 2.4	$ 2.0	$ 0.4

	Pension and SERP							
	For the Nine Months Ended September 30, 2018				For the Nine Months Ended September 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 64.2	$ 16.2	$ 13.1	$ 8.4	$ 53.8	$ 13.9	$ 11.7	$ 7.3
Interest Cost	147.1	31.4	32.6	16.4	140.7	31.3	31.9	15.9
Expected Return on Plan Assets	(293.8)	(59.7)	(78.3)	(32.6)	(250.5)	(53.9)	(65.8)	(29.9)
Actuarial Loss	107.6	21.9	31.0	9.8	101.3	20.7	30.9	8.7
Prior Service Cost	6.0	0.8	0.2	0.2	3.4	1.1	0.4	0.4
Total Net Periodic Benefit Expense/(Income)	$ 31.1	$ 10.6	$ (1.4)	$ 2.2	$ 48.7	$ 13.1	$ 9.1	$ 2.4
Intercompany Allocations	N/A	$ 4.5	$ 4.8	$ 1.4	N/A	$ 7.4	$ 6.9	$ 2.5
Capitalized Pension Expense	$ 20.2	$ 6.2	$ 5.8	$ 2.3	$ 16.5	$ 7.3	$ 5.7	$ 1.1

	PBOP							
	For the Three Months Ended September 30, 2018				For the Three Months Ended September 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 2.5	$ 0.4	$ 0.5	$ 0.3	$ 2.4	$ 0.5	$ 0.4	$ 0.3
Interest Cost	7.7	1.5	2.2	0.9	6.8	1.3	2.2	0.8
Expected Return on Plan Assets	(18.2)	(2.6)	(8.1)	(1.5)	(16.0)	(2.4)	(7.2)	(1.4)
Actuarial Loss	2.6	0.4	0.5	0.2	2.2	0.2	0.9	0.1
Prior Service Cost/(Credit)	(6.0)	0.3	(4.3)	0.1	(5.3)	0.3	(4.3)	0.2
Total Net Periodic Benefit Income	$ (11.4)	$ —	$ (9.2)	$ —	$ (9.9)	$ (0.1)	$ (8.0)	$ —
Intercompany Allocations	N/A	$ (0.3)	$ (0.3)	$ (0.1)	N/A	$ (0.2)	$ (0.2)	$ (0.1)
Capitalized PBOP Expense/(Income)	$ 0.7	$ 0.1	$ 0.2	$ 0.1	$ (4.8)	$ (0.1)	$ (4.1)	$ —

	PBOP							
	For the Nine Months Ended September 30, 2018				For the Nine Months Ended September 30, 2017			
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	$ 7.5	$ 1.4	$ 1.6	$ 0.9	$ 7.1	$ 1.5	$ 1.4	$ 1.0
Interest Cost	23.0	4.4	6.5	2.5	20.3	4.0	6.5	2.3
Expected Return on Plan Assets	(54.2)	(7.8)	(24.4)	(4.5)	(47.8)	(7.3)	(21.6)	(4.1)
Actuarial Loss	7.7	1.2	1.7	0.6	6.9	0.7	2.6	0.4
Prior Service Cost/(Credit)	(17.6)	0.8	(12.7)	0.4	(16.1)	0.8	(12.8)	0.4
Total Net Periodic Benefit Income	$ (33.6)	$ —	$ (27.3)	$ (0.1)	$ (29.6)	$ (0.3)	$ (23.9)	$ —
Intercompany Allocations	N/A	$ (0.8)	$ (1.0)	$ (0.3)	N/A	$ (0.5)	$ (0.8)	$ (0.3)
Capitalized PBOP Expense/(Income)	$ 2.3	$ 0.5	$ 0.7	$ 0.3	$ (14.3)	$ (0.4)	$ (12.1)	$ —

9. COMMITMENTS AND CONTINGENCIES

A. Environmental Matters

Eversource, CL&P, NSTAR Electric and PSNH are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. Eversource, CL&P, NSTAR Electric and PSNH have an active environmental auditing and training program and each believes it is substantially in compliance with all enacted laws and regulations.

The number of environmental sites and related reserves for which remediation or long-term monitoring, preliminary site work or site assessment is being performed are as follows:

	As of September 30, 2018		As of December 31, 2017	
	Number of Sites	Reserve (in millions)	Number of Sites	Reserve (in millions)
Eversource	60	$ 66.6	59	$ 54.9
CL&P	14	5.0	14	4.7
NSTAR Electric	17	10.9	15	2.7
PSNH	9	5.5	10	5.7

The increase in the reserve balance was due primarily to the addition of an environmental site at NSTAR Electric and changes in cost estimates at certain MGP sites under investigation for which additional remediation will be required.

Included in the Eversource number of sites and reserve amounts above are former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which Eversource may have potential liability. The reserve balances related to these former MGP sites were $52.3 million and $49.0 million as of September 30, 2018 and December 31, 2017, respectively, and related primarily to the natural gas business segment.

These reserve estimates are subjective in nature as they take into consideration several different remediation options at each specific site. The reliability and precision of these estimates can be affected by several factors, including new information concerning either the level of contamination at the site, the extent of Eversource's, CL&P's, NSTAR Electric's and PSNH's responsibility for remediation or the extent of remediation required, recently enacted laws and regulations, or changes in cost estimates due to certain economic factors. It is possible that new information or future developments could require a reassessment of the potential exposure to required environmental remediation. As this information becomes available, management will continue to assess the potential exposure and adjust the reserves accordingly.

B. Guarantees and Indemnifications

In the normal course of business, Eversource parent provides credit assurances on behalf of its subsidiaries, including CL&P, NSTAR Electric and PSNH, in the form of guarantees.

Eversource parent issued a guaranty on behalf of its subsidiary, NPT, under which, beginning at the time the Northern Pass Transmission line goes into commercial operation, Eversource parent will guarantee the financial obligations of NPT under the TSA with HQ in an amount not to exceed $25 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations. Eversource parent has also entered into a guaranty on behalf of NPT under which Eversource parent will guarantee NPT's obligations under a facility with a financial institution pursuant to which NPT may request letters of credit in an aggregate amount of up to approximately $14 million.

Eversource parent has also guaranteed certain indemnification and other obligations as a result of the sales of former unregulated subsidiaries and the termination of an unregulated business, with maximum exposures either not specified or not material.

Management does not anticipate a material impact to net income or cash flows as a result of these various guarantees and indemnifications. The following table summarizes Eversource parent's exposure to guarantees and indemnifications of its subsidiaries to external parties, as of September 30, 2018:

Company	Description		Maximum Exposure (in millions)	Expiration Dates
On behalf of subsidiaries:				
Eversource Gas Transmission LLC	Access Northeast Project Capital Contributions Guaranty (1)	$	184.9	2021
Various	Surety Bonds (2)		42.7	2018 - 2019
Eversource Service and Rocky River Realty Company	Lease Payments for Vehicles and Real Estate		6.6	2019 - 2024

(1) Eversource parent issued a declining balance guaranty on behalf of its subsidiary, Eversource Gas Transmission LLC, to guarantee the payment of the subsidiary's capital contributions for its investment in the Access Northeast project. The guaranty decreases as capital contributions are made. The guaranty will expire upon the earlier of the full performance of the guaranteed obligations or December 31, 2021.

(2) Surety bond expiration dates reflect termination dates, the majority of which will be renewed or extended. Certain surety bonds contain credit ratings triggers that would require Eversource parent to post collateral in the event that the unsecured debt credit ratings of Eversource parent are downgraded.

C. Spent Nuclear Fuel Obligations - Yankee Companies
CL&P, NSTAR Electric and PSNH have plant closure and fuel storage cost obligations to the Yankee Companies, which have each completed the physical decommissioning of their respective nuclear facilities and are now engaged in the long-term storage of their spent fuel. The Yankee Companies collect these costs through wholesale, FERC-approved rates charged under power purchase agreements with several New England utilities, including CL&P, NSTAR Electric and PSNH. These companies in turn recover these costs from their customers through state regulatory commission-approved retail rates. The Yankee Companies have collected or are currently collecting amounts that management believes are adequate to recover the remaining plant closure and fuel storage cost estimates for the respective plants. Management believes CL&P and NSTAR Electric will recover their shares of these obligations from their customers. PSNH has recovered its total share of these costs from its customers.

Spent Nuclear Fuel Litigation:
The Yankee Companies have filed complaints against the DOE in the Court of Federal Claims seeking monetary damages resulting from the DOE's failure to provide for a permanent facility to store spent nuclear fuel pursuant to the terms of the 1983 spent fuel and high level waste disposal contracts between the Yankee Companies and the DOE. The court had previously awarded the Yankee Companies damages for Phase I, II and III of litigation resulting from the DOE's failure to meet its contractual obligations. These Phases covered damages incurred in the years 1998 through 2012, and the awarded damages have been received by the Yankee Companies with certain amounts of the damages refunded to their customers.

DOE Phase IV Damages - On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking monetary damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal covering the years from 2013 to 2016 (“DOE Phase IV”). The DOE Phase IV trial is now expected to begin in early 2019.

D. FERC ROE Complaints
Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

A summary of the four separate complaints and the base ROEs pertinent to those complaints were as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date (1)	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 (1)	Reserve (Pre-Tax and Excluding Interest) as of September 30, 2018 (in millions)	
First	10/1/2011 - 12/31/2012	11.14%	10.57%	$—	(2)
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1	(3)
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—	
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—	

(1) The ROE billed during the period October 1, 2011 through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and an incentive cap at 11.74 percent for the first complaint period. This was also effective for all prospective billings to customers beginning October 16, 2014. This FERC order was vacated on April 14, 2017.

(2) All amounts associated with the first complaint period have been refunded, which totaled $38.9 million (pre-tax and excluding interest) at Eversource and reflected both the base ROE and incentive cap prescribed by the FERC order. The refund consisted of $22.4 million for CL&P, $13.7 million for NSTAR Electric and $2.8 million for PSNH.

(3) The reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH as of September 30, 2018.

In response to appeals of the October 16, 2014 FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

On October 16, 2018, FERC issued an order on all four complaints describing how it intends to address the issues that were remanded by the Court. FERC proposed a new framework to determine (1) whether an existing ROE is unjust and unreasonable and, if so, (2) how to calculate a replacement ROE. The parties to these proceedings were directed to submit briefs on this new proposed framework and how they would apply them in each of the four complaint proceedings. Briefs and reply briefs will be filed in the first quarter of 2019.

The FERC order included illustrative calculations for the first complaint, using FERC's proposed frameworks with financial data from that complaint. Those preliminary calculations indicated that for the first complaint period, for the NETOs that FERC concludes are of average financial risk, (1) a preliminary range of presumptively just and reasonable base ROEs is 9.60 percent to 10.99 percent; (2) the pre-existing base ROE of 11.14 percent is therefore unjust and unreasonable; (3) the preliminary just and reasonable base ROE is 10.41 percent; and (4) the preliminary incentive cap on total ROE is 13.08 percent. If the results of these illustrative calculations were included in a final FERC order, then the 10.41 percent base ROE and a 13.08 percent incentive cap would not have a significant impact on our financial statements for the first complaint period.

Although the order provided illustrative calculations, FERC stated that these calculations are merely preliminary. The FERC’s preliminary calculations are not binding and do not represent what we believe to be the most likely outcome of a final FERC order, as significant changes to the methodology by FERC are possible as a result of the parties’ arguments and calculations in the briefing process. Until FERC issues a final decision on each of these four complaints, there is significant uncertainty, and at this time, the Company cannot reasonably estimate a range of gain or loss for any of the four complaint proceedings. The October 16, 2018 FERC order does not provide a reasonable basis for a change to the reserve or recognized ROEs for any of the complaint periods.

Eversource, CL&P, NSTAR Electric and PSNH currently record revenues at the 10.57 percent base ROE and incentive cap at 11.74 percent established in the October 16, 2014 FERC order.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

E. Eversource and NSTAR Electric Boston Harbor Civil Action

On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, HEEC, and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

The parties reached a settlement pursuant to which HEEC agreed to install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed $4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of $17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit resulted in the initial $17.5 million of construction costs on the new cable being expensed as incurred, all of which were fully expensed by June 30, 2018. Construction of the new cable is underway and is expected to be completed in 2019.

10. ASSETS HELD FOR SALE

In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, pursuant to which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approved this agreement as well as the final divestiture plan and auction process in the second half of 2016. On October 11, 2017, PSNH entered into two Purchase and Sale Agreements with private investors, one to sell its thermal generation assets at a purchase price of $175 million, subject to adjustment, (the “Thermal Agreement”) and a second to sell its hydroelectric generation assets at a purchase price of $83 million, subject to adjustment (the “Hydro Agreement”). The NHPUC approved these agreements in late November 2017, at which time the Company classified these assets as held for sale.

On January 10, 2018, PSNH completed the sale of its thermal generation assets pursuant to the Thermal Agreement. In accordance with the Thermal Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million, resulting in net proceeds of $134.1 million. In the second quarter of 2018, the purchase price was further adjusted by $17.3 million relating to the valuation of certain allowances. As a result of these adjustments, net proceeds from the sale of the thermal assets totaled $116.8 million.

On July 16, 2018, FERC issued its order approving the transfer of PSNH's six hydroelectric licenses to private investors. On August 26, 2018, PSNH completed the sale of its hydroelectric generation assets pursuant to the Hydro Agreement. In accordance with the Hydro Agreement, the original purchase price of $83 million was adjusted to reflect contractual adjustments totaling $5.7 million, resulting in net proceeds of $77.3 million. The difference between the carrying value of the hydroelectric generation assets and the sale proceeds resulted in a gain of $17.2 million. An estimated gain from the sale of these assets was included as an offset to the total stranded costs associated with the sale of generation assets.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs to finance PSNH's unrecovered stranded costs associated with the divestiture of its generation assets, which included the deferred costs resulting from the sale of the thermal generation assets. These bonds are secured by a non-bypassable charge billed to PSNH's customers. As of September 30, 2018, unamortized securitized stranded costs totaled $618.6 million and are included in Regulatory Assets on the Eversource and PSNH balance sheets. As of December 31, 2017, the deferred costs resulting from the thermal generation asset sale of $516.1 million represented the difference between the carrying value and the fair value less cost to sell the thermal generation assets. For further information on the securitized RRB issuance, see Note 7, "Rate Reduction Bonds and Variable Interest Entities."

For the three and nine months ended September 30, 2018, pre-tax income associated with the hydroelectric assets prior to the sale on August 26, 2018, was $0.7 million and $9.9 million, respectively. For the three and nine months ended September 30, 2017, pre-tax income associated with PSNH's generation assets was $14.6 million and $44.7 million, respectively.

As of September 30, 2018, all generation assets had been sold and as a result, no generation assets were classified as held for sale. As of December 31, 2017, PSNH's generation assets held for sale, which were included in current assets on the Eversource and PSNH balance sheets, and were part of the Electric Distribution reportable segment, were as follows:

(Millions of Dollars)	As of December 31, 2017
Thermal Gross Plant	$ 1,091.4
Hydroelectric Gross Plant	83.0
Accumulated Depreciation	(575.4)
Net Plant	599.0
Fuel and Inventory	87.7
Materials and Supplies	27.3
Emissions Allowances	19.1
Other Assets	2.6
Deferred Costs from Thermal Generation Asset Sale	(516.1)
Total Generation Assets Held for Sale	$ 219.6

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Preferred Stock, Long-Term Debt and Rate Reduction Bonds: The fair value of CL&P's and NSTAR Electric's preferred stock is based upon pricing models that incorporate interest rates and other market factors, valuations or trades of similar securities and cash flow projections. The fair value of long-term debt and RRB debt securities is based upon pricing models that incorporate quoted market prices for those issues or similar issues adjusted for market conditions, credit ratings of the respective companies and treasury benchmark yields. The fair values provided in the table below are classified as Level 2 within the fair value hierarchy. Carrying amounts and estimated fair values are as follows:

	Eversource		CL&P		NSTAR Electric		PSNH	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
As of September 30, 2018:								
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 163.0	$ 116.2	$ 120.2	$ 43.0	$ 42.8	$ —	$ —
Long-Term Debt	12,538.8	12,517.4	3,253.6	3,420.4	2,944.6	2,990.0	894.1	904.3
Rate Reduction Bonds	635.7	631.3	—	—	—	—	635.7	631.3
As of December 31, 2017:								
Preferred Stock Not Subject to Mandatory Redemption	$ 155.6	$ 160.8	$ 116.2	$ 116.5	$ 43.0	$ 44.3	$ —	$ —
Long-Term Debt	12,325.5	12,877.1	3,059.1	3,430.5	2,943.8	3,156.5	1,002.4	1,038.2

Derivative Instruments and Marketable Securities: Derivative instruments and investments in marketable securities are carried at fair value. For further information, see Note 4, "Derivative Instruments," and Note 5, "Marketable Securities," to the financial statements.

See Note 1F, "Summary of Significant Accounting Policies - Fair Value Measurements," for the fair value measurement policy and the fair value hierarchy.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in accumulated other comprehensive income/(loss) by component, net of tax, is as follows:

	For the Nine Months Ended September 30, 2018				For the Nine Months Ended September 30, 2017			
Eversource *(Millions of Dollars)*	Qualified Cash Flow Hedging Instruments	Unrealized Losses on Marketable Securities	Defined Benefit Plans	Total	Qualified Cash Flow Hedging Instruments	Unrealized Gains on Marketable Securities	Defined Benefit Plans	Total
Balance as of Beginning of Period	$ (6.2)	$ —	$ (60.2)	$ (66.4)	$ (8.2)	$ 0.4	$ (57.5)	$ (65.3)
OCI Before Reclassifications	—	(0.7)	2.6	1.9	—	0.7	(3.5)	(2.8)
Amounts Reclassified from AOCI	1.6	—	3.3	4.9	1.6	—	2.9	4.5
Net OCI	1.6	(0.7)	5.9	6.8	1.6	0.7	(0.6)	1.7
Balance as of End of Period	$ (4.6)	$ (0.7)	$ (54.3)	$ (59.6)	$ (6.6)	$ 1.1	$ (58.1)	$ (63.6)

Eversource's qualified cash flow hedging instruments represent interest rate swap agreements on debt issuances that were settled in prior years. The settlement amount was recorded in AOCI and is being amortized into Net Income over the term of the underlying debt instrument. CL&P, NSTAR Electric and PSNH continue to amortize interest rate swaps settled in prior years from AOCI into Interest Expense over the remaining life of the associated long-term debt. Such interest rate swaps are not material to their respective financial statements.

Defined benefit plan OCI amounts before reclassifications relate to actuarial gains and losses that arose during the year and were recognized in AOCI. The unamortized actuarial gains and losses and prior service costs on the defined benefit plans are amortized from AOCI into Other Income, Net over the average future employee service period, and are reflected in amounts reclassified from AOCI. For further information, see Note 1G, "Summary of Significant Accounting Policies - Other Income, Net," and Note 8, "Pension Benefits and Postretirement Benefits Other Than Pension."

13. COMMON SHARES

The following table sets forth the Eversource parent common shares and the shares of common stock of CL&P, NSTAR Electric and PSNH that were authorized and issued, as well as the respective per share par values:

		Shares		
		Authorized as of September 30, 2018 and	Issued as of	
	Par Value	December 31, 2017	September 30, 2018	December 31, 2017
Eversource	$ 5	380,000,000	333,878,402	333,878,402
CL&P	$ 10	24,500,000	6,035,205	6,035,205
NSTAR Electric	$ 1	100,000,000	200	200
PSNH	$ 1	100,000,000	301	301

As of both September 30, 2018 and December 31, 2017, there were 16,992,594 Eversource common shares held as treasury shares. As of both September 30, 2018 and December 31, 2017, there were 316,885,808 Eversource common shares outstanding.

14. COMMON SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS

Dividends on the preferred stock of CL&P and NSTAR Electric totaled $1.9 million for each of the three months ended September 30, 2018 and 2017 and $5.6 million for each of the nine months ended September 30, 2018 and 2017. These dividends were presented as Net Income Attributable to Noncontrolling Interests on the Eversource statements of income. Noncontrolling Interest – Preferred Stock of Subsidiaries on the Eversource balance sheets totaled $155.6 million as of September 30, 2018 and December 31, 2017. On the Eversource balance sheets, Common Shareholders' Equity was fully attributable to Eversource parent and Noncontrolling Interest – Preferred Stock of Subsidiaries was fully attributable to the noncontrolling interest.

15. EARNINGS PER SHARE

Basic EPS is computed based upon the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of common shares outstanding plus the potential dilutive effect of certain share-based compensation awards as if they were converted into common shares. The dilutive effect of unvested RSU and performance share awards is calculated using the treasury stock method. RSU and performance share awards are included in basic weighted average common shares outstanding as of the date that all necessary vesting conditions have been satisfied.

The following table sets forth the components of basic and diluted EPS:

Eversource	For the Three Months Ended		For the Nine Months Ended	
(Millions of Dollars, except share information)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net Income Attributable to Common Shareholders	$ 289.4	$ 260.4	$ 801.7	$ 750.6
Weighted Average Common Shares Outstanding:				
Basic	317,360,110	317,393,029	317,367,252	317,415,848
Dilutive Effect	607,201	556,367	581,246	591,194
Diluted	317,967,311	317,949,396	317,948,498	318,007,042
Basic EPS	$ 0.91	$ 0.82	$ 2.53	$ 2.36
Diluted EPS	$ 0.91	$ 0.82	$ 2.52	$ 2.36

16. REVENUES

On January 1, 2018, Eversource, including CL&P, NSTAR Electric and PSNH, adopted ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*" using the modified retrospective approach. The core principle of this accounting guidance is that revenue is recognized when promised goods or services (referred to as performance obligations) are transferred to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard uses a five-step model for recognizing and measuring revenue from contracts with customers, which includes identifying the contract with the customer, identifying the performance obligations promised within the contract, determining the transaction price (the amount of consideration to which the company expects to be entitled), allocating the transaction price to the performance obligations and recognizing revenue when (or as) the performance obligation is satisfied.

The following table presents operating revenues disaggregated by revenue source:

Eversource *(Millions of Dollars)*	For the Three Months Ended September 30, 2018						
	Electric Distribution	**Natural Gas Distribution**	**Electric Transmission**	**Water Distribution**	**Other**	**Eliminations**	**Total**
Revenue from Contracts with Customers							
Retail Tariff Sales							
Residential	$ 1,111.7	$ 42.8	$ —	$ 41.2	$ —	$ —	$ 1,195.7
Commercial	789.6	40.8	—	17.9	—	(1.2)	847.1
Industrial	98.7	18.9	—	1.3	—	(2.6)	116.3
Total Retail Tariff Sales Revenue	2,000.0	102.5	—	60.4	—	(3.8)	2,159.1
Wholesale Transmission Revenue	—	—	364.5	—	11.7	(300.2)	76.0
Wholesale Market Sales Revenue	48.8	11.4	—	1.3	—	—	61.5
Other Revenue from Contracts with Customers	20.2	(0.5)	3.1	1.9	212.9	(213.5)	24.1
Reserve for Revenue Subject to Refund	5.2	(3.5)	—	(1.3)	—	—	0.4
Total Revenue from Contracts with Customers	2,074.2	109.9	367.6	62.3	224.6	(517.5)	2,321.1
Alternative Revenue Programs	(51.6)	(1.5)	(37.0)	1.1	—	33.8	(55.2)
Other Revenue	4.8	0.6	—	0.1	—	—	5.5
Total Operating Revenues	$ 2,027.4	$ 109.0	$ 330.6	$ 63.5	$ 224.6	$ (483.7)	$ 2,271.4

Eversource *(Millions of Dollars)*	For the Nine Months Ended September 30, 2018						
	Electric Distribution	**Natural Gas Distribution**	**Electric Transmission**	**Water Distribution**	**Other**	**Eliminations**	**Total**
Revenue from Contracts with Customers							
Retail Tariff Sales							
Residential	$ 2,900.4	$ 395.9	$ —	$ 100.9	$ —	$ —	$ 3,397.2
Commercial	2,023.0	245.4	—	47.9	—	(3.4)	2,312.9
Industrial	268.6	71.9	—	3.4	—	(7.5)	336.4
Total Retail Tariff Sales Revenue	5,192.0	713.2	—	152.2	—	(10.9)	6,046.5
Wholesale Transmission Revenue	—	—	988.9	—	34.4	(826.9)	196.4
Wholesale Market Sales Revenue	141.4	41.4	—	3.1	—	—	185.9
Other Revenue from Contracts with Customers	54.4	(1.4)	9.4	5.4	658.1	(659.8)	66.1
Reserve for Revenue Subject to Refund	(21.2)	(11.5)	—	(3.3)	—	—	(36.0)
Total Revenue from Contracts with Customers	5,366.6	741.7	998.3	157.4	692.5	(1,497.6)	6,458.9
Alternative Revenue Programs	(57.2)	(3.2)	(45.3)	3.7	—	41.5	(60.5)
Other Revenue	12.4	2.0	—	0.4	—	—	14.8
Total Operating Revenues	$ 5,321.8	$ 740.5	$ 953.0	$ 161.5	$ 692.5	$ (1,456.1)	$ 6,413.2

	For the Three Months Ended September 30, 2018			For the Nine Months Ended September 30, 2018		
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Revenue from Contracts with Customers						
Retail Tariff Sales						
Residential	$ 539.6	$ 414.8	$ 157.3	$ 1,410.0	$ 1,071.6	$ 418.8
Commercial	259.0	443.8	87.3	702.2	1,083.8	238.4
Industrial	39.4	38.0	21.3	111.8	96.9	59.9
Total Retail Tariff Sales Revenue	838.0	896.6	265.9	2,224.0	2,252.3	717.1
Wholesale Transmission Revenue	179.1	128.3	57.1	469.8	367.7	151.4
Wholesale Market Sales Revenue	13.3	18.1	17.4	34.3	56.4	52.3
Other Revenue from Contracts with Customers	9.3	10.3	4.0	25.0	27.9	11.4
Reserve for Revenue Subject to Refund	8.3	—	(3.1)	(8.3)	(3.7)	(9.2)
Total Revenue from Contracts with Customers	1,048.0	1,053.3	341.3	2,744.8	2,700.6	923.0
Alternative Revenue Programs	(64.3)	(15.4)	(8.9)	(68.4)	(15.6)	(18.5)
Other Revenue	2.8	1.8	0.2	6.5	5.1	0.8
Eliminations	(121.5)	(100.2)	(42.4)	(338.0)	(289.8)	(112.6)
Total Operating Revenues	$ 865.0	$ 939.5	$ 290.2	$ 2,344.9	$ 2,400.3	$ 792.7

Retail Tariff Sales: Regulated utilities provide products and services to their regulated customers under rates, pricing, payment terms and conditions of service, regulated by each state regulatory agency. The arrangement whereby a utility provides commodity service to a customer for a price approved by the respective state regulatory commission is referred to as a tariff sale contract, and the tariff governs all aspects of the provision of regulated services by utilities. The majority of revenue for Eversource, CL&P, NSTAR Electric and PSNH is derived from regulated retail tariff sales for the sale and distribution of electricity, natural gas and water to residential, commercial and industrial retail customers.

The utility's performance obligation for the regulated tariff sales is to provide electricity, natural gas or water to the customer as demanded.
The promise to provide the commodity represents a single performance obligation, as it is a promise to transfer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by the utility, and the utility satisfies its performance obligation. Revenue is recognized based on the output method as there is a directly observable output to the customer (electricity, natural gas or water units delivered to the customer and immediately consumed). Each Eversource utility is entitled to be compensated for performance completed to date (service taken by the customer) until service is terminated.

In regulated tariff sales, the transaction prices are the rates approved by the respective state regulatory commissions. In general, rates can only be changed through formal proceedings with the state regulatory commissions. These rates are designed to recover the costs to provide service to customers and include a return on investment. Regulatory commission-approved tracking mechanisms are included in these rates and are also used to recover, on a fully-reconciling basis, certain costs, such as the procurement of energy supply, retail transmission charges, energy efficiency program costs, net metering for distributed generation, and restructuring and stranded costs. These tracking mechanisms result in rates being changed periodically to ensure recovery of actual costs incurred.

Customers may elect to purchase electricity from each Eversource electric utility or may contract separately with a competitive third party supplier. Revenue is not recorded for the sale of the electricity commodity to customers who have contracted separately with these suppliers, only the delivery to a customer, as the utility is acting as an agent on behalf of the third party supplier.

Wholesale Transmission Revenues: The Eversource electric transmission-owning companies (CL&P, NSTAR Electric and PSNH) each own and maintain transmission facilities that are part of an interstate power transmission grid over which electricity is transmitted throughout New England. CL&P, NSTAR Electric and PSNH, as well as most other New England utilities, are parties to a series of agreements that provide for coordinated planning and operation of the region's transmission facilities and the rules by which they acquire transmission services. The Eversource electric transmission-owning companies have a combination of FERC-approved regional and local formula rates that work in tandem to recover all their transmission costs. These rates are part of the ISO-NE Tariff. Regional rates recover the costs of higher voltage transmission facilities that benefit the region and are collected from all New England transmission customers, including the Eversource distribution businesses. Eversource's local rates recover the companies' total transmission revenue requirements, less revenues received from regional rates and other sources, and are collected from Eversource's distribution businesses and other transmission customers. The distribution businesses of Eversource, in turn, recover the FERC approved charges from retail customers through annual or semiannual tracking mechanisms, which are retail tariff sales.

The utility's performance obligation for regulated wholesale transmission sales is to provide transmission services to the customer as demanded. The promise to provide transmission service represents a single performance obligation. The transaction prices are the transmission rate formulas as defined by the ISO-NE Tariff and are regulated and established by FERC. Wholesale transmission revenue is recognized over time as the performance obligation is completed, which occurs as transmission services are provided to customers. The revenue is recognized based on the output method. Each Eversource utility is entitled to be compensated for performance completed to date (e.g., use of the transmission system by the customer).

Wholesale Market Sales Revenues: Wholesale market sales transactions include sales of energy and energy-related products into the ISO-NE wholesale electricity market, sales of natural gas to third party marketers, and also the sale of RECs to various counterparties. ISO-NE oversees the region's wholesale electricity market and administers the transactions and terms and conditions, including payment terms, which are established in the ISO-NE tariff, between the buyers and sellers in the market. Pricing is set by the wholesale market. The wholesale transactions in the ISO-NE market occur on a day-ahead basis or a real-time basis (daily) and are, therefore, short-term. Transactions are tracked and reported by ISO-NE net by the hour, which is the net hourly position of energy sales and purchases by each market participant. Beginning in the first quarter of 2018, the performance obligation for ISO-NE energy transactions is defined to be the net by hour transaction. Revenue is recognized when the performance obligation for these energy sales transactions is satisfied, when the sale occurs and the energy is transferred to the customer. For sales of natural gas, transportation, and natural gas pipeline capacity to third party marketers, revenue is recognized when the performance obligation is satisfied at the point in time the sale occurs and the natural gas or related product is transferred to the marketer. RECs are sold to various counterparties, and revenue is recognized when the performance obligation is satisfied upon transfer of title to the customer through the New England Power Pool Generation Information System.

Other Revenue from Contracts with Customers: Other revenue from contracts with customers primarily includes property rentals that are not deemed leases. These revenues are generally recognized on a straight-line basis over time as the service is provided to the customer.

Reserve for Revenue Subject to Refund: Current base rates include an estimate of income taxes, which was based on the U.S. federal corporate income tax rate in effect at the time of the rate proceeding. Eversource established a liability, recorded as a reduction to revenue, to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act, until rates billed to customers reflect the lower federal tax rate. Eversource expects to refund these amounts to customers through various rate mechanisms in the future, depending on regulatory outcomes, and CL&P began refunding these amounts in the third quarter of 2018.

NSTAR Electric (effective February 1, 2018), CL&P (effective May 1, 2018) and NSTAR Gas (effective July 1, 2018) lowered distribution rates charged to customers to reflect the new federal corporate income tax rate. PSNH will adjust distribution rates to reflect the lower federal income tax rate, effective July 1, 2019, or earlier if a rate case is filed for rates effective prior to July 1, 2019. As part of Yankee Gas' rate case settlement, if approved, distribution rates will be adjusted to reflect the lower federal income tax rate, effective November 15, 2018.

Alternative Revenue Programs: In accordance with accounting guidance for rate-regulated operations, certain of Eversource's utilities' rate making mechanisms qualify as alternative revenue programs ("ARPs") if they meet specified criteria, in which case revenues may be recognized prior to billing based on allowed levels of collection in rates. Eversource's utility companies recognize revenue and record a regulatory asset or liability once the condition or event allowing for the automatic adjustment of future rates occurs. ARP revenues include both the recognition of the deferral adjustment to ARP revenues, when the regulator-specified condition or event allowing for additional billing or refund has occurred, and an equal and offsetting reversal of the ARP deferral to revenues as those amounts are reflected in the price of service in subsequent periods.

Eversource’s ARPs include the revenue decoupling mechanism and the annual reconciliation adjustment to transmission formula rates, described below.

- Certain Eversource electric, natural gas and water companies, including CL&P and NSTAR Electric, have revenue decoupling mechanisms approved by a regulatory commission ("decoupled companies"). Decoupled companies’ distribution revenues are not directly based on sales volumes. The decoupled companies reconcile their annual base distribution rate recovery to pre-established levels of baseline distribution delivery service revenues, with any difference between the allowed level of distribution revenue and the actual amount realized adjusted through subsequent rates.

- The transmission formula rates provide for the annual reconciliation and recovery or refund of estimated costs to actual costs. The financial impacts of differences between actual and estimated costs are deferred for future recovery from, or refund to, transmission customers. This transmission deferral reconciles billed transmission revenues to the revenue requirement for our transmission businesses.

Other Revenues: Other Revenues include certain fees charged to customers and lease revenue that are not considered revenue from contracts with customers.

Intercompany Eliminations: Intercompany eliminations are primarily related to the Eversource electric transmission revenues that are derived from ISO-NE regional transmission charges to the distribution businesses of CL&P, NSTAR Electric and PSNH that recover the costs of the wholesale transmission business, and revenues from Eversource's service company. Intercompany revenues and expenses between the Eversource wholesale transmission businesses and the Eversource distribution businesses and from Eversource's service company are eliminated in consolidation and included in "Eliminations" in the table above.

Receivables: Receivables, Net on the balance sheet include trade receivables from our retail customers and receivables arising from ISO-NE billing related to wholesale transmission contracts and wholesale market transactions, sales of natural gas and capacity to marketers, sales of RECs, and property rentals. In general, retail tariff customers and wholesale transmission customers are billed monthly and the payment terms are generally due and payable upon receipt of the bill.

Unbilled Revenues on the balance sheet represent estimated amounts due from retail customers for electricity, natural gas or water delivered to customers but not yet billed. The utility company has satisfied its performance obligation and the customer has received and consumed the commodity as of the balance sheet date, and therefore, the utility company records revenue for those services in the period the services were provided. Only the passage of time is required before the company is entitled to payment for the satisfaction of the performance obligation. Payment from customers is due monthly as services are rendered and amounts are billed. Actual amounts billed to customers when meter readings become available may vary from the estimated amount.

Unbilled revenues are recognized by allocating estimated unbilled sales volumes to the respective customer classes, and then applying an estimated rate by customer class to those sales volumes. Unbilled revenue estimates reflect seasonality, weather, customer usage patterns, customer rates in effect for customer classes, and the timing of customer billing. The companies that have a decoupling mechanism record a regulatory deferral to reflect the actual allowed amount of revenue associated with their respective decoupled distribution rate design.

Practical Expedients: Eversource has elected practical expedients in the accounting guidance that allow the company to record revenue in the amount that the company has a right to invoice, if that amount corresponds directly with the value to the customer of the company's performance to date, and not to disclose related unsatisfied performance obligations. Retail and wholesale transmission tariff sales fall into this category, as these sales are recognized as revenue in the period the utility provides the service and completes the performance obligation, which is the same as the monthly amount billed to customers. There are no other material revenue streams for which Eversource has unsatisfied performance obligations.

17. SEGMENT INFORMATION

Presentation: Eversource is organized among the Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution reportable segments and Other based on a combination of factors, including the characteristics of each segments' services, the sources of operating revenues and expenses and the regulatory environment in which each segment operates. These reportable segments represent substantially all of Eversource's total consolidated revenues. Revenues from the sale of electricity, natural gas and water primarily are derived from residential, commercial and industrial customers and are not dependent on any single customer. The Electric Distribution reportable segment includes the results of PSNH's generation facilities prior to sales in January and August 2018, and NSTAR Electric's solar power facilities. Eversource's reportable segments are determined based upon the level at which Eversource's chief operating decision maker assesses performance and makes decisions about the allocation of company resources. On December 4, 2017, Eversource acquired Aquarion, which was considered to be a new operating segment, water distribution. Though the water distribution segment does not meet quantitative thresholds under the segment reporting accounting guidance, based on qualitative factors including the nature of the water distribution business, Water Distribution was deemed a reportable segment beginning in the first quarter of 2018.

The remainder of Eversource's operations is presented as Other in the tables below and primarily consists of 1) the equity in earnings of Eversource parent from its subsidiaries and intercompany interest income, both of which are eliminated in consolidation, and interest expense related to the debt of Eversource parent, 2) the revenues and expenses of Eversource Service, most of which are eliminated in consolidation, 3) the operations of CYAPC and YAEC, and 4) the results of other unregulated subsidiaries, which are not part of its core business. In addition, Other in the tables below includes Eversource parent's equity ownership interests in certain natural gas pipeline projects owned by Enbridge, Inc., the Bay State Wind project, a renewable energy investment fund, and two companies that transmit hydroelectricity imported from the Hydro-Quebec system in Canada. In the ordinary course of business, Yankee Gas and NSTAR Gas purchase natural gas transmission services from the Enbridge, Inc. natural gas pipeline projects described above. These affiliate transaction costs total approximately $62.5 million annually and are classified as Purchased Power, Fuel and Transmission on the Eversource statements of income.

Each of Eversource's subsidiaries, including CL&P, NSTAR Electric and PSNH, has one reportable segment.

Cash flows used for investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred but not paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension and PBOP expense.

Eversource's segment information is as follows:

Eversource (Millions of Dollars)	For the Three Months Ended September 30, 2018 [1] Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 2,027.4	$ 109.0	$ 330.6	$ 63.5	$ 224.6	$ (483.7)	$ 2,271.4
Depreciation and Amortization	(206.1)	(13.9)	(58.3)	(11.7)	(12.0)	0.6	(301.4)
Other Operating Expenses	(1,562.2)	(102.4)	(96.7)	(25.5)	(200.9)	483.7	(1,504.0)
Operating Income/(Loss)	$ 259.1	$ (7.3)	$ 175.6	$ 26.3	$ 11.7	$ 0.6	$ 466.0
Interest Expense	$ (52.4)	$ (11.3)	$ (30.3)	$ (8.5)	$ (30.5)	$ 7.8	$ (125.2)
Other Income, Net	32.2	1.5	9.0	0.7	251.7	(278.4)	16.7
Net Income/(Loss) Attributable to Common Shareholders	173.8	(12.6)	109.5	17.6	271.1	(270.0)	289.4

Eversource (Millions of Dollars)	For the Nine Months Ended September 30, 2018 [1] Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 5,321.8	$ 740.5	$ 953.0	$ 161.5	$ 692.5	$ (1,456.1)	$ 6,413.2
Depreciation and Amortization	(486.0)	(59.6)	(171.8)	(34.6)	(35.9)	1.7	(786.2)
Other Operating Expenses	(4,238.6)	(585.7)	(268.7)	(73.9)	(617.2)	1,457.0	(4,327.1)
Operating Income	$ 597.2	$ 95.2	$ 512.5	$ 53.0	$ 39.4	$ 2.6	$ 1,299.9
Interest Expense	$ (152.0)	$ (33.7)	$ (89.9)	$ (25.5)	$ (94.8)	$ 23.2	$ (372.7)
Other Income/(Loss), Net	70.9	5.1	26.7	(0.4)	913.8	(915.4)	100.7
Net Income Attributable to Common Shareholders	379.3	50.2	329.6	26.3	905.9	(889.6)	801.7
Cash Flows Used for Investments in Plant	717.4	245.5	735.8	68.1	118.3	—	1,885.1

Eversource (Millions of Dollars)	For the Three Months Ended September 30, 2017 Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 1,547.1	$ 109.2	$ 328.5	$ —	$ 224.2	$ (220.5)	$ 1,988.5
Depreciation and Amortization	(159.6)	(15.2)	(52.6)	—	(9.5)	0.6	(236.3)
Other Operating Expenses	(1,095.2)	(96.2)	(95.5)	—	(190.1)	220.1	(1,256.9)
Operating Income/(Loss)	$ 292.3	$ (2.2)	$ 180.4	$ —	$ 24.6	$ 0.2	$ 495.3
Interest Expense	$ (51.3)	$ (10.8)	$ (29.2)	$ —	$ (21.8)	$ 4.4	$ (108.7)
Other Income, Net	14.2	1.0	8.5	—	267.6	(262.8)	28.5
Net Income/(Loss) Attributable to Common Shareholders	157.4	(6.2)	99.0	—	268.4	(258.2)	260.4

Eversource (Millions of Dollars)	For the Nine Months Ended September 30, 2017 Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	$ 4,224.2	$ 698.8	$ 970.0	$ —	$ 677.5	$ (714.0)	$ 5,856.5
Depreciation and Amortization	(394.9)	(54.8)	(154.5)	—	(26.7)	1.7	(629.2)
Other Operating Expenses	(3,076.1)	(537.3)	(280.6)	—	(602.9)	714.0	(3,782.9)
Operating Income	$ 753.2	$ 106.7	$ 534.9	$ —	$ 47.9	$ 1.7	$ 1,444.4
Interest Expense	$ (149.0)	$ (32.3)	$ (86.1)	$ —	$ (63.1)	$ 11.0	$ (319.5)
Other Income, Net	35.3	2.9	20.3	—	854.4	(833.7)	79.2
Net Income Attributable to Common Shareholders	393.4	49.1	289.6	—	839.5	(821.0)	750.6
Cash Flows Used for Investments in Plant	752.4	209.8	575.6	—	104.5	—	1,642.3

(1) Effective January 1, 2018, upon implementation of the new revenue accounting guidance, the electric distribution segment is presented gross and intercompany transmission billings are presented in the eliminations column, as Eversource believes that the electric distribution segment acts as a principal, rather than an agent, in its contracts with retail customers. Retail customers contract directly with the electric distribution utility and do not differentiate between distribution and transmission services. Therefore, the electric distribution segment revenues, which are derived from retail customer billings, are presented gross of the eliminations. Prior to 2018, the electric distribution segment presented intercompany electric transmission billings net, based on indicators of net presentation prior to the new revenue guidance. See Note 16, "Revenues," regarding accounting for revenues.

The following table summarizes Eversource's segmented total assets:

Eversource *(Millions of Dollars)*	**Electric Distribution**	**Natural Gas Distribution**	**Electric Transmission**	**Water Distribution**	**Other**	**Eliminations**	**Total**
As of September 30, 2018	$ 21,189.0	$ 3,747.4	$ 10,077.5	$ 2,240.3	$ 16,979.4	$ (16,717.9)	$ 37,515.7
As of December 31, 2017	19,250.4	3,595.2	9,401.2	2,470.0	15,933.8	(14,430.2)	36,220.4

18. ACQUISITION OF AQUARION

On December 4, 2017, Eversource acquired Aquarion for a purchase price of $1.675 billion, consisting of approximately $880 million in cash and $795 million of assumed Aquarion debt. Aquarion is a holding company that owns three separate regulated water utility subsidiaries engaged in the water collection, treatment and distribution business that operate in Connecticut, Massachusetts and New Hampshire. These regulated utilities collect, treat and distribute water to residential, commercial and industrial customers, to other utilities for resale, and for private and municipal fire protection. Aquarion and its subsidiaries became wholly-owned subsidiaries of Eversource, and Eversource's consolidated financial information includes Aquarion and its subsidiaries' activity beginning December 4, 2017. The approximate $880 million cash purchase price included the $745 million equity purchase price plus a $135 million shareholder loan that was repaid at closing.

Purchase Price Allocation: The purchase price allocation reflects a measurement period adjustment recorded in the first quarter of 2018 to revise the fair value of Aquarion's regulated debt. The $7.9 million increase to the fair value of Long-Term Debt (including the current portion) and corresponding increase to Regulatory Assets, included within Other Noncurrent Assets, excluding Goodwill in the table below, will be amortized over the life of the related debt. The allocation of the cash purchase price is as follows:

(Millions of Dollars)	
Current Assets	$ 41.2
PP&E	1,034.9
Goodwill	907.9
Other Noncurrent Assets, excluding Goodwill	215.5
Current Liabilities	(121.9)
Noncurrent Liabilities	(421.6)
Long-Term Debt	(778.3)
Total Cash Purchase Price	$ 877.7

EVERSOURCE ENERGY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related combined notes included in this combined Quarterly Report on Form 10-Q, the combined Quarterly Report on Form 10-Q for the quarters ended March 31, 2018 and June 30, 2018, as well as the Eversource 2017 Form 10-K. References in this combined Quarterly Report on Form 10-Q to "Eversource," the "Company," "we," "us," and "our" refer to Eversource Energy and its consolidated subsidiaries. All per-share amounts are reported on a diluted basis. The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P are herein collectively referred to as the "financial statements."

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The only common equity securities that are publicly traded are common shares of Eversource. The earnings and EPS of each business discussed below do not represent a direct legal interest in the assets and liabilities of such business but rather represent a direct interest in our assets and liabilities as a whole. EPS by business is a financial measure not recognized under GAAP calculated by dividing the Net Income Attributable to Common Shareholders of each business by the weighted average diluted Eversource common shares outstanding for the period. We use this non-GAAP financial measure to evaluate and provide details of earnings results by business. We believe that the non-GAAP presentation is a meaningful representation of our financial performance and provides additional and useful information to readers of this report in analyzing historical and future performance by business. This non-GAAP financial measure should not be considered as an alternative to reported Net Income Attributable to Common Shareholders or EPS determined in accordance with GAAP as an indicator of operating performance.

From time to time, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to:

- cyberattacks or breaches, including those resulting in the compromise of the confidentiality of our proprietary information and the personal information of our customers,
- acts of war or terrorism, physical attacks or grid disturbances that may damage and disrupt our transmission and distribution systems,
- ability or inability to commence and complete our major strategic development projects and opportunities,
- actions or inaction of local, state and federal regulatory, public policy and taxing bodies,
- substandard performance of third-party suppliers and service providers,
- fluctuations in weather patterns, including extreme weather due to climate change,
- changes in business conditions, which could include disruptive technology related to our current or future business model,
- increased conservation measures of customers and development of alternative energy sources,
- contamination of, or disruption in, our water supplies,
- changes in economic conditions, including impact on interest rates, tax policies, and customer demand and payment ability,
- changes in levels or timing of capital expenditures,
- disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly,
- changes in laws, regulations or regulatory policy, including compliance with environmental laws and regulations,
- changes in accounting standards and financial reporting regulations,
- actions of rating agencies, and
- other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated as necessary, and we encourage you to consult such disclosures.

All such factors are difficult to predict and contain uncertainties that may materially affect our actual results, many of which are beyond our control. You should not place undue reliance on the forward-looking statements, as each speaks only as of the date on which such statement is made, and, except as required by federal securities laws, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For more information, see Item 1A, Risk Factors, included in this combined Quarterly Report on Form 10-Q and in Eversource's 2017 combined Annual Report on Form 10-K. This combined Quarterly Report on Form 10-Q and Eversource's 2017 combined Annual Report on Form 10-K also describe material contingencies and critical accounting policies in the accompanying *Management's Discussion and Analysis of Financial Condition and Results of Operations and Combined Notes to Financial Statements*. We encourage you to review these items.

Financial Condition and Business Analysis

Executive Summary

The following items in this executive summary are explained in more detail in this combined Quarterly Report on Form 10-Q:

Earnings Overview:

- We earned $289.4 million, or $0.91 per share, in the third quarter of 2018, and $801.7 million, or $2.52 per share, in the first nine months of 2018, compared with $260.4 million, or $0.82 per share, in the third quarter of 2017, and $750.6 million, or $2.36 per share, in the first nine months of 2017.

- Our electric distribution segment earned $173.8 million, or $0.55 per share, in the third quarter of 2018, and $379.3 million, or $1.19 per share, in the first nine months of 2018, compared with $157.4 million, or $0.50 per share, in the third quarter of 2017, and $393.4 million, or $1.24 per share, in the first nine months of 2017. Our electric transmission segment earned $109.5 million, or $0.34 per share, in the third quarter of 2018, and $329.6 million, or $1.04 per share, in the first nine months of 2018, compared with $99.0 million, or $0.31 per share, in the third quarter of 2017, and $289.6 million, or $0.91 per share, in the first nine months of 2017. Our natural gas distribution segment had a net loss of $12.6 million, or $0.04 per share, in the third quarter of 2018, and earnings of $50.2 million, or $0.16 per share, in the first nine months of 2018, compared with a net loss of $6.2 million, or $0.02 per share, in the third quarter of 2017, and earnings of $49.1 million, or $0.15 per share, in the first nine months of 2017. Our water distribution segment earned $17.6 million, or $0.06 per share in the third quarter of 2018, and $26.3 million, or $0.08 per share, in the first nine months of 2018.

- Eversource parent and other companies earned $1.1 million in the third quarter of 2018 and $16.3 million, or $0.05 per share, in the first nine months of 2018, compared with $10.2 million, or $0.03 per share, in the third quarter of 2017 and $18.5 million, or $0.06 per share, in the first nine months of 2017.

Liquidity:

- Cash flows provided by operating activities totaled $1.41 billion in the first nine months of 2018, compared with $1.48 billion in the first nine months of 2017. Investments in property, plant and equipment totaled $1.89 billion in the first nine months of 2018, compared with $1.64 billion in the first nine months of 2017. Cash and cash equivalents totaled $59.1 million as of September 30, 2018, compared with $38.2 million as of December 31, 2017.

- In the third quarter of 2018, we issued $150 million of new long-term debt, consisting of $50 million by Yankee Gas and $100 million by NSTAR Gas. Proceeds from these new issuances were used primarily to repay short-term borrowings and repay long-term debt at maturity.

- On September 10, 2018, our Board of Trustees approved a common share dividend payment of $0.505 per share, which was paid on September 28, 2018, to shareholders of record as of September 21, 2018.

Strategic, Legislative, Regulatory, Policy and Other Items:

- On October 16, 2018, FERC issued an order on all four complaints describing how it intends to address the issues that were remanded by the U.S. Court of Appeals for the D.C. Circuit. FERC proposed a new framework to determine (1) whether an existing ROE is unjust and unreasonable and, if so, (2) how to calculate a replacement ROE. The parties to these proceedings were directed to submit briefs on this new proposed framework and how they would apply them in each of the four complaint proceedings. Briefs and reply briefs will be filed in the first quarter of 2019.

- In the third quarter of 2018, we recorded an other-than-temporary impairment charge to our investment in the Access Northeast project of $32.9 million pre-tax ($26 million after-tax), representing the full carrying value of our equity method investment. As a result of certain non-Eversource natural gas related events in eastern Massachusetts in September 2018 that resulted in widespread damage, compounded by the failure to secure Massachusetts legislation to date, we believe there is significant uncertainty around the future timing of, and ability to secure, needed legislative changes affecting the natural gas industry and pipeline expansion, which may significantly delay the completion of the Access Northeast project.

- On August 26, 2018, PSNH completed the sale of its hydroelectric generation assets. In accordance with the Purchase and Sale Agreement dated October 11, 2017, the original purchase price of $83 million was adjusted to reflect contractual adjustments totaling $5.7 million, resulting in net proceeds of $77.3 million. As of August 26, 2018, PSNH no longer owns any generation facilities.

Earnings Overview

Consolidated: Below is a summary of our earnings by business, which also reconciles the non-GAAP financial measure of EPS by business to the most directly comparable GAAP measure of diluted EPS, for the third quarter and the first nine months of 2018 and 2017.

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2018		2017		2018		2017	
(Millions of Dollars, Except Per Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net Income Attributable to Common Shareholders (GAAP)	$ 289.4	$ 0.91	$ 260.4	$ 0.82	$ 801.7	$ 2.52	$ 750.6	$ 2.36
Regulated Companies	$ 288.3	$ 0.91	$ 250.2	$ 0.79	$ 785.4	$ 2.47	$ 732.1	$ 2.30
Eversource Parent and Other Companies	1.1	—	10.2	0.03	16.3	0.05	18.5	0.06
Net Income Attributable to Common Shareholders (GAAP)	$ 289.4	$ 0.91	$ 260.4	$ 0.82	$ 801.7	$ 2.52	$ 750.6	$ 2.36

Regulated Companies: Our regulated companies comprise the electric distribution (including NSTAR Electric's solar power facilities and PSNH's generation facilities prior to sale), electric transmission, natural gas distribution and water distribution segments. A summary of our segment earnings and EPS is as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2018		2017		2018		2017	
(Millions of Dollars, Except Per Share Amounts)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Electric Distribution	$ 173.8	$ 0.55	$ 157.4	$ 0.50	$ 379.3	$ 1.19	$ 393.4	$ 1.24
Electric Transmission	109.5	0.34	99.0	0.31	329.6	1.04	289.6	0.91
Natural Gas Distribution	(12.6)	(0.04)	(6.2)	(0.02)	50.2	0.16	49.1	0.15
Water Distribution	17.6	0.06	N/A	N/A	26.3	0.08	N/A	N/A
Net Income - Regulated Companies	$ 288.3	$ 0.91	$ 250.2	$ 0.79	$ 785.4	$ 2.47	$ 732.1	$ 2.30

Our electric distribution segment earnings increased $16.4 million in the third quarter of 2018, as compared to the third quarter of 2017, due primarily to the impact of the CL&P base distribution rate increase effective May 1, 2018, the recognition of carrying charges on PSNH storm costs approved for recovery, higher sales volumes at PSNH, higher non-service income from our benefit plans, and a gain on the sale of property at PSNH. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act. The earnings increase was partially offset by higher operations and maintenance expense, lower generation earnings at PSNH due to the sale of its thermal and hydroelectric generation assets in 2018, higher depreciation expense and higher property and other tax expense.

Our electric distribution segment earnings decreased $14.1 million in the first nine months of 2018, as compared to the first nine months of 2017, due primarily to lower generation earnings at PSNH due to the sales of its thermal and hydroelectric generation assets in 2018, higher operations and maintenance expense, higher depreciation expense and higher property and other tax expense. The earnings decrease was partially offset by higher non-service income from our benefit plans, the impact of the CL&P base distribution rate increase effective May 1, 2018, the recognition of carrying charges on PSNH storm costs approved for recovery, and a gain on the sale of property at PSNH. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act.

Our electric transmission segment earnings increased $10.5 million and $40.0 million in the third quarter and first nine months of 2018, respectively, as compared to the third quarter and first nine months of 2017, due primarily to a higher transmission rate base as a result of our continued investment in our transmission infrastructure.

Our natural gas distribution segment earnings decreased $6.4 million in the third quarter of 2018, as compared to the third quarter of 2017, due primarily to higher operations and maintenance expense.

Our natural gas distribution segment earnings increased $1.1 million in the first nine months of 2018, as compared to the first nine months of 2017, due primarily to an increase in sales volumes and demand revenues driven by colder January and April weather in Connecticut in 2018, as compared to the same periods in 2017, as well as growth in new customer base, partially offset by higher operations and maintenance expense and higher depreciation expense.

Our third quarter and first nine months of 2018 water distribution segment results reflect the earnings of the Aquarion water distribution business, which was acquired on December 4, 2017.

Eversource Parent and Other Companies: Eversource parent and other companies had earnings of $1.1 million in the third quarter of 2018 and $16.3 million in the first nine months of 2018, compared with $10.2 million in the third quarter of 2017 and $18.5 million in the first nine months of 2017. The decrease in earnings in both periods was due primarily to a pre-tax $32.9 million ($26 million after-tax) other-than-temporary impairment to our equity method investment in the Access Northeast project and higher interest expense, partially offset by a lower effective tax rate due primarily to an $18 million aggregate after-tax benefit resulting from both federal and Connecticut tax law changes. Earnings in the first nine months were also favorably impacted by increased unrealized gains on our investment in a renewable energy fund and an income tax benefit associated with our investments. For further information on the impairment of our Access Northeast project, see "Business Development and Capital Expenditures - Natural Gas Transmission Business" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Electric, Natural Gas and Water Sales Volumes: Weather, fluctuations in energy supply costs, conservation measures (including utility-sponsored energy efficiency programs), and economic conditions affect customer energy usage and water consumption. Industrial sales volumes are less sensitive to temperature variations than residential and commercial sales volumes. In our service territories, weather impacts both electric and water sales volumes during the summer and both electric and natural gas sales volumes during the winter; however, natural gas sales volumes are more sensitive to temperature variations than are electric sales volumes. Customer heating or cooling usage may not directly correlate with historical levels or with the level of degree-days that occur.

Fluctuations in retail electric sales volumes at PSNH and natural gas sales volumes at Yankee Gas impact earnings ("Traditional" in the table below). For CL&P, NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision) and NSTAR Gas, fluctuations in retail sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized. Fluctuations in water sales volumes largely do not impact earnings as our Connecticut water distribution business is decoupled.

A 2016 DPU-approved energy efficiency plan at NSTAR Electric authorized recovery of LBR in its eastern Massachusetts service territory until LBR was covered under a decoupled rate structure, which occurred on February 1, 2018. NSTAR Electric recognized LBR of $7.0 million in the first nine months of 2018, compared to $18.8 million and $54.7 million in the third quarter and first nine months of 2017, and no longer has an LBR mechanism effective February 1, 2018.

A summary of our retail electric GWh sales volumes, our firm natural gas MMcf sales volumes, and our water MG sales volumes, and percentage changes, for the three and nine months ended September 30, 2018, as compared to 2017, is as follows:

	Electric			Firm Natural Gas			Water		
	Sales Volumes (GWh)			Sales Volumes (MMcf)			Sales Volumes (MG)		
	2018	2017 (1)	Percentage Increase	2018	2017	Percentage Increase/ (Decrease)	2018	2017 (2)	Percentage Increase/ (Decrease)
Three Months Ended September 30:									
Traditional	2,206	2,020	9.2%	5,984	5,550	7.8 %	732	706	3.7 %
Decoupled	13,110	12,076	8.6%	4,674	4,828	(3.2)%	7,118	7,257	(1.9)%
Special Contracts (3)	N/A	N/A	N/A	684	1,147	(40.4)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	13,110	12,076	8.6%	5,358	5,975	(10.3)%	7,118	7,257	(1.9)%
Total Sales Volumes	15,316	14,096	8.7%	11,342	11,525	(1.6)%	7,850	7,963	(1.4)%
Nine Months Ended September 30:									
Traditional	7,857	7,542	4.2%	35,745	32,233	10.9 %	1,684	1,608	4.7 %
Decoupled	32,814	31,889	2.9%	35,358	33,958	4.1 %	16,491	17,084	(3.5)%
Special Contracts (3)	N/A	N/A	N/A	2,222	3,495	(36.4)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	32,814	31,889	2.9%	37,580	37,453	0.3 %	16,491	17,084	(3.5)%
Total Sales Volumes	40,671	39,431	3.1%	73,325	69,686	5.2 %	18,175	18,692	(2.8)%

(1) In 2017 and in the month of January 2018, NSTAR Electric operated under two different rate structures (traditional and decoupled) based on its service territory geography. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. The 2017 sales volumes for NSTAR Electric have been recast to present February through September 2017 as decoupled, to conform to the 2018 presentation for comparative purposes.

(2) Eversource acquired its water distribution business on December 4, 2017. Prior year sales volumes have been presented for comparative purposes.

(3) Special contracts are unique to Yankee Gas natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Traditional retail electric sales volumes were higher in the third quarter of 2018, as compared to the third quarter of 2017, due primarily to warmer summer weather in 2018. Traditional retail electric sales volumes were higher in the first nine months of 2018, as compared to the first nine months of 2017, due primarily to warmer summer weather in 2018 and colder weather in January 2018 at NSTAR Electric (prior to its decoupled rate structure). Cooling degree days in the third quarter and first nine months of 2018 were 50.3 percent and 28.3 percent higher in New Hampshire, respectively, as compared to the same periods in 2017. Heating degree days in January of 2018 were 21.7 percent higher in the Boston metropolitan, as compared to January 2017.

Our firm natural gas sales volumes are subject to many of the same influences as our retail electric sales volumes. In addition, they have benefited from customer growth in our natural gas distribution segment. Traditional firm natural gas sales volumes were higher in the first nine months of 2018, as compared to the first nine months of 2017, due primarily to colder January and April weather in 2018. Heating degree days in the first nine months of 2018 were 4.1 percent higher in Connecticut, as compared to the first nine months of 2017.

Liquidity

Cash and cash equivalents totaled $59.1 million as of September 30, 2018, compared with $38.2 million as of December 31, 2017.

Short-Term Debt - Commercial Paper Programs and Credit Agreements: Eversource parent has a $1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year $1.45 billion revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's $1.45 billion commercial paper program.

NSTAR Electric has a $650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. NSTAR Electric is also a party to a five-year $650 million revolving credit facility. The revolving credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's $650 million commercial paper program.

There were no borrowings outstanding on either the Eversource parent or NSTAR Electric revolving credit facilities as of September 30, 2018 or December 31, 2017. Eversource's water distribution segment has a $100 million revolving credit facility, which expires on August 19, 2019, and there were no amounts outstanding as of September 30, 2018 and $76.0 million outstanding as of December 31, 2017.

The amount of borrowings outstanding and available under the commercial paper programs were as follows:

	Borrowings Outstanding as of		Available Borrowing Capacity as of		Weighted-Average Interest Rate as of	
(Millions of Dollars)	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Eversource Parent Commercial Paper Program	$ 826.7	$ 979.3	$ 623.3	$ 470.7	2.34%	1.86%
NSTAR Electric Commercial Paper Program	240.5	234.0	409.5	416.0	2.17%	1.55%

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, $201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

As of September 30, 2018, there were intercompany loans from Eversource parent of $45.9 million to CL&P, $46.6 million to PSNH and $16.0 million to Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $196.9 million to Eversource Service, $108.0 million to Aquarion, and $117.2 million to NSTAR Gas as of September 30, 2018. As of December 31, 2017, there were intercompany loans from Eversource parent of $69.5 million to CL&P and $262.9 million to PSNH. Intercompany loans from Eversource parent to other Eversource subsidiaries primarily included $115.9 million to Eversource Service and $198.0 million to NSTAR Gas as of December 31, 2017. These intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets. Intercompany loans from Eversource parent are eliminated in consolidation on Eversource's balance sheets.

Long-Term Debt: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds for Issuances/ Repayment Information
CL&P:				
4.00% 2018 Series A First Mortgage Bonds	March 2018	$ 500.0	April 2048	Repaid long-term debt that matured in 2018 and repaid short-term borrowings
5.65% 2008 Series A First Mortgage Bonds	May 2008	(300.0)	May 2018	Repaid at maturity on May 1, 2018
PSNH:				
6.00% 2008 Series O First Mortgage Bonds	May 2008	(110.0)	May 2018	Repaid at maturity on May 1, 2018
Other:				
Eversource Parent 2.50% Series I Senior Notes (1)	January 2018	200.0	March 2021	Repaid long-term debt that matured in 2018 and repaid short-term borrowings
Eversource Parent 3.30% Series M Senior Notes	January 2018	450.0	January 2028	Repaid long-term debt that matured in 2018
Eversource Parent 1.60% Series G Senior Notes	January 2015	(150.0)	January 2018	Repaid at maturity on January 15, 2018
Eversource Parent 1.45% Series E Senior Notes	May 2013	(300.0)	May 2018	Repaid at maturity on May 1, 2018
Yankee Gas 4.13% Series O First Mortgage Bonds	September 2018	50.0	October 2048	Repaid long-term debt that matured in 2018
NSTAR Gas 4.09% Series P First Mortgage Bonds	September 2018	100.0	October 2048	Repaid short-term borrowings
Yankee Gas 6.90% Series J First Mortgage Bonds	October 2018	(100.0)	October 2018	Repaid at maturity on October 1, 2018

(1) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount for these notes is now $450 million.

On October 10, 2018, PSNH delivered a redemption notice for its $89.3 million adjustable rate 2001 Series A Pollution Control Revenue Bonds. The bonds, which are scheduled to mature on May 1, 2021, will be redeemed on November 28, 2018 at a redemption price of $89.3 million. The bonds are classified as Long-Term Debt on the balance sheet as of September 30, 2018.

Rate Reduction Bonds: PSNH Funding LLC 3 (PSNH Funding) is a bankruptcy remote, special purpose, wholly-owned subsidiary of PSNH. PSNH Funding was formed solely to issue RRBs to finance PSNH's unrecovered stranded costs associated with the divestiture of its generation assets.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs in multiple tranches with a weighted average interest rate of 3.66 percent, and final maturity dates ranging from 2026 to 2035. The RRBs are expected to be repaid by February 1, 2033. RRB payments consist of principal and interest and will be paid semi-annually, beginning on February 1, 2019. The RRBs were issued pursuant to a finance order issued by the NHPUC on January 30, 2018 to recover stranded costs resulting from the divestiture of PSNH's generation assets.

The proceeds were used to purchase PSNH's stranded cost asset-recovery property, including its vested property right to bill, collect and adjust a non-bypassable stranded cost recovery charge from PSNH's retail customers. The collections will be used to pay principal, interest and other costs in connection with the RRBs. The RRBs are secured by the stranded cost asset-recovery property. Cash collections from the stranded cost recovery charges and funds on deposit in trust accounts are the sole source of funds to satisfy the debt obligation. PSNH is not the owner of the RRBs, and PSNH Funding's assets and revenues are not available to pay PSNH's creditors. The RRBs are non-recourse senior secured obligations of PSNH Funding and are not insured or guaranteed by PSNH or Eversource Energy.

Cash Flows: Cash flows provided by operating activities totaled $1.41 billion in the first nine months of 2018, compared with $1.48 billion in the first nine months of 2017. The decrease in operating cash flows was due primarily to cash payments made in 2018 for storm restoration costs of approximately $228 million, an increase of $67.4 million in income tax payments made in the first nine months of 2018, as compared to 2017, and the unfavorable impacts related to the timing of payments of our working capital items, including accounts receivable. Partially offsetting these unfavorable impacts were the timing of cash collected for regulatory tracking mechanisms and a decrease of $9.0 million in 2018 of pension and PBOP contributions.

We believe the future operating cash flows of Eversource, CL&P, NSTAR Electric and PSNH, along with our existing borrowing availability and access to financial markets for the issuance of new long-term debt, will be sufficient to meet any working capital and future operating requirements, and capital investment forecast opportunities.

On September 10, 2018, our Board of Trustees approved a common share dividend payment of $0.505 per share, which was paid on September 28, 2018, to shareholders of record as of September 21, 2018. In the first nine months of 2018, we paid cash dividends of $480.1 million, compared with $451.6 million paid in the first nine months of 2017.

In the first nine months of 2018, CL&P, NSTAR Electric and PSNH paid $60.0 million, $161.0 million, and $150.0 million, respectively, in common stock dividends to Eversource parent. In the first nine months of 2018, PSNH returned $530 million of capital to Eversource parent.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized and deferred portions of pension and PBOP expense. In the first nine months of 2018, investments for Eversource, CL&P, NSTAR Electric, and PSNH were $1.89 billion, $660.7 million, $539.0 million, and $236.2 million respectively.

Business Development and Capital Expenditures

Our consolidated capital expenditures, including amounts incurred but not paid, cost of removal, AFUDC, and the capitalized and deferred portions of pension and PBOP expense (all of which are non-cash factors), totaled $1.96 billion in the first nine months of 2018, compared to $1.69 billion in the first nine months of 2017. These amounts included $113.9 million and $97.8 million in the first nine months of 2018 and 2017, respectively, related to information technology and facilities upgrades and enhancements, primarily at Eversource Service and The Rocky River Realty Company.

Offshore Wind Projects: Bay State Wind is a proposed offshore wind project being jointly developed by Eversource and Denmark-based Ørsted. Bay State Wind will be located in a 300-square-mile area of the Atlantic Ocean approximately 25 miles off the coast of Massachusetts that has the ultimate potential to generate at least 2,000 MW of clean, renewable energy. Eversource and Ørsted each hold a 50 percent ownership interest in Bay State Wind.

Based on current clean energy requirements in New England and New York, future solicitations for offshore wind are expected to occur in late 2018 and early 2019. Bay State Wind expects to participate, or has submitted proposals, in some or all of the following opportunities:

- Connecticut issued an RFP for zero carbon resources for up to 12 terawatt hours, in which nuclear and clean energy resources, including offshore wind, are eligible to participate. Bay State Wind submitted its bid in September 2018. We currently expect a decision in late 2018 or early 2019.

- Massachusetts' second offshore wind RFP for 400 MW to 800 MW is expected to be issued no later than mid-2019.

- New York has a goal to procure 2,400 MW of offshore wind by 2030. The New York State Energy Research and Development Authority ("NYSERDA") issued a draft RFP for 800 MW in September 2018, and the final RFP is expected to be issued in the fourth quarter of 2018. NYSERDA has the authority to award more than 800 MW in the first solicitation if sufficient attractive offers are received. Contracts are expected to be awarded in 2019.

Bay State Wind had previously participated in certain other New England RFPs earlier this year and was not selected.

Natural Gas Transmission Business: Access Northeast is a natural gas pipeline and storage project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge") and National Grid plc ("National Grid"), through Algonquin Gas Transmission, LLC ("AGT"). Eversource owns a 40 percent interest in the project, which is accounted for as an equity method investment.

In 2015 and 2016, AGT sought to secure long-term natural gas pipeline capacity contracts with EDCs in Massachusetts, Connecticut, New Hampshire, Maine, and Rhode Island. Subsequently, in 2016, the Massachusetts Supreme Judicial Court and the NHPUC each ruled that state statutes precluded the state regulatory agencies from approving those contracts in Massachusetts and New Hampshire, respectively. The New Hampshire Supreme Court overruled the NHPUC decision in May 2018. Legislative changes are needed in Massachusetts to allow the DPU to approve natural gas pipeline capacity contracts. No such changes have occurred during any legislative session in 2017 or 2018.

In September 2018, certain non-Eversource natural gas related events in eastern Massachusetts resulted in widespread property and system damage, personal injuries, and a fatality. As a result of these events, compounded by the failure to secure Massachusetts legislation to date, we believe there is significant uncertainty around the future timing of, and ability to secure, needed legislative change affecting the natural gas industry and pipeline expansion, which may significantly delay the completion of the Access Northeast project.

Eversource identified the September 2018 natural gas related event, compounded by the adverse legislative environment, as negative evidence that indicated potential impairment. Our impairment assessment uses a discounted cash flow income approach, including consideration of the severity and duration of any decline in fair value of our investment in the project, and involves significant management judgment and estimation, including projections of the project's discounted cash flows and assumptions about exit price. As of September 30, 2018, management determined that the future cash flows of the Access Northeast project are uncertain and can no longer be reasonably estimated and that the book value of our equity method investment is not recoverable. As a result, for the three months ended September 30, 2018, Eversource recorded an other-than-temporary impairment of $32.9 million within Other Income, Net on our statement of income, representing the full carrying value of our equity method investment.

Electric Transmission Business: Our consolidated electric transmission business capital expenditures increased by $124.4 million in the first nine months of 2018, as compared to the first nine months of 2017. A summary of electric transmission capital expenditures by company is as follows:

	For the Nine Months Ended September 30,	
(Millions of Dollars)	2018	2017
CL&P	$ 346.7	$ 300.7
NSTAR Electric	210.8	179.4
PSNH	142.1	87.4
NPT	24.4	32.1
Total Electric Transmission Segment	$ 724.0	$ 599.6

Northern Pass: Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire.

Northern Pass has achieved several key milestones, including receiving the following major permits:

- NHPUC approval on February 12, 2018 for the proposed lease of certain land and easement rights from PSNH to NPT, concluding that the lease is in the public interest;
- U.S. Forest Service Record of Decision on January 5, 2018, which allows NPT to install approximately 11 miles of underground transmission lines along existing roads through the White Mountain National Forest;
- Province of Québec permit granted to HQ on December 21, 2017 to construct the hydroelectric transmission line that will connect at the border of New Hampshire;
- DOE Record of Decision and Presidential Permit on November 16, 2017, which will allow construction of transmission facilities at the Québec-New Hampshire border; and
- DOE final Environmental Impact Statement issued on August 10, 2017, which concluded that the proposed Northern Pass route is the preferred alternative, providing substantial benefits with only minimal impacts.

On January 25, 2018, Northern Pass was selected from the 46 proposal packages submitted as the winning bidder in the Massachusetts clean energy request for proposal ("RFP"), which successfully positioned Northern Pass to provide a firm delivery of hydropower to Massachusetts. On February 1, 2018, the NHSEC voted to deny Northern Pass' siting application. On March 28, 2018, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified Northern Pass that the EDCs had terminated its selection and all contract negotiations.

On March 30, 2018, the NHSEC released its written decision confirming its denial. On April 27, 2018, NPT filed a motion for rehearing with the NHSEC and on July 12, 2018, the NHSEC issued its written decision denying Northern Pass' motion for rehearing. On August 10, 2018, NPT filed an appeal to the New Hampshire Supreme Court, based on the NHSEC's failure to follow applicable law in its review of the project. On October 12, 2018, the New Hampshire Supreme Court accepted this appeal and directed the NHSEC to transmit the record of its proceedings to the Court by December 11, 2018. The Supreme Court has not yet issued a schedule for the balance of the appeal process. In parallel, NPT intends to continue to pursue all available options to secure NHSEC approval and to construct the project.

The March 2018 NHSEC decision denying Northern Pass' siting application caused us to review the recoverability of our Northern Pass project costs in the first quarter of 2018. In this recoverability review, we estimated undiscounted expected project cash flows and compared the result to our estimated project costs to determine whether the recorded amount was recoverable. Our undiscounted cash flows were substantially in excess of our estimated project costs. We completed this analysis and concluded that our project costs were recoverable as of March 31, 2018, based on our expectation that the Northern Pass project remains probable of being placed in service. The events that occurred subsequent to March 31, 2018 did not require an additional review of recoverability of the Northern Pass project costs as of September 30, 2018, which were approximately $302 million.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ remain committed to Northern Pass and the many benefits this project will bring to our customers and the region. If, as a result of future events and changes in circumstances, a new recoverability review were to conclude that our project costs are not recoverable, then we would reduce Northern Pass' project costs to the estimated fair value, which could result in most of our $302 million of capitalized project costs being impaired. Such an impairment could have a material adverse effect on our financial position and results of operations.

Greater Boston Reliability Solution: In February 2015, ISO-NE selected the Greater Boston and New Hampshire Solution (the "Solution"), proposed by Eversource and National Grid, to satisfy the requirements identified in the Greater Boston study. The Solution consists of a portfolio of electric transmission upgrades in southern New Hampshire and northern Massachusetts and continuing into the greater Boston metropolitan area, of which 28 upgrades are in Eversource's service territory. The NHSEC issued its written order approving the New Hampshire upgrades on October 4, 2016. All the New Hampshire upgrades, including the Merrimack Valley Reliability Project, have been completed and placed in service. We are currently pursuing the necessary regulatory and siting application approvals in Massachusetts. To date, we have received approval for five of these projects from the Massachusetts Energy Facilities Siting Board. Construction has also begun on multiple projects, several of which have been placed in service. Most upgrades are expected to be completed by the end of 2019. One project is now expected to be in service by the end of 2020 and another project by mid-2021. We estimate our portion of the investment in the Solution will be approximately $560 million, of which $311.4 million has been capitalized through September 30, 2018.

GHCC: The Greater Hartford Central Connecticut ("GHCC") projects, which have been approved by ISO-NE, consist of 27 projects with an expected investment of approximately $350 million that are scheduled to be placed in service through 2019. As of September 30, 2018, 21 projects have been placed in service, and six projects are in active construction. As of September 30, 2018, CL&P had capitalized $226.5 million in costs associated with GHCC.

Seacoast Reliability Project: On April 12, 2016, PSNH filed a siting application with the NHSEC for the Seacoast Reliability Project, a 13-mile, 115kV transmission line within several New Hampshire communities, which proposes to use a combination of overhead, underground and underwater line design to help meet the growing demand for electricity in the Seacoast region. In June 2016, the NHSEC accepted the application as complete. On February 28, 2018, the New Hampshire Department of Environmental Services issued a final decision and recommended approval of the application to the NHSEC. On July 1, 2018, PSNH filed with the NHSEC, per its order, a more detailed review of potential construction methods for installing the underwater line. The review supports the original proposed method of embedding the cable in the floor of the bay as cost effective with minimal environmental impacts. The NHSEC decision is expected in early 2019. This project is scheduled to be completed by the end of 2019. We estimate the investment in this project to be approximately $84 million, of which PSNH had capitalized $29.4 million in costs through September 30, 2018.

Distribution Business: A summary of distribution capital expenditures is as follows:

	For the Nine Months Ended September 30,						
(Millions of Dollars)	CL&P	NSTAR Electric	PSNH	Total Electric	Natural Gas	Water	Total
2018							
Basic Business	$ 199.5	$ 144.6	$ 57.4	$ 401.5	$ 52.7	$ 10.9	$ 465.1
Aging Infrastructure	100.7	79.7	61.6	242.0	166.3	51.4	459.7
Load Growth and Other	59.5	39.3	9.1	107.9	38.2	1.8	147.9
Total Distribution	359.7	263.6	128.1	751.4	257.2	64.1	1,072.7
Generation and Solar	—	48.1	0.9	49.0	—	—	49.0
Total	$ 359.7	$ 311.7	$ 129.0	$ 800.4	$ 257.2	$ 64.1	$ 1,121.7
2017							
Basic Business	$ 161.8	$ 126.7	$ 52.5	$ 341.0	$ 51.3	N/A	$ 392.3
Aging Infrastructure	127.4	65.9	63.9	257.2	149.6	N/A	406.8
Load Growth and Other	41.0	51.7	14.1	106.8	30.6	N/A	137.4
Total Distribution	330.2	244.3	130.5	705.0	231.5	N/A	936.5
Generation and Solar	—	45.5	6.7	52.2	—	N/A	52.2
Total	$ 330.2	$ 289.8	$ 137.2	$ 757.2	$ 231.5	N/A	$ 988.7

For the electric distribution business, basic business includes the purchase of meters, tools, vehicles, information technology, transformer replacements, equipment facilities, and the relocation of plant. Aging infrastructure relates to reliability and the replacement of overhead lines, plant substations, underground cable replacement, and equipment failures. Load growth and other includes requests for new business and capacity additions on distribution lines and substation additions and expansions.

For the natural gas distribution business, basic business addresses daily operational needs including meters, pipe relocations due to public works projects, vehicles, and tools. Aging infrastructure projects seek to improve the reliability of the system through enhancements related to cast iron and bare steel replacement of main and services, corrosion mediation, and station upgrades. Load growth and other reflects growth in existing service territories including new developments, installation of services, and expansion.

For the water distribution business, basic business addresses daily operational needs including periodic meter replacement, water main relocation, facility maintenance, and tools. Aging infrastructure relates to reliability and the replacement of water mains, regulators, storage tanks, pumping stations, wellfields, reservoirs, and treatment facilities. Load growth and other reflects growth in our territory including improvements to acquisitions, installation of new services, and interconnections of systems.

FERC Regulatory Matters

FERC Transmission Rate Settlement: On December 28, 2015, FERC initiated a proceeding to review the New England transmission owners' (NETOs) regional and local transmission rates due to a lack of transparency. The FERC also found that the formula rates generally lacked sufficient details to determine how costs are derived and recovered in rates. This proceeding was set for hearing but held in abeyance to provide time for settlement judge procedures. On August 17, 2018, a signed Settlement Agreement between twenty-eight parties, including all six New England state regulatory commissions, the NETOs (including CL&P, NSTAR Electric and PSNH) and other settling parties, was filed at the FERC. The Settlement Agreement includes, among other things, a new formula rate template, effective on January 1, 2020, in which all regional and local transmission revenue requirements will be determined through a single formula rate. The Settlement Agreement will need to be certified to the FERC by the Settlement Administrative Law Judge and then ordered on by the FERC.

FERC ROE Complaints: Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, filed on October 1, 2011, December 27, 2012, and July 31, 2014, respectively, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

On October 16, 2014, the FERC set the base ROE at 10.57 percent and the incentive cap at 11.74 percent for the first complaint period. This was also effective for all prospective billings to customers beginning October 16, 2014. This FERC order was vacated on April 14, 2017 by the U.S. Court of Appeals for the D.C. Circuit (the "Court").

The ROE billed during the period October 1, 2011 (beginning of the first complaint period) through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. All amounts associated with the first complaint period have been refunded. Eversource has recorded a reserve of $39.1 million (pre-tax and excluding interest) for the second complaint period as of September 30, 2018. This reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of $21.4 million for CL&P, $14.6 million for NSTAR Electric and $3.1 million for PSNH as of September 30, 2018.

On October 16, 2018, FERC issued an order on all four complaints describing how it intends to address the issues that were remanded by the Court. FERC proposed a new framework to determine (1) whether an existing ROE is unjust and unreasonable and, if so, (2) how to calculate a replacement ROE. The parties to these proceedings were directed to submit briefs on this new proposed framework and how they would apply them in each of the four complaint proceedings. Briefs and reply briefs will be filed in the first quarter of 2019.

The FERC order included illustrative calculations for the first complaint, using FERC's proposed frameworks with financial data from that complaint. Those preliminary calculations indicated that for the first complaint period, for the NETOs that FERC concludes are of average financial risk, (1) a preliminary range of presumptively just and reasonable base ROEs is 9.60 percent to 10.99 percent; (2) the pre-existing base ROE of 11.14 percent is therefore unjust and unreasonable; (3) the preliminary just and reasonable base ROE is 10.41 percent; and (4) the preliminary incentive cap on total ROE is 13.08 percent. If the results of these illustrative calculations were included in a final FERC order, then the 10.41 percent base ROE and a 13.08 percent incentive cap would not have a significant impact on our financial statements for the first complaint period.

Although the order provided illustrative calculations, FERC stated that these calculations are merely preliminary. The FERC's preliminary calculations are not binding and do not represent what we believe to be the most likely outcome of a final FERC order, as significant changes to the methodology by FERC are possible as a result of the parties' arguments and calculations in the briefing process. Until FERC issues a final decision on each of these four complaints, there is significant uncertainty, and at this time, the Company cannot reasonably estimate a range of gain or loss for any of the four complaint proceedings. The October 16, 2018 FERC order does not provide a reasonable basis for a change to the reserve or recognized ROEs for any of the complaint periods.

Eversource, CL&P, NSTAR Electric and PSNH currently record revenues at the 10.57 percent base ROE and incentive cap at 11.74 percent established in the October 16, 2014 FERC order.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately $3 million.

U.S. Federal Corporate Income Taxes: On March 15, 2018, the FERC issued a notice of inquiry requesting comments from FERC-regulated utilities on whether and how the FERC should address changes in ADIT as a result of the Tax Cuts and Jobs Act. Effective January 1, 2018, the local transmission service rates were updated to reflect the lower U.S. federal corporate income tax rate that resulted from the act, which impacts only the revenue requirements we currently bill customers, not the excess ADIT. On June 28, 2018, FERC granted a one-time tariff waiver related to the federal corporate income tax rate so that effective June 1, 2018, the regional transmission service rates reflect the reduced federal corporate income tax rate at 21 percent.

Regulatory Developments and Rate Matters

Electric, Natural Gas and Water Base Distribution Rates:

The regulated companies' distribution rates are set by their respective state regulatory commissions, and their tariffs include mechanisms for periodically adjusting their rates for the recovery of specific incurred costs. Other than as described below, for the first nine months of 2018, changes made to the regulated companies' rates did not have a material impact on their earnings, financial position, or cash flows. For further information, see "Financial Condition and Business Analysis – Regulatory Developments and Rate Matters" included in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," of the Eversource 2017 Form 10-K.

U.S. Federal Corporate Income Taxes:

On December 22, 2017, the Tax Cuts and Jobs Act became law, which amended existing federal tax rules to reduce the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. For our regulated companies, the most significant changes are (1) the benefit of incurring a lower federal income tax expense, which we expect to be passed back to customers once reflected in rates, depending on regulatory outcomes, and (2) the provisional regulated excess ADIT liabilities that we expect will benefit our customers in future periods, which were estimated to be approximately $2.9 billion and included in regulatory liabilities as of September 30, 2018.

Eversource established a liability, recorded as a reduction to revenue, to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act, until rates billed to customers reflect the lower federal tax rate. As of September 30, 2018, this liability, net of amounts refunded to customers, was $36.2 million.

For information on filings with regulatory commissions and the impact to customer rates, see "Connecticut," "Massachusetts," and "New Hampshire" sections below and "FERC Regulatory Matters - U.S. Federal Corporate Income Taxes" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Connecticut:

CL&P Rate Case Settlement: On April 18, 2018, PURA approved the distribution rate case settlement agreement that was reached by CL&P, the Prosecutorial Unit of PURA, and the OCC on December 15, 2017, as amended on March 23, 2018. The distribution rate case settlement agreement included, among other things, rate increases of $64.3 million, $31.1 million, and $29.2 million, effective May 1, 2018, 2019, and 2020, respectively, an authorized regulatory ROE of 9.25 percent, 53 percent common equity in CL&P's capital structure, and a new capital tracker, effective July 1, 2018, for core capital additions in excess of $270 million per rate year and also for capital additions for system resiliency and grid modernization. The new capital tracker also included a provision to return to customers the impact of a lower federal corporate income tax rate from the Tax Cuts and Jobs Act from January through April 2018, offset by the impacts of rate base growth since the previous rate case for the same period. In addition, the distribution rates charged to customers were adjusted to reflect the prospective impacts of a lower federal income tax rate from the Tax Cuts and Jobs Act. Amounts related to the excess ADIT liabilities will be incorporated into the May 1, 2019 distribution rate change. The settlement agreement also incorporated $18.6 million of rate base recovery for catastrophic storms occurring after December 31, 2016, subject to a future storm filing.

Yankee Gas Rate Case Settlement: On June 15, 2018, Yankee Gas filed its rate case application with PURA. On September 21, 2018, an amended settlement agreement was reached with the Office of Consumer Counsel and the prosecutorial division of the PURA and filed for approval by PURA, which included revised rate increases of $1.4 million, $15.8 million and $13.0 million, for rate years beginning November 15, 2018, January 1, 2020, and January 1, 2021, respectively. As part of the settlement, Yankee Gas proposed to continue its ongoing natural gas system expansion program, implement a Distribution Integrity Management Program cost recovery mechanism that includes recovery of approximately $26 million to $37 million of capital additions annually in excess of $150 million included in rate base per year, implement a revenue decoupling rate mechanism, and recover merger costs. The settlement agreement includes a regulatory ROE of 9.3 percent. In addition, the distribution rates to be charged to customers will be adjusted to reflect the prospective impacts of the lower federal corporate income tax rate, the overcollection of the lower income tax rate from January 1, 2018, and the excess ADIT from the Tax Cuts and Jobs Act. The settlement results in new rates effective November 15, 2018. A final decision from PURA is expected in late 2018.

Massachusetts:

U.S. Federal Corporate Income Taxes: The DPU opened an investigation into the impact of the Tax Cuts and Jobs Act on Massachusetts regulated utilities. On June 29, 2018, the DPU issued a decision ordering NSTAR Gas to lower rates effective July 1, 2018 by an annualized $7.3 million. For NSTAR Electric, lower rates due to the reduction in the federal corporate income tax rate were effective February 1, 2018. A second phase of the investigation will address the excess ADIT issue and any potential refunds for the periods January 1, 2018 to the effective dates of the rate changes that have occurred. On September 19, 2018, NSTAR Electric submitted a filing to the DPU to adjust rates to refund the excess ADIT to customers, effective January 1, 2019. NSTAR Gas' excess ADIT is pending DPU approval.

New Hampshire:

Generation Divestiture: In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, pursuant to which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approved this agreement as well as the final divestiture plan and auction process in the second half of 2016. On October 11, 2017, PSNH entered into two Purchase and Sale Agreements with private investors, one to sell its thermal generation assets at a purchase price of $175 million, subject to adjustment, (the "Thermal Agreement") and a second to sell its hydroelectric generation assets at a purchase price of $83 million, subject to adjustment (the "Hydro Agreement"). The NHPUC approved these agreements in late November 2017.

On January 10, 2018, PSNH completed the sale of its thermal generation assets pursuant to the Thermal Agreement. In accordance with the Thermal Agreement, the original purchase price of $175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling $40.9 million, resulting in net proceeds of $134.1 million. In the second quarter of 2018, the purchase price was further adjusted by $17.3 million relating to the valuation of certain allowances. As a result of these adjustments, net proceeds from the sale of the thermal assets totaled $116.8 million.

On July 16, 2018, FERC issued its order approving the transfer of PSNH's six hydroelectric licenses to private investors. On August 26, 2018, PSNH completed the sale of its hydroelectric generation assets pursuant to the Hydro Agreement. In accordance with the Hydro Agreement, the original purchase price of $83 million was adjusted to reflect contractual adjustments totaling $5.7 million, resulting in net proceeds of $77.3 million. The difference between the carrying value of the hydroelectric generation assets and the sale proceeds resulted in a gain of $17.2 million. An estimated gain from the sale of these assets was included as an offset to the total stranded costs associated with the sale of generation assets.

On May 8, 2018, PSNH Funding issued $635.7 million of securitized RRBs pursuant to a finance order issued by the NHPUC on January 30, 2018 to recover stranded costs resulting from the divestiture of PSNH's generation assets. These bonds are secured by a non-bypassable charge billed to PSNH's customers. PSNH recorded regulatory assets and other deferred costs in connection with the generation asset divestiture and the securitization of stranded costs, which are probable of recovery through collection of the non-bypassable charge. For further information on the securitized RRB issuance, see "Liquidity - Rate Reduction Bonds" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

U.S. Federal Corporate Income Taxes: On September 27, 2018, the NHPUC issued a decision on the impact of the U.S. federal corporate income tax rate reduction from the Tax Cuts and Jobs Act. The NHPUC concluded that the tax law change qualified as an exogenous event, as defined in the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, and that the benefit of incurring the lower federal income tax expense would be passed back to customers with carrying charges. Distribution rates are to reflect the deferred excess ADIT, the impact of the lower federal income tax rate, and the overcollection of the lower income tax rate from January 1, 2018 to the rate adjustment effective date of July 1, 2019, or earlier if a rate case is filed for rates effective prior to July 1, 2019. As of September 30, 2018, PSNH has recorded a reserve of $9.4 million to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018.

2011 through 2013 Storm Costs: On September 17, 2018, the NHPUC approved the recovery of $49 million, plus carrying charges, in storm costs incurred from August 2011 through March 2013 and the transfer of funding from PSNH's major storm funding reserve to offset those costs. The costs of these storms (excluding the equity return component of the carrying charges) were deferred as regulatory assets, and the funding reserve collected from customers was accrued as a regulatory liability. The storm cost deferral is separate from the major storm funding reserve that is being collected from customers. As a result of the approval, PSNH recognized $8.7 million (pre-tax) within Other Income, Net on our statement of income in the third quarter of 2018 for the equity return component of the carrying charges, which have been billed and collected. Storm costs incurred from March 2013 through 2016 are currently being audited by the NHPUC staff. As of September 30, 2018, the pre-tax equity return component of the carrying charges related to storms incurred after March 2013 was $6.5 million, which will be recognized to earnings upon NHPUC approval of those storm costs.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and, at times, difficult, subjective or complex judgments. Changes in these estimates, assumptions and judgments, in and of themselves, could materially impact our financial position, results of operations or cash flows. Our management communicates to and discusses with the Audit Committee of our Board of Trustees significant matters relating to critical accounting policies. Our critical accounting policies that we believed were the most critical in nature were reported in the Eversource 2017 Form 10-K. There have been no material changes with regard to these critical accounting policies.

See Note 1C, "Summary of Significant Accounting Policies – Northern Pass," and Note 1D, "Summary of Significant Accounting Policies – Impairment of Access Northeast," to the financial statements for further discussion of critical accounting estimates surrounding impairment analysis.

Other Matters

Accounting Standards: For information regarding new accounting standards, see Note 1B, "Summary of Significant Accounting Policies – Accounting Standards," to the financial statements.

Contractual Obligations and Commercial Commitments: There have been no material contractual obligations identified and no material changes with regard to the contractual obligations and commercial commitments previously disclosed in the Eversource 2017 Form 10-K.

Web Site: Additional financial information is available through our website at www.eversource.com. We make available through our website a link to the SEC's EDGAR website (http://www.sec.gov/edgar/searchedgar/companysearch.html), at which site Eversource's, CL&P's, NSTAR Electric's and PSNH's combined Annual Reports on Form 10-K, combined Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports may be reviewed. Information contained on the Company's website or that can be accessed through the website is not incorporated into and does not constitute a part of this combined Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the three and nine months ended September 30, 2018 and 2017 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(Millions of Dollars)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)
Operating Revenues	$ 2,271.4	$ 1,988.5	$ 282.9	$ 6,413.2	$ 5,856.5	$ 556.7
Operating Expenses:						
Purchased Power, Fuel and Transmission	842.3	651.8	190.5	2,443.0	1,955.1	487.9
Operations and Maintenance	344.5	307.7	36.8	970.9	956.3	14.6
Depreciation	208.7	194.5	14.2	612.1	571.2	40.9
Amortization	92.7	41.8	50.9	174.1	58.1	116.0
Energy Efficiency Programs	130.0	129.2	0.8	366.1	391.8	(25.7)
Taxes Other Than Income Taxes	187.2	168.2	19.0	547.1	479.6	67.5
Total Operating Expenses	1,805.4	1,493.2	312.2	5,113.3	4,412.1	701.2
Operating Income	466.0	495.3	(29.3)	1,299.9	1,444.4	(144.5)
Interest Expense	125.2	108.7	16.5	372.7	319.5	53.2
Other Income, Net	16.7	28.5	(11.8)	100.6	79.2	21.4
Income Before Income Tax Expense	357.5	415.1	(57.6)	1,027.8	1,204.1	(176.3)
Income Tax Expense	66.2	152.8	(86.6)	220.5	447.9	(227.4)
Net Income	291.3	262.3	29.0	807.3	756.2	51.1
Net Income Attributable to Noncontrolling Interests	1.9	1.9	—	5.6	5.6	—
Net Income Attributable to Common Shareholders	$ 289.4	$ 260.4	$ 29.0	$ 801.7	$ 750.6	$ 51.1

Operating Revenues
Operating Revenues by segment increased/(decreased) for the three and nine months ended September 30, 2018, as compared to the same periods in 2017, as follows (the variance in electric distribution revenues reflects intercompany transmission billings in both periods):

(Millions of Dollars)	Three Months Ended	Nine Months Ended
Electric Distribution	$ 210.3	$ 338.1
Natural Gas Distribution	(0.2)	41.7
Electric Transmission	2.1	(17.0)
Water Distribution	63.5	161.5
Other	0.4	15.0
Eliminations	6.8	17.4
Total Operating Revenues	$ 282.9	$ 556.7

Sales Volumes: A summary of our retail electric GWh sales volumes, our firm natural gas MMcf sales volumes, and our water MG sales volumes, and percentage changes, for the three and nine months ended September 30, 2018, as compared to 2017, is as follows:

	Electric			Firm Natural Gas			Water		
	Sales Volumes (GWh)		Percentage	Sales Volumes (MMcf)		Percentage	Sales Volumes (MG)		Percentage
	2018	2017 (1)	Increase	2018	2017	Increase/ (Decrease)	2018	2017 (2)	Increase/ (Decrease)
Three Months Ended September 30:									
Traditional	2,206	2,020	9.2%	5,984	5,550	7.8 %	732	706	3.7 %
Decoupled	13,110	12,076	8.6%	4,674	4,828	(3.2)%	7,118	7,257	(1.9)%
Special Contracts (3)	N/A	N/A	N/A	684	1,147	(40.4)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	13,110	12,076	8.6%	5,358	5,975	(10.3)%	7,118	7,257	(1.9)%
Total Sales Volumes	15,316	14,096	8.7%	11,342	11,525	(1.6)%	7,850	7,963	(1.4)%
Nine Months Ended September 30:									
Traditional	7,857	7,542	4.2%	35,745	32,233	10.9 %	1,684	1,608	4.7 %
Decoupled	32,814	31,889	2.9%	35,358	33,958	4.1 %	16,491	17,084	(3.5)%
Special Contracts (3)	N/A	N/A	N/A	2,222	3,495	(36.4)%	N/A	N/A	N/A
Total - Decoupled and Special Contracts	32,814	31,889	2.9%	37,580	37,453	0.3 %	16,491	17,084	(3.5)%
Total Sales Volumes	40,671	39,431	3.1%	73,325	69,686	5.2 %	18,175	18,692	(2.8)%

(1) In 2017 and in the month of January 2018, NSTAR Electric operated under two different rate structures (traditional and decoupled) based on its service territory geography. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure. The 2017 sales volumes for NSTAR Electric have been recast to present February through September 2017 as decoupled, to conform to the 2018 presentation for comparative purposes.

(2) Eversource acquired its water distribution business on December 4, 2017. Prior year sales volumes have been presented for comparative purposes.

(3) Special contracts are unique to Yankee Gas natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Fluctuations in retail electric sales volumes at PSNH and natural gas sales volumes at Yankee Gas impact earnings ("Traditional" in the table above). For CL&P, NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision) and NSTAR Gas, fluctuations in retail sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table above). Fluctuations in water sales volumes largely do not impact earnings as our Connecticut water distribution business is decoupled.

CL&P and NSTAR Electric reconcile their annual base distribution rate recovery amounts to their respective pre-established levels of baseline distribution delivery service revenues of approximately $1.1 billion (effective May 1, 2018) and $947 million, respectively. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

Three Months Ended: Operating Revenues, which primarily consist of base distribution revenues and tracked revenues further described below, increased $282.9 million for the three months ended September 30, 2018, as compared to the same period in 2017.

Base Electric and Natural Gas Distribution Revenues:

- Electric distribution revenues increased $9.7 million due primarily to CL&P's base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings) and an increase in non-decoupled sales volumes driven by warmer summer weather in 2018. The increase in revenues was partially offset by lower base distribution rates at NSTAR Electric, as per the DPU-approved rate case decision that became effective February 1, 2018. NSTAR Electric's rates were adjusted to reflect the new lower federal corporate income tax rate and the movement of certain costs from base distribution rates to fully-reconciled cost tracking mechanisms (most of which did not impact earnings).

- Electric distribution revenues decreased $3.1 million due to the liability established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

- Base natural gas distribution revenues increased $1.1 million due primarily to an increase in demand revenues. The increase in revenues was more than offset by a $3.5 million decrease due to the liability established to reflect the impact of the reduction in federal corporate income tax rates, effective January 1, 2018. Effective July 1, 2018 for NSTAR Gas, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

Tracked Electric and Natural Gas Distribution Revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, net metering for distributed generation, and restructuring and stranded cost recovery revenues (including securitized RRB charges). In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers.

- Tracked electric distribution revenues increased as a result of an increase in electric energy supply costs ($97.4 million), driven by increased average retail prices. In addition, there was an increase in stranded cost recovery revenues ($31.7 million) and an increase in retail electric transmission charges ($24.6 million).

- Tracked natural gas distribution revenues increased as a result of an increase in natural gas supply costs ($3.0 million).

Water: Water operating revenues totaled $63.5 million for the three months ended September 30, 2018 as a result of the acquisition of Aquarion on December 4, 2017.

Electric Transmission Revenues: The electric transmission segment revenues increased $2.1 million due to an increase related to ongoing investments in our transmission infrastructure, partially offset by lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues.

Nine Months Ended: Operating Revenues, which primarily consist of base distribution revenues and tracked revenues further described below, increased $556.7 million for the nine months ended September 30, 2018, as compared to the same period in 2017.

Base Electric and Natural Gas Distribution Revenues:

- Electric distribution revenues decreased $39.6 million due primarily to lower base distribution rates at NSTAR Electric, as per the DPU-approved rate case decision that became effective February 1, 2018. NSTAR Electric's rates were adjusted to reflect the new lower federal corporate income tax rate and the movement of certain costs from base distribution rates to fully-reconciled cost tracking mechanisms (most of which did not impact earnings). The decrease in revenues was partially offset by CL&P's base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings), and an increase in non-decoupled sales volumes primarily driven by colder weather in January 2018 at NSTAR Electric (prior to its decoupled rate structure) and warmer summer weather in 2018 at PSNH. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure.

- Electric distribution revenues also decreased $29.5 million due to the liability established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

- Base natural gas distribution revenues increased $10.7 million due primarily to an increase in sales volumes and demand revenues driven by colder January and April weather in Connecticut in 2018, as well as growth in new customer base. The increase in revenues was more than offset by an $11.5 million decrease due to the liability established to reflect the impact of the reduction in federal corporate income tax rates, effective January 1, 2018. Effective July 1, 2018 for NSTAR Gas, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

Tracked Electric and Natural Gas Distribution Revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, net metering for distributed generation, and restructuring and stranded cost recovery revenues (including securitized RRB charges). In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers.

- Tracked electric distribution revenues increased as a result of an increase in electric energy supply costs ($234.1 million), driven by increased average retail prices. In addition, there was an increase in stranded cost recovery revenues ($49.9 million) and an increase in retail electric transmission charges ($57.4 million).

- Tracked natural gas distribution revenues increased as a result of an increase in natural gas supply costs ($36.6 million) and an increase in energy efficiency program revenues ($4.6 million).

Water: Water operating revenues totaled $161.5 million for the nine months ended September 30, 2018 as a result of the acquisition of Aquarion on December 4, 2017.

Electric Transmission Revenues: The electric transmission segment revenues decreased $17.0 million due to lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity, natural gas and water, on behalf of our customers. These supply costs are recovered from customers in rates through commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased for the three and nine months ended September 30, 2018, as compared to the same periods in 2017, due primarily to the following:

(Millions of Dollars)	Three Months Ended	Nine Months Ended
Electric Distribution	$ 145.8	$ 338.4
Natural Gas Distribution	2.9	31.0
Transmission	36.3	79.0
Water Distribution	0.4	1.1
Eliminations	5.1	38.4
Total Purchased Power, Fuel and Transmission	$ 190.5	$ 487.9

The variance in electric distribution reflects intercompany transmission charges in both periods. The increase in purchased power expense at the electric distribution business for the three and nine months ended September 30, 2018, as compared to the same periods in 2017, was driven primarily by higher prices associated with the procurement of energy supply. As a result of the sale of PSNH's thermal generation assets on January 10, 2018, and the sale of PSNH's hydroelectric assets on August 26, 2018, PSNH purchased power in place of its self-generation output in the first nine months of 2018. The increase in natural gas supply costs at our natural gas distribution business was due to higher average prices and sales volumes.

The increase in transmission costs for the three and nine months ended September 30, 2018, as compared to the same periods in 2017, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and an increase in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. This was partially offset by a decrease in Local Network Service charges, which reflect the cost of transmission service provided by Eversource over our local transmission network.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric, natural gas and water distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) for the three and nine months ended September 30, 2018, as compared to the same periods in 2017, due primarily to the following:

(Millions of Dollars)	Three Months Ended	Nine Months Ended
Base Electric Distribution (Non-Tracked Costs):		
Employee-related expenses, including labor and benefits	$ 26.4	$ 30.7
Bad debt expense	2.6	13.6
Shared corporate costs (including computer software depreciation at Eversource Service)	(8.8)	1.1
Storm restoration costs	(3.3)	(11.4)
Operations-related expenses, including vegetation management, vehicles, and outside services (excluding storm restoration costs)	(1.8)	(12.9)
Other non-tracked operations and maintenance	5.1	5.7
Total Base Electric Distribution (Non-Tracked Costs)	20.2	26.8
Base Natural Gas Distribution (Non-Tracked Costs)	3.8	11.3
Water Distribution (Addition of Aquarion operations and maintenance expenses due to acquisition on December 4, 2017)	20.5	59.4
Tracked Costs (Electric Distribution, Electric Transmission and Natural Gas Distribution) - Decrease primarily due to lower PSNH generation operations expenses due to the 2018 sales of thermal and hydroelectric generation assets and lower transmission expenses	(16.5)	(78.2)
Other and eliminations:		
Eversource Parent and Other Companies - other operations and maintenance	(1.2)	(1.1)
Eliminations	10.0	(3.6)
Total Operations and Maintenance	$ 36.8	$ 14.6

Depreciation expense increased for the three and nine months ended September 30, 2018, as compared to the same periods in 2017, due primarily to higher net plant in service balances and new depreciation rates effective with the CL&P distribution rate case settlement agreement. Partially offsetting these increases was lower depreciation expense at PSNH as a result of the sale of the thermal and hydroelectric generation assets in 2018.

Amortization expense includes the deferral of energy supply and energy-related costs included in certain commission-approved cost tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization increased for the three and nine months ended September 30, 2018, as compared to the same periods in 2017, due primarily to the deferral of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense decreased for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut. For the three and nine months ended September 30, 2018, these amounts totaled $10.7 million and $36.1 million, respectively. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified these amounts as Taxes Other than Income Taxes. The costs for the majority of the state energy policy initiatives and expanded energy efficiency programs are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense increased for the three and nine months ended September 30, 2018, as compared to the same periods in 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $10.7 million and $36.1 million for the three and nine months ended September 30, 2018, respectively), as well as higher property taxes due to higher utility plant in service balances.

Interest Expense increased for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to an increase in interest on long-term debt ($5.9 million) as a result of new debt issuances, the addition of Aquarion interest in 2018 ($6.4 million), interest expense on the 2018 RRB issuance ($6.0 million) and an increase in interest on short-term borrowings ($2.7 million), partially offset by higher AFUDC related to debt funds ($1.9 million) and a decrease in regulatory deferrals, primarily at NSTAR Electric, which decreased interest expense ($1.3 million).

Interest Expense increased for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to an increase in interest on long-term debt ($29.0 million) as a result of new debt issuances, the addition of Aquarion interest in 2018 ($19.2 million), interest expense on the 2018 RRB issuance ($8.8 million) and an increase in interest on short-term borrowings ($6.5 million), partially offset by higher AFUDC related to debt funds ($5.9 million) and a decrease in regulatory deferrals, primarily at NSTAR Electric, which decreased interest expense ($3.3 million).

Other Income, Net decreased for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to a decrease in equity in earnings of unconsolidated affiliates related to Eversource's equity investments ($33.0 million) and changes in the market value related to deferred compensation plans ($3.6 million). In the third quarter of 2018, Eversource recognized a $32.9 million other-than-temporary impairment to our equity method investment in the Access Northeast project, which was reflected as a loss within equity in earnings. These decreases were partially offset by higher AFUDC related to equity funds ($2.8 million), the recognition of $8.7 million of the equity return component of the carrying charges related to storms incurred from August 2011 through March 2013 at PSNH, an increase related to pension, SERP and PBOP non-service income components ($7.5 million) and gains on the sale of property ($5.0 million).

Other Income, Net increased for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to higher AFUDC related to equity funds ($8.8 million), the recognition of $8.7 million of the equity return component of the carrying charges related to storms incurred from August 2011 through March 2013 at PSNH, an increase related to pension, SERP and PBOP non-service income components ($21.7 million) and gains on the sale of property ($5.0 million). Partially offsetting these increases was a decrease in equity in earnings of unconsolidated affiliates related to Eversource's equity investments ($23.4 million), driven by a $32.9 million other-than-temporary impairment to our equity method investment in the Access Northeast project. The equity in earnings decrease was partially offset by increased unrealized gains on our investment in a renewable energy fund.

Income Tax Expense decreased for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate income tax rate from 35 percent to 21 percent and lower pre-tax earnings ($63.5 million), partially offset by higher state taxes ($1.2 million). Income tax expense was further decreased by the impairment of Access Northeast ($6.9 million), return to provision items ($1.2 million), and an aggregate benefit relating to both federal tax reform impacts on the tax return compared to the provision estimate and remeasurement of a tax reserve based on new information from a change in Connecticut tax law ($18.0 million), all partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($1.8 million).

Income Tax Expense decreased for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to a reduction in the federal corporate income tax rate from 35 percent to 21 percent and lower pre-tax earnings ($198.9 million) and by the impairment of Access Northeast ($6.9 million). Income tax expense was further decreased by return to provision items ($1.2 million), an aggregate benefit relating to both federal tax reform impacts on the tax return compared to the provision estimate and remeasurement of a tax reserve based on new information from a change in Connecticut tax law ($18.0 million), and by flow-through items and permanent differences ($2.4 million).

RESULTS OF OPERATIONS –
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P, NSTAR Electric and PSNH for the nine months ended September 30, 2018 and 2017 included in this combined Quarterly Report on Form 10-Q:

	For the Nine Months Ended September 30,								
	CL&P			NSTAR Electric			PSNH		
(Millions of Dollars)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)
Operating Revenues	$ 2,344.9	$ 2,173.6	$ 171.3	$ 2,400.3	$ 2,290.4	$ 109.9	$ 792.7	$ 733.6	$ 59.1
Operating Expenses:									
Purchased Power, Fuel and Transmission	850.8	711.2	139.6	981.9	799.0	182.9	294.0	179.3	114.7
Operations and Maintenance	355.5	361.1	(5.6)	344.5	346.5	(2.0)	153.3	195.6	(42.3)
Depreciation	208.9	184.3	24.6	205.2	204.4	0.8	69.5	95.3	(25.8)
Amortization of Regulatory Assets/(Liabilities), Net	97.4	58.8	38.6	35.5	17.2	18.3	41.3	(10.7)	52.0
Energy Efficiency Programs	71.6	106.5	(34.9)	229.4	228.5	0.9	15.7	11.0	4.7
Taxes Other Than Income Taxes	267.7	223.4	44.3	145.7	130.6	15.1	59.8	67.0	(7.2)
Total Operating Expenses	1,851.9	1,645.3	206.6	1,942.2	1,726.2	216.0	633.6	537.5	96.1
Operating Income	493.0	528.3	(35.3)	458.1	564.2	(106.1)	159.1	196.1	(37.0)
Interest Expense	113.1	106.6	6.5	80.8	88.7	(7.9)	44.0	38.7	5.3
Other Income, Net	20.7	15.4	5.3	40.6	24.6	16.0	24.3	7.3	17.0
Income Before Income Tax Expense	400.6	437.1	(36.5)	417.9	500.1	(82.2)	139.4	164.7	(25.3)
Income Tax Expense	102.0	159.5	(57.5)	112.2	196.0	(83.8)	37.9	65.1	(27.2)
Net Income	$ 298.6	$ 277.6	$ 21.0	$ 305.7	$ 304.1	$ 1.6	$ 101.5	$ 99.6	$ 1.9

Operating Revenues
Sales Volumes: A summary of our retail electric GWh sales volumes was as follows:

	For the Nine Months Ended September 30,			
	2018	2017	Increase	Percent
CL&P	16,376	15,812	564	3.6%
NSTAR Electric	18,314	17,784	530	3.0%
PSNH	5,981	5,835	146	2.5%

Fluctuations in retail electric sales volumes at PSNH impact earnings. For CL&P and NSTAR Electric (effective February 1, 2018, as a result of the DPU-approved rate case decision), fluctuations in retail electric sales volumes do not impact earnings due to their respective regulatory commission-approved distribution revenue decoupling mechanisms.

CL&P and NSTAR Electric reconcile their annual base distribution rate recovery amounts to their respective pre-established levels of baseline distribution delivery service revenues of approximately $1.1 billion (effective May 1, 2018) and $947 million, respectively. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

Operating Revenues: Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased for the nine months ended September 30, 2018, as compared to the same period in 2017, as follows:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Operating Revenues	$ 171.3	$ 109.9	$ 59.1

Base Distribution Revenues:

- CL&P's distribution revenues increased $17.0 million due primarily to the impact of its base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings).
- NSTAR Electric's distribution revenues decreased $60.9 million due primarily to lower base distribution rates at NSTAR Electric, as per the DPU-approved rate case decision that became effective February 1, 2018. NSTAR Electric's rates were adjusted to reflect the new lower federal corporate income tax rate and the movement of certain costs from base distribution rates to fully-reconciled cost tracking mechanisms (most of which did not impact earnings). The decrease in revenues was partially offset by an increase in January 2018 sales volumes, as compared to January 2017, primarily driven by the colder weather. Effective February 1, 2018, NSTAR Electric operated entirely under a decoupled rate structure, and changes in sales volumes no longer impact earnings.
- PSNH's base distribution revenues increased $4.3 million primarily as a result of an increase in sales volumes in 2018, partially offset by a rate change due to the completion of the full recovery of certain costs in revenues. The rate change did not impact earnings.
- Distribution revenues decreased $16.6 million at CL&P, $3.7 million at NSTAR Electric and $9.2 million at PSNH due to the liability established to reflect the difference between the 35 percent federal corporate income tax rate included in rates charged to customers and the 21 percent federal corporate income tax rate, effective January 1, 2018 as a result of the Tax Cuts and Jobs Act. Effective February 1, 2018 for NSTAR Electric and May 1, 2018 for CL&P, rates charged to customers have been adjusted to reflect the new federal corporate income tax rate.

Tracked Revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through commission-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues (including securitized RRB charges). In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers. Tracked revenues increased/(decreased) for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Energy supply procurement	$ 156.3	$ 80.6	$ (2.8)
Retail transmission	(5.1)	62.2	0.3
Stranded cost recovery	2.3	(17.0)	64.6
Other distribution tracking mechanisms	2.0	45.0	6.7

Transmission Revenues: Transmission revenues decreased $8.4 million and $13.4 million at CL&P and NSTAR Electric, respectively, due to lower revenue requirements primarily related to the lower federal corporate income tax rate that was reflected in 2018 transmission revenues, partially offset by an increase related to ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P, NSTAR Electric and PSNH's customers. These energy supply costs are recovered from customers in commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased/(decreased) for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Purchased Power Costs	$ 121.0	$ 107.5	$ 109.9
Transmission Costs	9.5	62.1	7.4
Eliminations	9.1	13.3	(2.6)
Total Purchased Power, Fuel and Transmission	$ 139.6	$ 182.9	$ 114.7

Purchased Power Costs: Included in purchased power costs are the costs associated with providing electric generation service supply to all customers who have not migrated to third party suppliers.

- The increase at CL&P was due primarily to an increase in the price and volume of power procured on behalf of our customers.
- The increase at NSTAR Electric was due primarily to an increase in the price of power procured on behalf of our customers.
- The increase at PSNH was due primarily to higher purchased power energy expenses that are recovered as a component of the Energy Service tracking mechanism. As a result of the sale of its thermal generation assets on January 10, 2018 and its hydroelectric generation assets on August 26, 2018, PSNH purchased power in place of its self-generation output in the first nine months of 2018.

Transmission Costs: Included in transmission costs are charges that recover the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market. The increase in transmission costs at CL&P, NSTAR Electric and PSNH was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment and an increase in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers. This was partially offset by a decrease in Local Network Service charges, which reflect the cost of transmission service.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Base Electric Distribution (Non-Tracked Costs):			
Employee-related expenses, including labor and benefits	$ 16.7	$ 11.5	$ 2.5
Bad debt expense	6.6	7.1	(0.1)
Storm restoration costs	(10.5)	0.1	(1.0)
Operations-related expenses, including vegetation management, vehicles, and outside services (excluding storm restoration costs)	(9.0)	(0.4)	(3.5)
Other non-tracked operations and maintenance	(2.1)	9.7	(0.8)
Total Base Electric Distribution (Non-Tracked Costs)	1.7	28.0	(2.9)
Tracked Costs:			
Decrease of PSNH generation operations expenses due to the 2018 sales of thermal and hydroelectric generation assets	—	—	(36.3)
Transmission expenses	(9.8)	(10.2)	(1.7)
Other tracked operations and maintenance	2.5	(19.8)	(1.4)
Total Tracked Costs	(7.3)	(30.0)	(39.4)
Total Operations and Maintenance	$ (5.6)	$ (2.0)	$ (42.3)

Depreciation increased/(decreased) for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

- The increase at CL&P was due primarily to higher net plant in service balances and the implementation of new depreciation rates effective with the CL&P distribution rate case settlement agreement.
- The increase at NSTAR Electric was due to higher net plant in service balances, offset by lower depreciation composite rates.
- The decrease at PSNH was due to the sale of the thermal and hydroelectric generation assets in 2018.

Amortization of Regulatory Assets/(Liabilities), Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved cost tracking mechanisms, and the amortization of certain costs. This deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets/(Liabilities), Net increased at CL&P, NSTAR Electric and PSNH for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. In addition, the increase at PSNH includes amortization of the securitized asset rate reduction bonds in 2018. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense includes costs for various state energy policy initiatives and expanded energy efficiency programs, the majority of which are recovered from customers in rates and have no impact on earnings. Energy Efficiency Programs expense increased/(decreased) for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

- The decrease at CL&P was due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut. In the first nine months of 2018, this amount totaled $36.1 million. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified this amount as Taxes Other than Income Taxes.
- The increase at PSNH was due to the deferral adjustment, which reflects the actual costs of energy efficiency programs compared to the estimated amounts billed to customers and the timing of the recovery of energy efficiency costs.

Taxes Other Than Income Taxes increased/(decreased) for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

- The increase at CL&P was due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $36.1 million for the first nine months of 2018), as well as higher property taxes due to higher utility plant balances and higher gross earnings taxes (the costs of which are tracked).
- The increase at NSTAR Electric was due primarily to higher property taxes due to higher utility plant balances.
- The decrease at PSNH was due primarily to the absence of property taxes as a result of the sales of its thermal and hydroelectric generation assets in 2018, and a 2018 refund of disputed property taxes for prior years from the Town of Bow, New Hampshire, partially offset by higher property taxes due to higher utility distribution plant balances.

Interest Expense increased/(decreased) for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

- The increase at CL&P was due primarily to higher interest on long-term debt as a result of new debt issuances ($5.9 million).
- The decrease at NSTAR Electric was due primarily to a decrease in regulatory deferrals, which decreased interest expense ($5.6 million) and lower interest on long-term debt ($4.3 million), partially offset by an increase in interest expense on short-term borrowings ($3.3 million).
- The increase at PSNH was due primarily to interest on RRBs ($8.8 million) and higher interest on short-term borrowings ($1.2 million), partially offset by lower interest on long-term debt ($4.8 million).

Other Income, Net increased for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

- The increase at CL&P was due to an increase related to pension, SERP and PBOP non-service income components ($6.0 million) and higher AFUDC related to equity funds ($1.2 million).
- The increase at NSTAR Electric was due to an increase related to pension, SERP and PBOP non-service income components ($12.3 million) and higher AFUDC related to equity funds ($4.8 million), partially offset by amounts related to officer's life insurance policies ($1.5 million).
- The increase at PSNH was due to the recognition of $8.7 million of the equity return component of the carrying charges related to storms incurred from August 2011 through March 2013, a gain on the sale of property ($4.4 million), interest income primarily related to a 2018 refund of disputed property taxes for prior years ($2.6 million), and an increase related to pension, SERP and PBOP non-service income components ($1.9 million).

Income Tax Expense decreased for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

- The decrease at CL&P was due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate income tax rate from 35 percent to 21 percent and lower pre-tax earnings ($68.9 million) and state taxes ($5.4 million). This decrease was partially offset by return to provision items ($11.1 million) and by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($5.7 million).
- The decrease at NSTAR Electric was due primarily to a reduction in the federal corporate tax rate and lower pre-tax earnings ($87.3 million), partially offset by return to provision items ($1.2 million) and by flow-through items and permanent differences ($2.3 million).
- The decrease at PSNH was due primarily to a reduction in the federal corporate income tax rate and lower pre-tax earnings ($28.3 million) and flow-through items and permanent differences ($1.7 million), partially offset by state taxes ($2.8 million).

EARNINGS SUMMARY

CL&P's earnings increased $21.0 million for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to the impact of the CL&P base distribution rate increase effective May 1, 2018, an increase in transmission earnings driven by a higher transmission rate base, and higher non-service income from our benefit plans. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act. The earnings increase was partially offset by higher depreciation expense, higher property and other tax expense, and higher interest expense.

NSTAR Electric's earnings increased $1.6 million for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to an increase in transmission earnings driven by a higher transmission rate base, higher non-service income from our benefit plans, lower interest expense, and lower depreciation expense. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act. The earnings increase was partially offset by higher operations and maintenance expense and higher property tax expense.

PSNH's earnings increased $1.9 million for the nine months ended September 30, 2018, as compared to the same period in 2017, due primarily to an increase in transmission earnings driven by a higher transmission rate base, the recognition of carrying charges on storm costs approved for recovery, a gain on the sale of property, lower operations and maintenance expense, higher sales volumes, and lower property tax expense due to the 2018 refund of disputed property taxes for prior tax years. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act. The earnings increase was partially offset by lower generation earnings due to the sales of its thermal and hydroelectric generation assets in 2018, and higher depreciation expense.

LIQUIDITY

Cash Flows: CL&P had cash flows provided by operating activities of $451.1 million for the nine months ended September 30, 2018, as compared to $625.1 million in the same period of 2017. The decrease in operating cash flows was due primarily to cash payments made in the first nine months of 2018 for storm restoration costs of approximately $120 million, an increase in pension contributions of $39.3 million and the timing of collections and payments related to our working capital items, including accounts receivable and accounts payable. Partially offsetting these unfavorable impacts were an increase related to the timing of cash collected for regulatory tracking mechanisms and income tax payments made in 2018 of $3.6 million, compared to income tax payments made in 2017 of $19.8 million.

NSTAR Electric had cash flows provided by operating activities of $574.3 million for the nine months ended September 30, 2018, as compared to $505.8 million in the same period of 2017. The increase in operating cash flows was due primarily to the timing of cash collected for regulatory tracking mechanisms, a decrease of $22.6 million in Pension and PBOP contributions, and the timing of payments related to our working capital items. Partially offsetting these favorable impacts were cash payments made for storm restoration costs of approximately $93 million and income tax payments made in 2018 of $42.4 million, compared to income tax payments made in 2017 of $25.9 million.

PSNH had cash flows provided by operating activities of $217.7 million for the nine months ended September 30, 2018, as compared to $263.9 million in the same period of 2017. The decrease in operating cash flows was due primarily to the timing of cash collected for regulatory tracking mechanisms and collections and payments of our working capital items.

For further information on CL&P's, NSTAR Electric's and PSNH's liquidity and capital resources, see "Liquidity" and "Business Development and Capital Expenditures" included in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

RESULTS OF OPERATIONS – THE CONNECTICUT LIGHT AND POWER COMPANY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P for the three months ended September 30, 2018 and 2017 included in this combined Quarterly Report on Form 10-Q:

	For the Three Months Ended September 30,		
(Millions of Dollars)	2018	2017	Increase/(Decrease)
Operating Revenues	$ 865.0	$ 774.8	$ 90.2
Operating Expenses:			
Purchased Power and Transmission	314.6	259.0	55.6
Operations and Maintenance	128.5	123.5	5.0
Depreciation	72.0	63.7	8.3
Amortization of Regulatory Assets, Net	54.0	34.6	19.4
Energy Efficiency Programs	30.2	37.7	(7.5)
Taxes Other Than Income Taxes	93.0	79.2	13.8
Total Operating Expenses	692.3	597.7	94.6
Operating Income	172.7	177.1	(4.4)
Interest Expense	37.6	36.3	1.3
Other Income, Net	7.0	7.9	(0.9)
Income Before Income Tax Expense	142.1	148.7	(6.6)
Income Tax Expense	41.8	52.6	(10.8)
Net Income	$ 100.3	$ 96.1	$ 4.2

Operating Revenues
Sales Volumes: A summary of CL&P's retail electric GWh sales volumes was as follows:

	For the Three Months Ended September 30,			
	2018	2017	Increase	Percent
CL&P	6,153	5,644	509	9.0%

Fluctuations in retail electric sales volumes do not impact earnings due to its PURA-approved distribution revenue decoupling mechanism.

Operating Revenues: Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased $90.2 million for the three months ended September 30, 2018, as compared to the same period in 2017.

Base Distribution Revenues: CL&P's distribution revenues increased $11.4 million due primarily to the impact of its base distribution rate increase as a result of the PURA-approved rate case settlement that became effective May 1, 2018 (a portion of which did not impact earnings). Effective May 1, 2018, CL&P's rates charged to customers have been adjusted to reflect the new federal corporate income tax rate of 21 percent.

Tracked Revenues: Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through PURA-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges that are billed in rates to customers. Tracked revenues increased/(decreased) for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	
Energy supply procurement	$ 64.6
Retail transmission	(9.3)
Other distribution tracking mechanisms	8.9

Purchased Power and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P's customers. These energy supply costs are recovered from customers in PURA-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power and Transmission expense increased/(decreased) for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)	
Purchased Power Costs	$ 56.8
Transmission Costs	(3.3)
Eliminations	2.1
Total Purchased Power and Transmission	$ 55.6

The increase in purchased power costs was due primarily to an increase in both the price and volume of power procured on behalf of our customers. The decrease in transmission costs was the result of a decrease in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers, and a decrease in Local Network Service charges, which reflect the cost of transmission service. This was partially offset by an increase in costs billed by ISO-NE that support regional grid investment.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to the following:

(Millions of Dollars)		
Base Electric Distribution (Non-Tracked Costs):		
Employee-related expenses, including labor and benefits	$	12.2
Storm restoration costs		(6.0)
Other non-tracked operations and maintenance		(0.6)
Total Base Electric Distribution (Non-Tracked Costs)		5.6
Total Tracked Costs		(0.6)
Total Operations and Maintenance	$	5.0

Depreciation expense increased for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to higher net plant in service balances and the implementation of new depreciation rates effective with the CL&P distribution rate case settlement agreement.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved cost tracking mechanisms, and the amortization of certain costs. This deferral adjusts expenses to match the corresponding revenues. Amortization of Regulatory Assets, Net increased at CL&P for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense includes costs for state energy policy initiatives and expanded energy efficiency programs, the majority of which are recovered from customers in rates and have no impact on earnings. Energy Efficiency Programs expense decreased for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut. For the three months ended September 30, 2018, this amount totaled $10.7 million. These costs were collected from CL&P's customers and remitted to the State of Connecticut; as such we have classified this amount as Taxes Other than Income Taxes.

Taxes Other Than Income Taxes increased for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to a State of Connecticut policy change requiring CL&P to remit 2018 energy efficiency funds to the State of Connecticut (which totaled $10.7 million for the three months ended September 30, 2018), as well as higher property taxes due to higher utility plant balances and higher gross earnings taxes (the costs of which are tracked).

Income Tax Expense decreased for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to the new federal tax law enacted December 22, 2017, the Tax Cuts and Jobs Act, reducing the federal corporate income tax rate from 35 percent to 21 percent and lower pre-tax earnings ($22.2 million) and state taxes ($1.7 million). This decrease was partially offset by return to provision items ($11.1 million) and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences ($2.0 million).

EARNINGS SUMMARY

CL&P's earnings increased $4.2 million for the three months ended September 30, 2018, as compared to the same period in 2017, due primarily to the impact of the CL&P base distribution rate increase effective May 1, 2018. Earnings were also favorably impacted by lower income tax expense, net of lower distribution revenues resulting from the Tax Cuts and Jobs Act. The earnings increase was partially offset by higher operations and maintenance expense, higher depreciation expense, and higher property and other tax expense.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Information

Commodity Price Risk Management: Our Regulated companies enter into energy contracts to serve our customers and the economic impacts of those contracts are passed on to our customers. Accordingly, the Regulated companies have no exposure to loss of future earnings or fair values due to these market risk-sensitive instruments. Eversource's Energy Supply Risk Committee, comprised of senior officers, reviews and approves all large scale energy related transactions entered into by its Regulated companies.

Other Risk Management Activities

Interest Rate Risk Management: We manage our interest rate risk exposure in accordance with our written policies and procedures by maintaining a mix of fixed and variable rate long-term debt.

Credit Risk Management: Credit risk relates to the risk of loss that we would incur as a result of non-performance by counterparties pursuant to the terms of our contractual obligations. We serve a wide variety of customers and transact with suppliers that include IPPs, industrial companies, natural gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and we realize interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms that, in turn, require us to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by our risk management process.

Our Regulated companies are subject to credit risk from certain long-term or high-volume supply contracts with energy marketing companies. Our Regulated companies manage the credit risk with these counterparties in accordance with established credit risk practices and monitor contracting risks, including credit risk. As of September 30, 2018, our Regulated companies held collateral (letters of credit or cash) of $5 million from counterparties related to our standard service contracts. As of September 30, 2018, Eversource had $24.6 million of cash posted with ISO-NE related to energy transactions.

We have provided additional disclosures regarding interest rate risk management and credit risk management in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in Eversource's 2017 Form 10-K, which is incorporated herein by reference. There have been no additional risks identified and no material changes with regard to the items previously disclosed in the Eversource 2017 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, evaluated the design and operation of the disclosure controls and procedures as of September 30, 2018 to determine whether they are effective in ensuring that the disclosure of required information is made timely and in accordance with the Securities Exchange Act of 1934 and the rules and regulations of the SEC. This evaluation was made under management's supervision and with management's participation, including the principal executive officer and principal financial officer as of the end of the period covered by this Quarterly Report on Form 10-Q. There are inherent limitations of disclosure controls and procedures, including the possibility of human error and the circumventing or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The principal executive officer and principal financial officer have concluded, based on their review, that the disclosure controls and procedures of Eversource, CL&P, NSTAR Electric and PSNH are effective to ensure that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and regulations and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in internal controls over financial reporting for Eversource, CL&P, NSTAR Electric and PSNH during the quarter ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are parties to various legal proceedings. We have disclosed these legal proceedings in Part I, Item 3, "Legal Proceedings," and elsewhere in our 2017 Form 10-K. These disclosures are incorporated herein by reference.

As previously disclosed, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims on May 22, 2017 seeking monetary damages totaling approximately $100 million for CYAPC, YAEC and MYAPC, covering the years from 2013 to 2016 ("DOE Phase IV"). The DOE Phase IV trial is now expected to begin in early 2019. For a further discussion of the Yankee Companies v. U.S. Department of Energy, see Part I, Item 3, "Legal Proceedings" of our 2017 Form 10-K.

Other than as set forth above, there have been no additional material legal proceedings identified and no further material changes with regard to the legal proceedings previously disclosed in our 2017 Form 10-K.

ITEM 1A. RISK FACTORS

We are subject to a variety of significant risks in addition to the matters set forth under our forward-looking statements section in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Quarterly Report on Form 10-Q. We have identified a number of these risk factors in Part I, Item 1A, "Risk Factors," in our 2017 Form 10-K, which risk factors are incorporated herein by reference. These risk factors should be considered carefully in evaluating our risk profile. There have been no additional risk factors identified and no material changes with regard to the risk factors previously disclosed in our 2017 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table discloses purchases of our common shares made by us or on our behalf for the periods shown below. The common shares purchased consist of open market purchases made by the Company or an independent agent. These share transactions related to shares awarded under the Company's Incentive Plan and Dividend Reinvestment Plan and matching contributions under the Eversource 401k Plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans and Programs (at month end)
July 1 - July 31, 2018	2,751	$ 59.43	—	—
August 1 - August 31, 2018	3,546	61.75	—	—
September 1 - September 30, 2018	6,069	61.85	—	—
Total	12,366	$ 61.28	—	—

ITEM 6. EXHIBITS

Each document described below is filed herewith, unless designated with an asterisk (*), which exhibits are incorporated by reference by the registrant under whose name the exhibit appears.

Exhibit No.	Description
Listing of Exhibits (Eversource)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chief Executive Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chief Executive Officer and Chief Financial Officer of Eversource Energy pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (CL&P)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of The Connecticut Light and Power Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of The Connecticut Light and Power Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (NSTAR Electric Company)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of NSTAR Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Listing of Exhibits (PSNH)	
12	Ratio of Earnings to Fixed Charges
31	Certification by the Chairman of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification by the Chief Financial Officer of Public Service Company of New Hampshire pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification by the Chairman and the Chief Financial Officer of Public Service Company of New Hampshire pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Listing of Exhibits (Eversource, CL&P, NSTAR Electric, PSNH)

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERSOURCE ENERGY

November 6, 2018 By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CONNECTICUT LIGHT AND POWER COMPANY

November 6, 2018 By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NSTAR ELECTRIC COMPANY

November 6, 2018 By: /s/ Jay S. Buth
Jay S. Buth
Vice President, Controller and Chief Accounting Officer

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

November 6, 2018 By: /s/ Jay S. Buth
Jay S. Buth

Vice President, Controller and Chief Accounting Officer

Eversource Energy and Subsidiaries

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 807,332	$ 995,515	$ 949,821	$ 886,004	$ 827,065	$ 793,689
Income tax expense	220,497	578,892	554,997	539,967	468,297	426,941
Equity in earnings of equity investees	428	(27,432)	(243)	(883)	(1,044)	(1,318)
Dividends received from equity investees	16,351	20,042	120	—	—	582
Fixed charges, as below	398,344	451,287	429,406	397,392	386,451	362,403
Less: Interest capitalized (including AFUDC)	(14,144)	(12,453)	(10,791)	(7,221)	(5,766)	(4,062)
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	(8,056)	(12,532)	(12,532)	(12,532)	(12,532)	(12,803)
Total earnings, as defined	$ 1,420,752	$ 1,993,319	$ 1,910,778	$ 1,802,727	$ 1,662,471	$ 1,565,432
Fixed charges, as defined:						
Interest expense	$ 372,734	$ 421,755	$ 400,961	$ 372,420	$ 362,106	$ 338,699
Rental interest factor	3,410	4,547	5,122	5,219	6,047	6,839
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	8,056	12,532	12,532	12,532	12,532	12,803
Interest capitalized (including AFUDC)	14,144	12,453	10,791	7,221	5,766	4,062
Total fixed charges, as defined	$ 398,344	$ 451,287	$ 429,406	$ 397,392	$ 386,451	$ 362,403
Ratio of Earnings to Fixed Charges	3.57	4.42	4.45	4.54	4.30	4.32

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ James J. Judge

James J. Judge
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eversource Energy (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Eversource Energy (the registrant) for the period ending September 30, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the Board, President and Chief Executive Officer of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman of the Board, President and Chief Executive Officer

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 6, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The Connecticut Light and Power Company

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 298,610	$ 376,726	$ 334,254	$ 299,360	$ 287,754	$ 279,412
Income tax expense	102,010	186,646	208,308	177,396	133,451	141,663
Equity in earnings of equity investees	(26)	(39)	(61)	(31)	(32)	(67)
Dividends received from equity investees	—	—	60	—	—	289
Fixed charges, as below	121,463	152,888	152,635	153,751	152,513	139,929
Less: Interest capitalized (including AFUDC)	(4,746)	(5,102)	(3,319)	(2,630)	(1,867)	(2,249)
Total earnings, as defined	$ 517,311	$ 711,119	$ 691,877	$ 627,846	$ 571,819	$ 558,977
Fixed charges, as defined:						
Interest expense	$ 113,107	$ 142,973	$ 144,110	$ 145,795	$ 147,421	$ 133,650
Rental interest factor	3,610	4,813	5,206	5,326	3,225	4,030
Interest capitalized (including AFUDC)	4,746	5,102	3,319	2,630	1,867	2,249
Total fixed charges, as defined	$ 121,463	$ 152,888	$ 152,635	$ 153,751	$ 152,513	$ 139,929
Ratio of Earnings to Fixed Charges	4.26	4.65	4.53	4.08	3.75	3.99

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of The Connecticut Light and Power Company (the registrant) for the period ending September 30, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 6, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

NSTAR Electric Company and Subsidiary

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 305,666	$ 374,726	$ 350,777	$ 401,048	$ 360,907	$ 328,984
Income tax expense	112,247	242,085	225,789	265,014	239,249	210,234
Equity in earnings of equity investees	(601)	(302)	(325)	(351)	(416)	(568)
Dividends received from equity investees	—	—	35	—	—	424
Fixed charges, as below	89,185	114,419	117,542	107,089	108,705	99,431
Less: Interest capitalized (including AFUDC)	(5,487)	(4,800)	(5,278)	(3,022)	(2,891)	(1,009)
Total earnings, as defined	$ 501,010	$ 726,128	$ 688,540	$ 769,778	$ 705,554	$ 637,496
Fixed charges, as defined:						
Interest expense	$ 80,780	$ 105,729	$ 108,430	$ 100,139	$ 102,809	$ 95,234
Rental interest factor	2,918	3,890	3,834	3,928	3,005	3,188
Interest capitalized (including AFUDC)	5,487	4,800	5,278	3,022	2,891	1,009
Total fixed charges, as defined	$ 89,185	$ 114,419	$ 117,542	$ 107,089	$ 108,705	$ 99,431
Ratio of Earnings to Fixed Charges	5.62	6.35	5.86	7.19	6.49	6.41

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of NSTAR Electric Company (the registrant) for the period ending September 30, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 6, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Public Service Company of New Hampshire and Subsidiaries

Exhibit 12

Ratio of Earnings to Fixed Charges

(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2018	For the Years Ended December 31, 2017	2016	2015	2014	2013
Earnings, as defined:						
Net income	$ 101,537	$ 135,996	$ 131,985	$ 114,442	$ 113,944	$ 111,397
Income tax expense	37,857	88,675	82,364	73,060	72,135	71,101
Equity in earnings of equity investees	(6)	(9)	(15)	(8)	(8)	(12)
Dividends received from equity investees	—	—	25	—	—	42
Fixed charges, as below	45,715	52,851	51,843	47,949	46,530	47,318
Less: Interest capitalized (including AFUDC)	(902)	(729)	(787)	(994)	(640)	(500)
Total earnings, as defined	$ 184,201	$ 276,784	$ 265,415	$ 234,449	$ 231,961	$ 229,346
Fixed charges, as defined:						
Interest expense	$ 43,977	$ 51,007	$ 50,040	$ 45,990	$ 45,349	$ 46,176
Rental interest factor	836	1,115	1,016	965	541	642
Interest capitalized (including AFUDC)	902	729	787	994	640	500
Total fixed charges, as defined	$ 45,715	$ 52,851	$ 51,843	$ 47,949	$ 46,530	$ 47,318
Ratio of Earnings to Fixed Charges	4.03	5.24	5.12	4.89	4.99	4.85

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Public Service Company of New Hampshire (the registrant) for the period ending September 30, 2018 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: November 6, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(11)

A detailed list of all membership fees, dues, lobbying expenses and donations for the test year charged above the line showing the trade, technical, and professional associations and organizations and amount, and the account charged, according to the following guidelines:

a. If the utility's annual gross revenues are less than $100,000,000 all membership fees, dues and donations shall be reported; and

b. If the utility's annual gross revenues are $100,000,000 or more, all membership fees, dues and donations of $5,000 and more shall be reported

Response:

Please see 1604.01(a)(11) Attachment 1 for the requested information.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
MEMBERSHIP FEES, DUES & DONATIONS
TRADE, TECHNICAL, AND PROFESSIONAL ASSOCIATIONS
FOR 12 MONTHS ENDED DECEMBER 31, 2018

DESCRIPTION	ITEMS	AMOUNT
EDISON ELE		189,876
NATIONAL SAFETY COUNCIL		10,000
GREATER MANCHESTER CHAMBER OF COMMERCE		20,050
GREATER NASHUA CHAMBER OF		20,000
BUSINESS & INDUSTRY ASSOC		16,721
NH LODGING AND RESTAURANT ASSOC		14,000
NH GROCERS ASSOCIATION		7,000
GREATER DERRY LONDONDERRY CHAMBER OF COMMER		6,575
	TOTAL	$ 284,222

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(12) The utility's most recent depreciation study if not previously filed in an adjudicative proceeding

Response:

Please see 1604.01(a)(12) Attachment 1.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2018

VERSION 13

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2018	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	ELECTRIC PLANT								
	INTANGIBLE PLANT								
303.00	MISCELLANEOUS INTANGIBLE PLANT	5-SQ	0	21,143,267.53	16,840,109	4,303,159	2,102,237	9.94	2.0
303.20	MISCELLANEOUS INTANGIBLE PLANT - 10 YEAR	10-SQ	0	31,771,797.33	29,424,023	2,347,774	361,196	1.14 *	6.5
	TOTAL INTANGIBLE PLANT			**52,915,064.86**	**46,264,132**	**6,650,933**	**2,463,433**	**4.66**	**2.7**
	DISTRIBUTION PLANT								
360.20	LAND AND LAND RIGHTS	75-R4	0	4,123,039.65	0	4,123,040	196,939	4.78	20.9
361.00	STRUCTURES AND IMPROVEMENTS	75-R3	(25)	26,387,975.26	6,382,082	26,602,888	434,700	1.65	61.2
362.00	STATION EQUIPMENT	55-S0.5	(25)	303,092,439.65	61,788,374	317,077,175	6,998,092	2.31	45.3
362.10	STATION EQUIPMENT - ENERGY MANAGEMENT SYSTEM	25-R2.5	0	3,155,937.71	961,746	2,194,192	130,100	4.12	16.9
364.00	POLES, TOWERS AND FIXTURES	53-R0.5	(90)	303,587,829.37	144,088,112	432,728,764	9,911,815	3.26	43.7
365.00	OVERHEAD CONDUCTORS AND DEVICES	55-R1	(35)	582,095,624.35	120,942,294	664,886,799	15,417,665	2.65	43.1
366.00	UNDERGROUND CONDUIT	60-R2	(40)	38,757,668.49	5,592,977	48,667,759	1,032,816	2.66	47.1
367.00	UNDERGROUND CONDUCTORS AND DEVICES	54-R1.5	(40)	133,741,822.05	41,987,653	145,250,898	3,478,966	2.60	41.8
368.00	LINE TRANSFORMERS	40-S0	(2)	262,481,157.73	78,706,999	189,023,782	6,424,281	2.45	29.4
369.10	OVERHEAD SERVICES	44-R2	(125)	81,721,434.74	20,935,511	162,937,717	5,367,058	6.57	30.4
369.20	UNDERGROUND SERVICES	55-R1.5	(125)	76,631,011.71	14,316,181	158,103,595	3,620,266	4.72	43.7
370.00	METERS	24-L1	0	90,764,199.51	17,296,815	73,467,385	4,888,417	5.39	15.0
371.00	INSTALLATION ON CUSTOMERS' PREMISES	17-L0	(50)	6,563,781.88	1,207,155	8,638,518	837,862	12.76	10.3
373.00	STREET LIGHTING AND SIGNAL SYSTEMS	27-L0	(10)	5,130,537.46	3,820,709	1,822,882	92,566	1.80	19.7
	TOTAL DISTRIBUTION PLANT			**1,918,234,459.56**	**518,026,608**	**2,235,525,394**	**58,831,543**	**3.07**	**38.0**
	GENERAL PLANT								
389.20	LAND AND LAND RIGHTS	65-R4	0	26,976.55	0	26,977	981	3.64	27.5
390.00	STRUCTURES AND IMPROVEMENTS	50-S0.5	(10)	84,363,470.03	15,474,877	77,324,940	1,988,860	2.36	38.9
390.10	STRUCTURES AND IMPROVEMENTS - LEASEHOLD	20-S0.5	0	50,859.53	14,736	36,124	3,795	7.46	9.5
391.10	OFFICE FURNITURE AND EQUIPMENT	20-SQ	0	9,769,978.62	4,687,500	5,082,479	488,388	5.00	10.4
391.20	OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT								
	FULLY ACCRUED			454,719.71	454,720	0	0	-	-
	AMORTIZED	5-SQ	0	1,217,531.18	488,350	729,181	243,538	20.00	3.0
	TOTAL ACCOUNT 391.20			1,672,250.89	943,070	729,181	243,538		
	TRANSPORTATION EQUIPMENT								
392.00	OTHER	15-S4	15	30,225.00	0	25,691	3,934	13.02	6.5
392.10	CARS	6-L3	15	97,593.41	10,019	72,935	14,812	15.18	4.9
392.20	LIGHT TRUCKS	11-S1	15	8,605,166.97	5,261,525	2,052,867	216,589	2.52	9.5
392.30	MEDIUM TRUCKS	14-S3	15	2,764,714.96	1,298,310	1,051,697	98,770	3.57	10.6
392.40	HEAVY TRUCKS	15-S2.5	15	26,391,434.00	14,773,133	7,659,585	619,519	2.35	12.4
392.50	ROLLING EQUIPMENT	13-L2.5	15	1,321,753.47	263,582	859,908	83,154	6.29	10.3
392.60	TRAILERS	13-L3	15	4,958,571.11	1,656,566	2,558,220	325,073	6.56	7.9
392.70	ELECTRIC VEHICLE CHARGING STATION	10-R4	0	7,902.10	7,852	50	9	0.11	5.6
	TOTAL TRANSPORTATION EQUIPMENT			*44,177,361.02*	*23,270,988*	*14,280,953*	*1,361,860*	*3.08*	*10.5*
393.00	STORES EQUIPMENT	20-SQ	0	3,257,904.89	1,109,379	2,148,526	162,896	5.00	13.2
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	25-SQ	0	14,194,677.76	4,037,342	10,157,336	567,788	4.00	17.9
395.00	LABORATORY EQUIPMENT								
	FULLY ACCRUED			144,092.53	144,093	0	0	-	-
	AMORTIZED	20-SQ	0	1,928,654.42	1,190,890	737,764	96,409	5.00	7.7
	TOTAL ACCOUNT 395.00			2,072,746.95	1,334,983	737,764	96,409	4.65	
396.00	POWER OPERATED EQUIPMENT	15-L4	0	159,421.09	103,592	55,830	5,895	3.70	9.5
	COMMUNICATION EQUIPMENT								

004642

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2018

VERSION 13

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2018	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE		COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)		(9)=(6)/(7)
397.10	MICROWAVE									
	FULLY ACCRUED			2,047,169.96	2,047,170	0	0	-		-
	AMORTIZED	15-SQ	0	3,599,537.15	1,779,210	1,820,327	240,027	6.67		7.6
	TOTAL ACCOUNT 397.10			5,646,707.11	3,826,380	1,820,327	240,027	4.25		
397.20	OTHER									
	FULLY ACCRUED			2,911,233.53	2,911,234	0	0	-		-
	AMORTIZED	15-SQ	0	19,187,568.82	7,643,580	11,543,989	1,279,664	6.67		9.0
	TOTAL ACCOUNT 397.20			22,098,802.35	10,554,814	11,543,989	1,279,664	5.79		
397.30	GPS									
	FULLY ACCRUED			171,490.06	171,490	0	0	-		-
	AMORTIZED	5-SQ	0	271,997.24	186,120	85,877	54,388	20.00		1.6
	TOTAL ACCOUNT 397.30			443,487.30	357,610	85,877	54,388	12.26		
	TOTAL COMMUNICATION EQUIPMENT			*28,188,996.76*	*14,738,804*	*13,450,193*	*1,574,079*	*5.58*		*8.5*
398.00	MISCELLANEOUS EQUIPMENT	20-SQ	0	1,279,168.86	653,850	625,319	63,972	5.00		9.8
	TOTAL GENERAL PLANT			**189,213,812.95**	**66,369,121**	**124,655,622**	**6,558,461**	**3.47**		**19.0**
	UNRECOVERED RESERVE TO BE AMORTIZED									
391.10	OFFICE FURNITURE AND EQUIPMENT				(4,352,906)		870,581	**		
391.20	OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT				33,321		(6,664)	**		
393.00	STORES EQUIPMENT				(386,094)		77,219	**		
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT				(823,268)		164,654	**		
395.00	LABORATORY EQUIPMENT				(1,006,133)		201,227	**		
397.10	COMMUNICATION EQUIPMENT - MICROWAVE				(2,284,292)		456,858	**		
397.20	COMMUNICATION EQUIPMENT - OTHER				(4,406,520)		881,304	**		
397.30	COMMUNICATION EQUIPMENT - GPS				(56,202)		11,240	**		
398.00	MISCELLANEOUS EQUIPMENT				(159,747)		31,949	**		
	TOTAL UNRECOVERED RESERVE TO BE AMORTIZED				**(13,441,841)**		**2,688,368**			
	TOTAL DEPRECIABLE PLANT			**2,160,363,337.37**	**617,218,020**	**2,366,831,949**	**70,541,805**	**3.27**		**33.6**
	NONDEPRECIABLE PLANT									
301.00	ORGANIZATION			45,057.29						
360.10	LAND			5,830,013.57						
389.10	LAND			4,806,992.04						
	TOTAL NONDEPRECIABLE PLANT			**10,682,062.90**						
	TOTAL ELECTRIC PLANT			**2,171,045,400.27**	**617,218,020**	**2,366,831,949**	**70,541,805**			

* NEW ADDITIONS TO THIS ACCOUNT WILL BE DEPRECIATED USING A 10.00% RATE
** 5-YEAR AMORTIZATION OF UNRECOVERED RESERVE RELATED TO UTILIZATION OF AMORTIZATION ACCOUNTING

004643

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
COMPARISON OF CURRENT AND PROPOSED DEPRECIATION PARAMETERS, RATES
AND ACCRUALS AS OF DECEMBER 31, 2018

VERSION 13

			CURRENT				PROPOSED				
	ACCOUNT	ORIGINAL COST AS OF DECEMBER 31, 2018	AVERAGE SERVICE LIFE	NET SALVAGE PERCENT	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	SURVIVOR CURVE	NET SALVAGE PERCENT	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	ACCRUAL INCREASE (DECREASE)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)=(9)-(5)
	ELECTRIC PLANT										
	INTANGIBLE PLANT										
303.00	MISCELLANEOUS INTANGIBLE PLANT	21,143,267.53	5	0	422,865	2.00	5-SQ	0	2,102,237	9.94	1,679,372
303.20	MISCELLANEOUS INTANGIBLE PLANT - 10 YEAR	31,771,797.33	10	0	3,177,180	10.00	10-SQ	0	361,196	1.14	(2,815,984)
	TOTAL INTANGIBLE PLANT	**52,915,064.86**			**3,600,045**	**6.80**			**2,463,433**	**4.66**	**(1,136,612)**
	DISTRIBUTION PLANT										
360.20	LAND AND LAND RIGHTS	4,123,039.65	75-R4	0	184,300	4.47	75-R4	0	196,939	4.78	12,639
361.00	STRUCTURES AND IMPROVEMENTS	26,387,975.26	55	0	480,261	1.82	75-R3	(25)	434,700	1.65	(45,561)
362.00	STATION EQUIPMENT	303,092,439.65	55	(10)	6,061,849	2.00	55-S0.5	(25)	6,998,092	2.31	936,243
362.10	STATION EQUIPMENT - ENERGY MANAGEMENT SYSTEM	3,155,937.71	25-R2.5	0	125,291	3.97	25-R2.5	0	130,100	4.12	4,809
364.00	POLES, TOWERS AND FIXTURES	303,587,829.37	35	(12)	9,745,169	3.21	53-R0.5	(90)	9,911,815	3.26	166,646
365.00	OVERHEAD CONDUCTORS AND DEVICES	582,095,624.35	35	(12)	18,685,270	3.21	55-R1	(35)	15,417,665	2.65	(3,267,605)
366.00	UNDERGROUND CONDUIT	38,757,668.49	70	(12)	620,123	1.60	60-R2	(40)	1,032,816	2.66	412,693
367.00	UNDERGROUND CONDUCTORS AND DEVICES	133,741,822.05	40	(12)	3,758,145	2.81	54-R1.5	(40)	3,478,966	2.60	(279,179)
368.00	LINE TRANSFORMERS	262,481,157.73	40	0	6,562,029	2.50	40-S0	(2)	6,424,281	2.45	(137,748)
369.10	OVERHEAD SERVICES	81,721,434.74	40	(12)	2,296,372	2.81	44-R2	(125)	5,367,058	6.57	3,070,686
369.20	UNDERGROUND SERVICES	76,631,011.71	40	(12)	2,153,331	2.81	55-R1.5	(125)	3,620,266	4.72	1,466,935
370.00	METERS	90,764,199.51	35	0	2,595,856	2.86	24-L1	0	4,888,417	5.39	2,292,561
371.00	INSTALLATION ON CUSTOMERS' PREMISES	6,563,781.88	17	(12)	433,210	6.60	17-L0	(50)	837,862	12.76	404,652
373.00	STREET LIGHTING AND SIGNAL SYSTEMS	5,130,537.46	20	(12)	287,823	5.61	27-L0	(10)	92,566	1.80	(195,257)
	TOTAL DISTRIBUTION PLANT	**1,918,234,459.56**			**53,989,029**	**2.81**			**58,831,543**	**3.07**	**4,842,514**
	GENERAL PLANT										
389.20	LAND AND LAND RIGHTS	26,976.55	65-R4	0	950	3.52	65-R4	0	981	3.64	31
390.00	STRUCTURES AND IMPROVEMENTS	84,363,470.03	45	25	1,408,870	1.67	50-S0.5	(10)	1,988,860	2.36	579,990
390.10	STRUCTURES AND IMPROVEMENTS - LEASEHOLD	50,859.53	20-S0.5	0	3,860	7.59	20-S0.5	0	3,795	7.46	(65)
391.10	OFFICE FURNITURE AND EQUIPMENT	9,769,978.62	20	2	480,683	4.92	20-SQ	0	488,388	5.00	7,705
391.20	OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT	1,672,250.89	5	2	329,099	19.68	5-SQ	0	243,538	20.00	(85,561)
	TRANSPORTATION EQUIPMENT	*95,883,535.62*			*2,223,462*	*2.32*			*2,725,562*	*2.84*	*502,100*
392.00	OTHER	30,225.00	8	10	3,412	11.29	15-S4	15	3,934	13.02	522
392.10	CARS	97,593.41	8	10	11,018	11.29	6-L3	15	14,812	15.18	3,794
392.20	LIGHT TRUCKS	8,605,166.97	8	10	971,523	11.29	11-S1	15	216,589	2.52	(754,934)
392.30	MEDIUM TRUCKS	2,764,714.96	8	10	312,136	11.29	14-S3	15	98,770	3.57	(213,366)
392.40	HEAVY TRUCKS	26,391,434.00	8	10	2,979,593	11.29	15-S2.5	15	619,519	2.35	(2,360,074)
392.50	ROLLING EQUIPMENT	1,321,753.47	8	10	149,226	11.29	13-L2.5	15	83,154	6.29	(66,072)
392.60	TRAILERS	4,958,571.11	8	10	559,823	11.29	13-L3	15	325,073	6.56	(234,750)
392.70	ELECTRIC VEHICLE CHARGING STATION	7,902.10	8	10	892	11.29	10-R4	0	9	0.11	(883)
	TOTAL TRANSPORTATION EQUIPMENT	44,177,361.02			4,987,623	*11.29*			1,361,860	*3.08*	(3,625,763)
393.00	STORES EQUIPMENT	3,257,904.89	25	0	130,316	4.00	20-SQ	0	162,896	5.00	32,580
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	14,194,677.76	24	11	525,203	3.70	25-SQ	0	567,788	4.00	42,585
395.00	LABORATORY EQUIPMENT	2,072,746.95	28	0	73,790	3.56	20-SQ	0	96,409	5.00	22,619
396.00	POWER OPERATED EQUIPMENT	159,421.09	15-L4	0	6,265	3.93	15-L4	0	5,895	3.70	(370)
	COMMUNICATION EQUIPMENT										
397.10	MICROWAVE	5,646,707.11	18	0	313,957	5.56	15-SQ	0	240,027	6.67	(73,930)
397.20	OTHER	22,098,802.35	18	0	1,228,693	5.56	15-SQ	0	1,279,664	6.67	50,971
397.30	GPS	443,487.30	5-SQ	0	133,224	30.04	5-SQ	0	54,388	20.00	(78,836)
	TOTAL COMMUNICATION EQUIPMENT	*28,188,996.76*			*1,675,874*	*5.95*			*1,574,079*	*5.58*	*(101,795)*
398.00	MISCELLANEOUS EQUIPMENT	1,279,168.86	20	0	63,958	5.00	20-SQ	0	63,972	5.00	14
	TOTAL GENERAL PLANT	**189,213,812.95**			**9,686,491**	**5.12**			**6,558,461**	**3.47**	**(3,128,030)**
	UNRECOVERED RESERVE TO BE AMORTIZED										
391.10	OFFICE FURNITURE AND EQUIPMENT								870,581		870,581
391.20	OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT								(6,664)		(6,664)
393.00	STORES EQUIPMENT								77,219		77,219
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT								164,654		164,654

004644

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
COMPARISON OF CURRENT AND PROPOSED DEPRECIATION PARAMETERS, RATES AND ACCRUALS AS OF DECEMBER 31, 2018

VERSION 13

	ACCOUNT (1)	ORIGINAL COST AS OF DECEMBER 31, 2018 (2)	CURRENT AVERAGE SERVICE LIFE (3)	CURRENT NET SALVAGE PERCENT (4)	CURRENT CALCULATED ANNUAL ACCRUAL AMOUNT (5)	CURRENT CALCULATED ANNUAL ACCRUAL RATE (6)	PROPOSED SURVIVOR CURVE (7)	PROPOSED NET SALVAGE PERCENT (8)	PROPOSED CALCULATED ANNUAL ACCRUAL AMOUNT (9)	PROPOSED CALCULATED ANNUAL ACCRUAL RATE (10)	ACCRUAL INCREASE (DECREASE) (11)=(9)-(5)
395.00	LABORATORY EQUIPMENT								201,227		201,227
397.10	COMMUNICATION EQUIPMENT - MICROWAVE								456,858		456,858
397.20	COMMUNICATION EQUIPMENT - OTHER								881,304		881,304
397.30	COMMUNICATION EQUIPMENT - GPS								11,240		11,240
398.00	MISCELLANEOUS EQUIPMENT								31,949		31,949
	TOTAL UNRECOVERED RESERVE TO BE AMORTIZED								**2,688,368**		**2,688,368**
	TOTAL DEPRECIABLE PLANT	**2,160,363,337.37**			**67,275,565**	**3.11**			**70,541,805**	**3.27**	**3,266,240**

004645

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(13) The utility's most recent management and financial audits if not previously filed in an adjudicative proceeding

Response:

The Company does not have any recent management audits. Please see 1604.01(a)(10) Attachment 3 for the Company's most recent set of audited financial statements.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(14) A list of officers and directors of the utility and their full compensation for each of the last 2 years, detailing base compensation, bonuses, and incentive plans

Response:

Please see 1604.01(a)(14) Attachment 1 for 2017 and 1604.01(a)(14) Attachment 2 for 2018.

EVERSOURCE ENERGY

780 N. Commercial Street
P.O. Box 330
Manchester, NH 03105-0330

Matthew J. Fossum
Senior Counsel

603-634-2961
matthew.fossum@eversource.com

April 29, 2019

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

RE: Docket No. DE 09-035
Distribution Service Rate Case
Annual Report on Executive Compensation

Dear Director Howland:

Pursuant to Paragraph 14.4 of the "Settlement Agreement on Permanent Distribution Rates" approved by the Commission in Order No. 25,123, attached hereto are seven copies of the annual report on executive compensation for Public Service Company of New Hampshire d/b/a Eversource Energy.

Thank you for your assistance with this matter. Please do not hesitate to contact me with any questions.

Very truly yours,

Matthew J. Fossum
Senior Counsel

Enclosures
Cc: Service List (electronic only)

ANNUAL COMPENSATION OF OFFICERS AND DIRECTORS OF THE PUBLIC SERVICE OF NEW HAMPSHIRE (PSNH)
Fiscal Year Ending 2018
Docket No. DE 09-035 PSNH Distribution Service Rate Case Settlement Agreement Dated April 30, 2010, Section 14.4

Name and Principal Position	Salary (Officers) Fees Earned or Paid in Cash (Directors)	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings[5]	All Other Compensation	Total Compensation	Amount of Compensation Charged to Utility[6]	Percentage of Compensation Charged to Utility
OFFICERS[1,2,3,4]										
James J. Judge President and Chief Executive Officer	$ 1,277,078	$ -	$ 5,632,217	$ -	$ 2,430,000	$ 5,560,877	$ 25,209	$ 14,925,381	$ 1,227,929	8.2%
Philip J. Lembo Executive Vice President, Chief Financial Officer and Treasurer	$ 648,271	$ -	$ 1,230,032	$ -	$ 765,000	$ 1,535,216	$ 21,685	$ 4,200,204	$ 340,038	8.1%
Leon J. Olivier Executive Vice President-Energy Enterprise Strategy and Business Development	$ 699,617	—	$ 1,323,995	—	$ 800,000	$ -	$ 14,778	$ 2,838,389	$ 179,337	6.3%
Werner J. Schweiger Executive Vice President and Chief Operating Officer	$ 658,271	$ -	$ 1,248,802	$ -	$ 815,000	$ 538,978	$ 53,896	$ 3,314,947	$ 272,896	8.2%
Gregory B. Butler Senior Vice President, General Counsel and Secretary	$ 618,271	—	$ 968,412	—	$ 645,000	$ 634,394	$ 15,143	$ 2,881,220	$ 248,418	8.6%
Officers 6 through 49	$ 11,985,841	$ -	$ 7,124,321	$ -	$ 8,150,000	$ 3,618,919	$ 760,628	$ 31,639,708	$ 3,220,668	10.2%
TOTAL	$ 15,887,349	$ -	$ 17,527,779	$ -	$ 13,605,000	$ 11,888,384	$ 891,339	$ 59,799,850	$ 5,489,286	9.2%

1) Officers listed above include all officers reported in the Eversource proxy and other officers at the Vice President level or above as of December 31 for whom a portion of compensation was charged to the Utility as allowed by the PUC in rates.
2) External Board member compensation is not included in rates; therefore, no external board members reported.
3) Consistent with the reporting format in Attachment A to the December 3, 2008, Decision in Docket No. 08-01-16, the names and titles of those officers whose compensation is not required to be publicly reported in the Eversource Energy proxy or Utility 10-K are not publicly reported here, but the compensation for all such officers is provided here and such officers are identified in this document as "Officers 6 through 49."
4) Except as noted below, values shown in each column are determined as if reported in the Summary Compensation Table required by Item 402(c) of Regulation S-K (17 CFR § 229.402(c)), or successor, appearing in the proxy statement for the company's annual meeting of shareholders filed with the U.S. Securities and Exchange Commission.
5) Change in pension value for officers that are not reported in proxy statements or Utility 10-K is estimated using service cost and interest cost related to each such officer.
6) Amount and percentage of compensation charged to the Utility represents amount and percentage of compensation charged to Utility Capital Accounts and/or Operating Expense (above-the-line), reflecting extent each category of compensation was allowed by the PUC in rates.

EVERSOURCE ENERGY

780 N. Commercial Street
P.O. Box 330
Manchester, NH 03105-0330

Matthew J. Fossum
Senior Counsel

603-634-2961
matthew.fossum@eversource.com

April 30, 2018

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

RE: Docket No. DE 09-035
Distribution Service Rate Case
Annual Report on Executive Compensation

Dear Director Howland:

Pursuant to Paragraph 14.4 of the "Settlement Agreement on Permanent Distribution Rates" approved by the Commission in Order No. 25,123, attached hereto are seven copies of the annual report on executive compensation for Public Service Company of New Hampshire d/b/a Eversource Energy.

Thank you for your assistance with this matter. Please do not hesitate to contact me with any questions.

Very truly yours,

Matthew J. Fossum
Senior Counsel

Enclosures
Cc: Service List (electronic only)

ANNUAL COMPENSATION OF OFFICERS AND DIRECTORS OF THE PUBLIC SERVICE OF NEW HAMPSHIRE (PSNH)
Fiscal Year Ending 2017
Docket No. DE 09-035 PSNH Distribution Service Rate Case Settlement Agreement Dated April 30, 2010, Section 14.4

Name and Principal Position	Salary (Officers) Fees Earned or Paid in Cash (Directors)	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings[5]	All Other Compensation	Total Compensation	Amount of Compensation Charged to Utility[6]	Percentage of Compensation Charged to Utility
OFFICERS[1,2,3,4]										
James J. Judge President and Chief Executive Officer	$ 1,230,694	$ -	$ 5,504,904	$ -	$ 2,285,000	$ 6,869,854	$ 25,009	$ 15,915,461	$ 1,377,625	8.7%
Philip J. Lembo Executive Vice President, Chief Financial Officer and Treasurer	$ 613,847	$ -	$ 1,314,086	$ -	$ 700,000	$ 1,246,325	$ 21,485	$ 3,895,743	$ 329,215	8.5%
Leon J. Olivier Executive Vice President-Energy Enterprise Strategy and Business Development	$ 678,270	$ -	$ 1,428,841	$ -	$ 775,000	$ 397,791	$ 14,464	$ 3,294,366	$ 231,773	7.0%
Werner J. Schweiger Executive Vice President and Chief Operating Officer	$ 634,078	$ -	$ 1,334,961	$ -	$ 775,000	$ 1,225,581	$ 21,418	$ 3,991,038	$ 372,811	9.3%
Gregory B. Butler Senior Vice President, General Counsel and Secretary	$ 597,886	-	$ 1,032,562	-	$ 625,000	$ 1,670,745	$ 15,361	$ 3,941,554	$ 352,994	9.0%
Officers 6 through 47	$ 10,991,175	$ 106,537	$ 7,747,147	$ -	$ 7,868,000	$ 10,374,494	$ 791,443	$ 37,878,797	$ 4,143,836	10.9%
TOTAL	$ 14,745,950	$ 106,537	$ 18,362,501	$ -	$ 13,028,000	$ 21,784,790	$ 889,180	$ 68,916,959	$ 6,808,255	9.9%

1) Officers listed above include all officers reported in the Eversource proxy and other officers at the Vice President level or above as of December 31 for whom a portion of compensation was charged to the Utility as allowed by the PUC in rates.
2) External Board member compensation is not included in rates; therefore, no external board members reported.
3) Consistent with the reporting format in Attachment A to the December 3, 2008, Decision in Docket No. 08-01-16, the names and titles of those officers whose compensation is not required to be publicly reported in the Northeast Utilities proxy or Utility 10-K are not publicly reported here, but the compensation for all such officers is provided here and such officers are identified in this document as "Officers 6 through 47."
4) Except as noted below, values shown in each column are determined as if reported in the Summary Compensation Table required by Item 402(c) of Regulation S-K (17 CFR § 229.402(c)), or successor, appearing in the proxy statement for the company's annual meeting of shareholders filed with the U.S. Securities and Exchange Commission.
5) Change in pension value for officers that are not reported in proxy statements or Utility 10-K is estimated using service cost and interest cost related to each such officer.
6) Amount and percentage of compensation charged to the Utility represents amount and percentage of compensation charged to Utility Capital Accounts and/or Operating Expense (above-the-line), reflecting extent each category of compensation was allowed by the PUC in rates.

004651

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(15) Copies of all officer and executive incentive plans

Response:

Please see 1604.01(a)(15) Attachment 1 for the 2017 Employee Incentive Program template and 1604.01(a)(15) Attachment 2 for the 2018 Employee Incentive Program template. 1604.01(a)(15) Attachment 3 provides the Company's 2018 Incentive Plan.

Eversource Energy
Employee Annual Incentive Program

[Your Department / Business Unit Name]

Year 2017

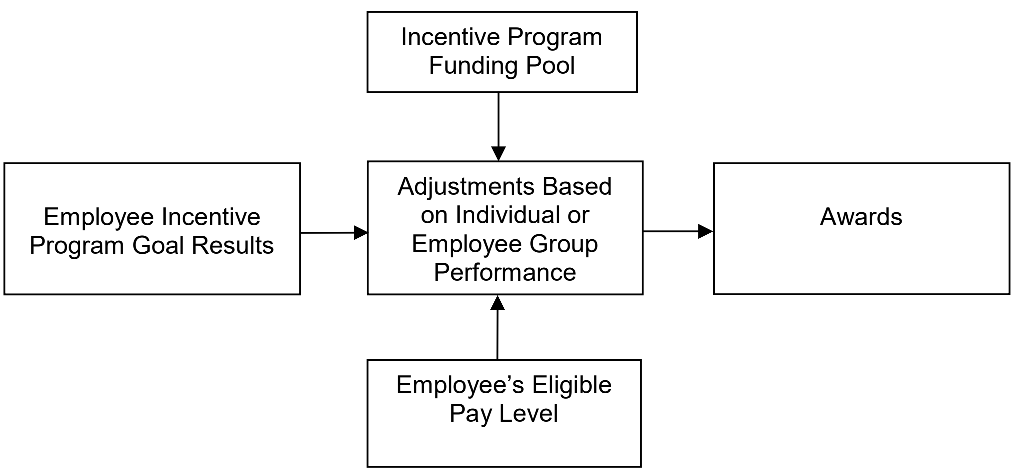
Introduction

The 2017 Employee Annual Incentive Program is designed to motivate participants to achieve goal results that are important to the success of the Company in general and [Your Department / Business Unit Name] in particular.

[*Personal message from officer about this year's challenges, etc.*]

How Awards Will be Determined

Your award will be based on the achievement of employee Annual incentive program goal results and incentive program funding. A funding pool will be based on the achievement of an ES Consolidated EPS Goal along with the the achievement of certain strategic and high-level financial goals for [Your Department / Business Unit Name]. Incentive program awards to individual employees and employee groups will be determined based on their eligible pay and target incentive levels, then adjusted – up or down – to use available funding based on management's assessment of their individual performance and contribution to overall results through the use of Individual Performance Multipliers (IPMs). The IPM provides for a range of 0 to 200% of target. No incentive award may exceed 200% of target.



Employee Annual Incentive Program Goals

The 2017 Employee Annual Incentive Program goals focus on [*summary of your department or business unit's areas of focus*]. Achievement toward these goals will determine your level of payout before any adjustments for individual performance or pool funding. For example, if overall achievement against these goals is at target, then payouts would be at target before your management makes adjustments for individual performance and available funding.

Eligible Compensation includes the following pay:

Exempt employees: Base pay, pay adders, and merit lump sum earned during the approved program year ending December 31, 2017.

Nonexempt employees: Regular wages, on call pay, merit lump sum, and overtime calculated at time-and-a-half rates earned during the approved program year ending December 31, 2017.

Eligible Compensation excludes the following pay:
- Compensation for medical cash back
- Educational reimbursements
- Imputed income
- Special payments
- SPOT Award payments
- Prior year's Annual incentive award
- Prior year's safety incentive awards
- Company contributions to savings programs
- Overtime, on call, and other premium paid to exempt employees

Program Eligibility

The incentive program year runs for the approved program year ending December 31, 2017.

Eligible employees will receive payment if they are on the active payroll on the day of distribution subject to the conditions outlined below:

- Employees may participate in more than one incentive program during the program year, for example, as the result of a transfer to a different ES company.

- Employees may not participate in more than one incentive program at the same time.

- Employees who are temporarily reassigned to a department with a different incentive program for a period of 90 or more days may be assigned to that program at the option of department management.

- Employees who become disabled during the program year are eligible for an incentive award on a prorated basis; this payment will be made in accordance with program formulas by March 2018.

- The spouse or estate of any active employee who dies during the program year is eligible to receive an incentive payment on a prorated basis. The payment will be made as soon as possible after the date of death using eligible earnings and target incentive program percentages.

- Temporary employees (for example, summer or seasonal hires) are not eligible to participate.

- Contractors (vendor labor) are not eligible to participate.

- Employees with an overall performance rating of "Did Not Meet Performance Expectations" are not eligible for a 2017 award.

Other Information

Timing of Incentive Payments
Incentive award payments will be made in accordance with program formulas by March 2018.

Taxation
Incentive program awards are considered taxable income. They are subject to state and federal taxes, FICA, Medicare withholding, and any other legally required deductions.

Effect on Other Benefits
Incentive program awards are considered “Covered Pay” to the extent allowed by the IRS for the Retirement Plan and the K-Vantage benefit. The IRS limit on Covered Pay for 2017, including base, overtime, and incentive pay, is $260,000. Incentive payments are not included in other benefits calculations, including the 401k Plan.

Program Modifications/Decisions
The Employee Annual Incentive Program is not binding on the company. The company in its sole discretion may modify, defer, or discontinue the program, in part or in whole at any time. The company’s performance during the period, taking into account the relative success of the company and other such significant factors, will be considered in making such determinations.

The Chief Executive Officer of Eversource Energy is authorized to make discretionary adjustments to payout levels, including the decision to not pay incentives at all because of unforeseen circumstances.

All interpretations, decisions, and determinations made by management concerning the 2017 program will be final.

Eversource Energy
Employee Annual Incentive Program

[Your Department / Business Unit Name]

Year 2018

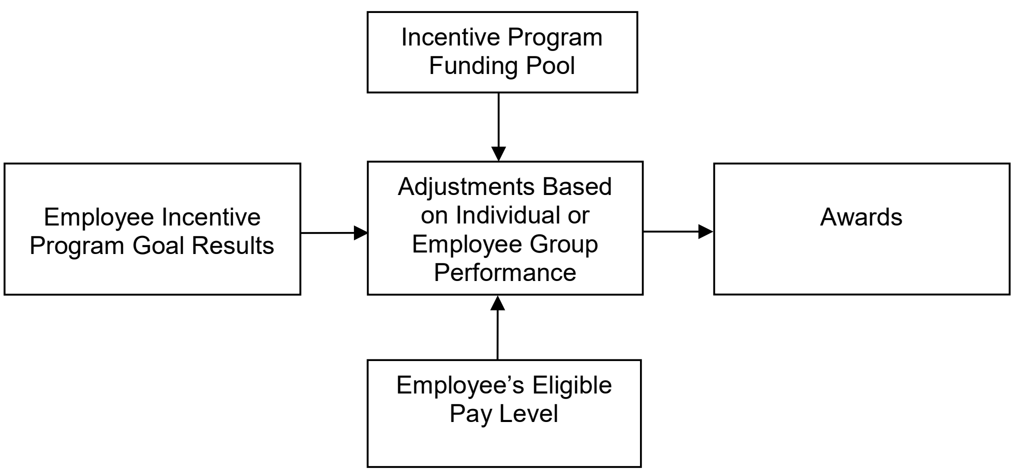
Introduction

The 2018 Employee Annual Incentive Program is designed to motivate participants to achieve goal results that are important to the success of the Company in general and [Your Department / Business Unit Name] in particular.

[*Personal message from officer about this year's challenges, etc.*]

How Awards Will be Determined

Your award will be based on the achievement of employee Annual incentive program goal results and incentive program funding. A funding pool will be based on the achievement of an ES Consolidated EPS Goal along with the the achievement of certain strategic and high-level financial goals for [Your Department / Business Unit Name]. Incentive program awards to individual employees and employee groups will be determined based on their eligible pay and target incentive levels, then adjusted – up or down – to use available funding based on management's assessment of their individual performance and contribution to overall results through the use of Individual Performance Multipliers (IPMs). The IPM provides for a range of 0 to 200% of target. No incentive award may exceed 200% of target.



Employee Annual Incentive Program Goals

The 2018 Employee Annual Incentive Program goals focus on [*summary of your department or business unit's areas of focus*]. Achievement toward these goals will determine your level of payout before any adjustments for individual performance or pool funding. For example, if overall achievement against these goals is at target, then payouts would be at target before your management makes adjustments for individual performance and available funding.

Eligible Compensation includes the following pay:

Exempt employees: Base pay, pay adders, and merit lump sum earned during the approved program year ending December 31, 2018.

Nonexempt employees: Regular wages, on call pay, merit lump sum, and overtime calculated at time-and-a-half rates earned during the approved program year ending December 31, 2018.

Eligible Compensation excludes the following pay:
- Compensation for medical cash back
- Educational reimbursements
- Imputed income
- Special payments
- SPOT Award payments
- Prior year's Annual incentive award
- Prior year's safety incentive awards
- Company contributions to savings programs
- Overtime, on call, and other premium paid to exempt employees

Program Eligibility

The incentive program year runs for the approved program year ending December 31, 2018.

Eligible employees will receive payment if they are on the active payroll on the day of distribution subject to the conditions outlined below:

- Employees may participate in more than one incentive program during the program year, for example, as the result of a transfer to a different ES company.
- Employees may not participate in more than one incentive program at the same time.
- Employees who are temporarily reassigned to a department with a different incentive program for a period of 90 or more days may be assigned to that program at the option of department management.
- Employees who become disabled during the program year are eligible for an incentive award on a prorated basis; this payment will be made in accordance with program formulas by March 2018.
- The spouse or estate of any active employee who dies during the program year is eligible to receive an incentive payment on a prorated basis. The payment will be made as soon as possible after the date of death using eligible earnings and target incentive program percentages.
- Temporary employees (for example, summer or seasonal hires) are not eligible to participate.
- Contractors (vendor labor) are not eligible to participate.
- Employees with an overall performance rating of "Did Not Meet Performance Expectations"

are not eligible for a 2018 award.

Other Information

Timing of Incentive Payments
Incentive award payments will be made in accordance with program formulas by March 2018.

Taxation
Incentive program awards are considered taxable income. They are subject to state and federal taxes, FICA, Medicare withholding, and any other legally required deductions.

Effect on Other Benefits
Incentive program awards are considered “Covered Pay” to the extent allowed by the IRS for the Retirement Plan and the K-Vantage benefit. The IRS limit on Covered Pay for 2018, including base, overtime, and incentive pay, is $260,000. Incentive payments are not included in other benefits calculations, including the 401k Plan.

Program Modifications/Decisions
The Employee Annual Incentive Program is not binding on the company. The company in its sole discretion may modify, defer, or discontinue the program, in part or in whole at any time. The company’s performance during the period, taking into account the relative success of the company and other such significant factors, will be considered in making such determinations.

The Chief Executive Officer of Eversource Energy is authorized to make discretionary adjustments to payout levels, including the decision to not pay incentives at all because of unforeseen circumstances.

All interpretations, decisions, and determinations made by management concerning the 2018 program will be final.

APPENDIX A

2018 EVERSOURCE ENERGY INCENTIVE PLAN

1. PURPOSE

The purpose of the 2018 Eversource Energy Incentive Plan (the Plan) is to attract and retain employees of the Company, to provide an incentive for Participants to generate shareholder value by contributing to the appreciation of shares of Company Stock, to enable Participants to share in the growth of the Company through the grant of Awards, and to provide non-employee Trustees with Equity Awards.

2. DEFINED TERMS

Exhibit A, which is incorporated by reference, defines the terms used in the Plan and includes certain operational rules related to those terms.

3. ADMINISTRATION

The Plan shall be administered by the Compensation Committee. The Board may in any instance perform any of the Plan functions of the Compensation Committee, and the Compensation Committee may delegate such of its Plan duties, powers and responsibilities as it may determine to any other person, including the grant of Awards, in accordance with applicable legal requirements and the Compensation Committee's charter. References to the Compensation Committee in this Plan shall include the Board or the person or persons so delegated to the extent of such delegation, as applicable.

The Compensation Committee shall select the persons eligible to receive Awards and shall determine the terms and conditions of the Awards. The Compensation Committee has discretionary authority, subject only to the express provisions of the Plan, to interpret the Plan; determine eligibility for and grant Awards; determine, modify or waive the terms and conditions of any Award; determine the form of settlement of Awards (whether in cash, shares of Stock, other property or a combination thereof); prescribe forms, rules and procedures; and otherwise do all things necessary or desirable to carry out the purposes of the Plan. Determinations of the Compensation Committee made under the Plan will be conclusive and will bind all parties.

4. ELIGIBILITY FOR ANNUAL CASH INCENTIVE AWARDS

Each employee of the Company employed in a position classified as a Vice President or higher (an Executive Employee) shall be eligible to receive an Annual Cash Incentive Award under the Plan. As soon as practicable after the start of each fiscal year, but in any event within 90 days thereafter, the Compensation Committee shall set performance goals for the Company, which shall be the basis for determining the Annual Cash Incentive Award to be paid to each Executive Employee for such fiscal year, unless otherwise determined by the Compensation Committee. The Compensation Committee shall communicate to each Executive Employee the target and the percentages (including minimums and maximums) of the Annual Cash Incentive Award that such employee is eligible to receive. The Compensation Committee may permit an

Executive Employee to defer an Annual Cash Incentive Award in accordance with such procedures as the Compensation Committee may from time to time specify, subject to compliance with Section 409A.

The Compensation Committee shall certify and announce the Annual Incentive Awards that will be paid by the Company to each Executive Employee as soon as practicable following the final determination of the Company's financial results for the relevant fiscal year. Payment of an Annual Incentive Award that an Executive Employee has not expressly deferred shall be made in cash after the end of the relevant fiscal year but not later than two and one-half months after the end of such fiscal year, only if the employment of the Executive Employee has not been terminated prior to the date that payment is due, except as otherwise specifically provided in a written agreement between the Company and the Executive Employee. The Compensation Committee may provide for complete or partial exceptions to this requirement if an Executive Employee's employment terminates on account of his or her Retirement, death or Disability, or is terminated by the Company without Cause or in connection with a Change in Control.

5. ELIGIBILITY AND PARTICIPATION FOR EQUITY AWARDS

The Compensation Committee shall select Participants from among key Employees of the Company and its subsidiaries, it being understood that no Employee whose terms and conditions of employment are subject to negotiation with a collective bargaining agent will be eligible to receive an Equity Award under the Plan until the agreement between the Company and such collective bargaining agent with respect to the Employee provides for eligibility to participate in the Plan. Eligibility for ISOs is limited to individuals described in the first sentence of this Section 5 who are employees of the Company or of a "parent corporation" or "subsidiary corporation" of the Company as those terms are defined in Section 424 of the Code. Eligibility for Stock Options, other than ISOs and SARs, is limited to individuals described in the first sentence of this Section 5 who are providing direct services on the date of grant of the Award to the Company or to a subsidiary of the Company that would be described in the first sentence of Section 1.409A-1(b)(5)(iii)(E) of the Treasury Regulations. Non-employee Trustees shall also participate in the Plan through Stock Awards made as a component of Trustee compensation.

6. LIMITS ON GRANTS AND COMPENSATION UNDER THE PLAN

(a) **<u>Number of Shares</u>.** Subject to adjustment as provided in Section 8(b), the maximum number of shares of Company Stock that may be issued in satisfaction of Equity Awards under the Plan on and after the Effective Date shall be 3,200,000 shares. For purposes of this Section 6(a), the number of shares of Company Stock issued in satisfaction of Equity Awards will be determined (i) by including shares of Company Stock withheld by the Company in payment of the exercise price or purchase price of the Award or in satisfaction of tax withholding requirements with respect to the Award, (ii) by including the full number of shares covered by a SAR any portion of which is settled in Company Stock (and not only the number of shares of Company Stock delivered in settlement), and (iii) by excluding any shares of Company Stock underlying Awards settled in cash or property (other than Company Stock) or that expire, become unexercisable, terminate or are forfeited to or repurchased by the Company without the issuance of Company Stock. For the avoidance of doubt, the number of shares of Company Stock available for delivery under the Plan will not be increased by any shares of Company Stock delivered under the Plan that are subsequently repurchased using proceeds directly attributable to Stock Option exercises. The limits set forth in this Section 6(a) will be construed to comply with Section 422.

(b) **Substitute Awards.** The Compensation Committee may grant Substitute Awards under the Plan in substitution for equity awards of an acquired company. To the extent consistent with the requirements of Section 422 and the regulations thereunder and other applicable legal requirements (including applicable stock exchange requirements), Company Stock issued under Substitute Awards will be in addition to and will not reduce the number of shares available for Awards under the Plan set forth in Section 6(a), but, notwithstanding anything in Section 6(a) to the contrary, if any Substitute Award is settled in cash or expires, becomes unexercisable, terminates or is forfeited to or repurchased by the Company without the issuance of Company Stock, the shares of Company Stock previously subject to such Award will not be available for future grants under the Plan. The Compensation Committee will determine the extent to which the terms and conditions of the Plan apply to Substitute Awards, if at all.

(c) **Type of Shares.** Shares of Company Stock delivered by the Company under the Plan may be authorized but unissued shares of Company Stock or previously issued shares of Company Stock acquired by the Company.

(d) **Individual Limits.**

(1) The following additional limits apply to Awards of the specified type granted or, in the case of Cash Awards, payable to any person in any calendar year.

(A) Stock Options: 500,000 shares of Company Stock.

(B) SARs: 500,000 shares of Company Stock.

(C) Long term Incentive Cash Awards: $4,000,000

(D) Annual Cash Incentive Awards: $4,000,000

(E) Equity Awards (other than Stock Options or SARS): 400,000 shares of Company Stock.

In applying the foregoing limits, (i) all Awards of the specified type granted to the same person in the same calendar year are aggregated and made subject to one limit; (ii) the limits applicable to Stock Options and SARs refer to the number of shares of Company Stock underlying those Awards; (iii) the share limits under clause (E) refer to the maximum number of shares of Company Stock that may be delivered, or the value of which could be paid in cash or other property, under an Award or Awards of the type specified in clause (E), assuming a maximum payout; (iv) Awards other than Annual Cash Incentive Awards or Long Term Incentive Cash Awards that are settled in cash count against the applicable share limit under clauses (A), (B) or (E), as applicable, and not against the dollar limit under clause (C) and (D); and (v) the dollar limit under clauses (C) and (D) refers to the maximum dollar amount payable under an Annual Cash Incentive Award or Long Term Incentive Cash Award, as applicable, assuming a maximum payout.

(2) Notwithstanding the foregoing limits, the aggregate value of all compensation granted or paid to any non-employee Trustee with respect to any calendar year in respect of his or her service as Trustee, including Awards granted under the Plan and cash fees or other compensation paid to the non-employee Trustee for his or her services as a Trustee, including service on committees of the Board during such calendar year, shall not exceed $750,000 in the aggregate, calculating the value of any Equity Awards based on the grant date fair value of such awards in accordance with the Accounting Rules.

7. RULES APPLICABLE TO AWARDS

(a) <u>All Awards</u>.

(1) <u>Awards</u>. Awards under the Plan may consist of any or a combination of the following: Stock Options, SARs, Restricted Stock, Stock Units, including Restricted Stock Units, Performance Awards, Cash Awards and other awards that are convertible into or otherwise based on Common Stock (each, an Award, and, collectively, Awards).

(2) <u>Award Provisions</u>. By accepting (or, under such rules as the Compensation Committee may prescribe, being deemed to have accepted) an Award, the Participant will be deemed to have agreed to the terms of the Award and the Plan. Notwithstanding any provision of this Plan to the contrary, Substitute Awards may contain terms and conditions that are different from the terms and conditions specified herein, as determined by the Compensation Committee. The Compensation Committee shall determine the terms of all Awards, subject to the limitations provided herein. Awards under a particular section of the Plan need not be uniform as among the Participants.

(3) <u>Term of Plan</u>. No Awards may be made after 10 years from the Date of Adoption, but previously granted Awards may continue beyond that date in accordance with their terms.

(4) <u>Transferability</u>. Neither ISOs nor, except as the Compensation Committee otherwise expressly provides in accordance with the third sentence of this Section 7(a)(4), other Awards, may be transferred other than by will or by the laws of descent and distribution. During a Participant's lifetime, ISOs and, except as the Compensation Committee otherwise expressly provides in accordance with the third sentence of this Section 7(a)(4), SARs and NSOs, may be exercised only by the Participant. The Compensation Committee may permit the gratuitous transfer (*i.e.*, transfer not for value) of Awards other than ISOs, subject to applicable securities and other laws and such limitations as the Compensation Committee may impose.

(5) <u>Vesting</u>. The Compensation Committee shall determine the time or times at which an Award vests or becomes exercisable or any restrictions on such Award lapse and the terms on which an Award remains outstanding; *provided, however*, that no portion of any grant of an Equity Award may be scheduled by its terms to vest prior to the date that is one year following the date the Equity Award is granted; *provided also, however*, that Equity Awards that by the terms of a grant are scheduled to result in the issuance (as determined in accordance with the rules set forth in Section 6(a)) of an aggregate of up to five percent of the shares of Company Stock reserved for issuance under Section 6(a) may be granted to eligible persons (including Trustees) without regard to the minimum vesting provisions of this Section 7(a). Without limiting the foregoing, the Compensation Committee may at any time accelerate the vesting or exercisability of an Award, regardless of any adverse or potentially adverse tax or other consequences resulting from such acceleration. Unless the Compensation Committee expressly provides otherwise, however, the following rules will apply if a Participant's Employment ceases:

(A) Except as provided in (B) and (C) below, immediately upon the cessation of the Participant's Employment, each Stock Option and SAR that is then held by the Participant or by the Participant's permitted transferees, if any, will cease to be exercisable and will terminate, and all other Awards that are then held by the Participant or by the Participant's permitted transferees, if any, to the extent not already vested will be forfeited.

(B) Subject to (C) and (D) below, all Stock Options and SARs held by the Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of three months or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 7(a)(5), and will thereupon immediately terminate.

(C) Subject to (D) below, all Stock Options and SARs held by a Participant or the Participant's permitted transferees, if any, immediately prior to the Participant's death, to the extent then exercisable, will remain exercisable for the lesser of (i) the one year period ending with the first anniversary of the Participant's death or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 7(a)(5), and will thereupon immediately terminate.

(D) All Equity Awards (whether or not vested or exercisable) held by a Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment, will immediately terminate upon such cessation of Employment if the termination is for Cause or occurs in circumstances that in the determination of the Compensation Committee would have constituted grounds for the Participant's Employment to be terminated for Cause.

(6) **Recovery of Compensation**. Upon written demand of the Company, the Compensation Committee may require the forfeiture and disgorgement to the Company of outstanding Awards and the proceeds from the exercise or disposition of Awards or Company Stock acquired under Awards, with interest and other related earnings, if payment of the Award was predicated on the achievement of certain financial results that were subsequently the subject of a material restatement of the financial statements of the Company, in the judgment of the Board, and if the Participant engaged in fraud or misconduct that caused or partially caused the need for the material restatement, and a lower payment would have been made to the Participant based on the restated financial results. In the event the Participant fails to make prompt reimbursement of any such Award or amounts previously paid or delivered, as applicable, the Company may, to the extent permitted by applicable law, deduct the amount required to be reimbursed from the Participant's compensation otherwise due from the Company; *provided*, *however*, that the Company will not seek to recover upon Awards paid more than three years prior to the date the applicable restatement is disclosed. In addition, the Compensation Committee may require forfeiture and disgorgement to the Company of outstanding Awards and the proceeds or amounts with respect to the exercise, settlement, payment or disposition of Awards or Company Stock acquired under Awards, with interest and other related earnings, (i) to the extent required by law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended (the Exchange Act), (ii) pursuant to any applicable Company clawback or recoupment policy, as in effect from time to time, or (iii) in connection with a willful violation by the Participant of a material provision of the code of business conduct of the Company or any of its subsidiaries, any material policy of the Company or any of its subsidiaries, or any material provision set forth in an employment agreement occurring within three years following payment of an Award, each, as in effect from time to time, and all as may be determined by the Compensation Committee. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees to cooperate fully with the Compensation Committee, and to cause any and all permitted transferees of the Participant to cooperate fully with the Compensation Committee to effectuate any forfeiture or disgorgement required hereunder. Neither the Compensation Committee nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 7(a)(6).

(7) **Taxes.** The delivery, vesting and retention of Company Stock, cash or other property under an Award are conditioned upon full satisfaction by the Participant of all tax withholding requirements with respect to the Award. The Compensation Committee shall prescribe such rules for the withholding of taxes with respect to any Award as it deems necessary. The Company may hold back shares of Company Stock from an Equity Award or permit a Participant to tender previously owned shares of Company Stock in satisfaction of tax withholding requirements (but not in excess of the maximum withholding amount consistent with the award being subject to equity accounting treatment under the Accounting Rules).

(8) **Dividend Equivalents.** The Compensation Committee may provide for the payment of amounts (on terms and subject to conditions established by the Compensation Committee) in lieu of cash dividends or other cash distributions with respect to Company Stock subject to an Award whether or not the holder of such Award is otherwise entitled to share in the actual dividend or distribution in respect of such Award; *provided, however*, that (a) dividends or dividend equivalents relating to an Award that, at the dividend payment date, remain subject to a risk of forfeiture (whether service-based or performance-based) shall be subject to the same risk of forfeiture as applies to the underlying Award and (b) no dividends or dividend equivalents shall be payable with respect to Options or SARs. Any entitlement to dividend equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with, the requirements of Section 409A. Dividends or dividend equivalent amounts payable in respect of Awards that are subject to restrictions may be subject to such additional limits or restrictions as the Compensation Committee may impose.

(9) **Rights Limited.** Nothing in the Plan may be construed as giving any person the right to be granted an Award or to continued employment or service with the Company or any of its subsidiaries, or any rights as a shareholder except as to shares of Company Stock actually issued under the Plan. The loss of existing or potential profit in Awards will not constitute an element of damages in the event of termination of Employment for any reason, even if the termination is in violation of an obligation of the Company or any of its subsidiaries to the Participant.

(10) **Performance- based Compensation Tax Exception.** In the case of any Performance Award (other than a Stock Option or SAR) intended to qualify for any performance-based compensation exception that might now or in the future be contained in any law or regulation, the Compensation Committee shall establish the Performance Criterion (or Criteria) applicable to the Award within the time period required under such law or regulation, and the grant, vesting or payment, as the case may be, of the Award will be conditioned upon the satisfaction of the Performance Criterion (or Criteria) as certified by the Compensation Committee, unless otherwise determined by the Compensation Committee.

(11) **Coordination with Other Plans.** Awards under the Plan may be granted in tandem with, or in satisfaction of or substitution for, other Awards under the Plan or awards made under other compensatory plans or programs of the Company or any of its subsidiaries. For example, but without limiting the generality of the foregoing, awards under other compensatory plans or programs of the Company or any of its subsidiaries may be settled in Company Stock under the Plan if the Compensation Committee so determines, in which case the shares delivered will be treated as awarded under the Plan (and will reduce the number of shares thereafter available under the Plan in accordance with the rules set forth in Section 6). In any case where an award is made under another plan or program of the Company or any of its subsidiaries and is intended to qualify for any performance-based compensation exception under law or regulation, and such award is settled by the delivery of Company Stock or another Award under the Plan, the limitations under both the other plan or program and under the Plan will be applied to the Plan as necessary (as determined by the Compensation Committee) to preserve the availability of any performance-based compensation exception with respect thereto.

(12) **Section 409A.**

(A) Without limiting the generality of Section 12(B) hereof, each Award will contain such terms as the Compensation Committee determines and will be construed and administered such that the Award either qualifies for an exemption from the requirements of Section 409A, or satisfies such requirements.

(B) Notwithstanding any provision of this Plan or any Award agreement to the contrary, the Compensation Committee may unilaterally amend, modify or terminate the Plan or any outstanding Award, including but not limited to changing the form of the Award, if the Compensation Committee determines that such amendment, modification or termination is necessary or advisable to avoid the imposition of an additional tax, interest or penalty under Section 409A.

(C) If a Participant is deemed on the date of the Participant's termination of Employment to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B), then, with regard to any payment that is considered nonqualified deferred compensation under Section 409A, to the extent applicable, payable on account of a "separation from service", such payment will be made or provided on the date that is the earlier of (i) the expiration of the six-month period measured from the date of such "separation from service" and (ii) the date of the Participant's death (the Delay Period). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 7(a)(12) (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) will be paid on the first business day following the expiration of the Delay Period in a lump sum and any remaining payments due under the Award will be paid in accordance with the normal payment dates specified for them in the applicable Award agreement.

(D) For purposes of Section 409A, each payment made under this Plan will be treated as a separate payment.

(E) With regard to any payment considered to be nonqualified deferred compensation under Section 409A, to the extent applicable, that is payable upon a Change in Control of the Company or other similar event, to avoid the imposition of an additional tax, interest or penalty under Section 409A, no amount will be payable unless such change in control constitutes a "change in control event" within the meaning of Section 1.409A-3(i)(5) of the Treasury Regulations.

(b) Stock Options and SARs.

(1) Time and Manner of Exercise. Unless the Compensation Committee expressly provides otherwise, no Stock Option or SAR will be deemed to have been exercised until the Company receives notice of exercise in a form acceptable to the Compensation Committee that is signed by the appropriate person and accompanied by any payment required under the Award. Any attempt to exercise a Stock Option or SAR by any person other than the Participant will not be given effect unless the Compensation Committee has received such evidence as it may require that the person exercising the Award has the right to do so.

(2) Exercise Price. The exercise price (or the base value from which appreciation is to be measured) of each Award requiring exercise must be no less than 100% (in the case of an ISO granted to a 10-percent shareholder within the meaning of subsection (b)(6) of Section 422, 110%) of the Fair Market Value of the Company Stock subject to the Award, determined as of the date of grant, or such higher amount as the Compensation Committee may determine in connection with the grant.

(3) Payment of Exercise Price. Where the exercise of an Award is to be accompanied by payment, payment of the exercise price must be by cash or check acceptable to the Compensation Committee or, if so permitted by the Compensation Committee and if legally permissible, (i) through the delivery of previously acquired unrestricted shares of Company Stock, or the withholding of shares of Company Stock otherwise deliverable upon exercise, in either case that have a Fair Market Value equal to the exercise price, (ii) through a broker-assisted cashless exercise program acceptable to the Compensation Committee, (iii) by other means acceptable to the Compensation Committee, or (iv) by any combination of the foregoing permissible forms of payment. The delivery of previously acquired shares in payment of the exercise price under clause (b)(3) above may be accomplished either by actual delivery or by constructive delivery through attestation of ownership, subject to such rules as the Compensation Committee may prescribe.

(4) **Maximum Term.** The maximum term of Stock Options and SARs must not exceed 10 years from the date of grant (or five years from the date of grant in the case of an ISO granted to a 10-percent shareholder described in Section 7(b)(2) above).

(5) **No Repricing.** Except in connection with a corporate transaction involving the Company (which term includes, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares) or as otherwise contemplated by Section 8 below, the Company may not, without obtaining shareholder approval, (A) amend the terms of outstanding Stock Options or SARs to reduce the exercise price or base value of such Stock Options or SARs, (B) cancel outstanding Stock Options or SARs in exchange for Stock Options or SARs with an exercise price or base value that is less than the exercise price or base value of the original Stock Options or SARs, or (C) cancel outstanding Stock Options or SARs that have an exercise price or base value greater than the Fair Market Value of a share of Company Stock on the date of such cancellation in exchange for cash or other consideration.

8. EFFECT OF CERTAIN TRANSACTIONS

(a) Except as otherwise expressly provided in an Award agreement, Company plan, or other individual agreement, or by the Compensation Committee, the following provisions will apply in the event of a Corporate Transaction or a Change in Control:

(1) **Assumption or Substitution.** If the Corporate Transaction or Change in Control is one in which there is an acquiring or surviving entity, the Compensation Committee shall provide for either (A) the assumption or continuation of all outstanding Awards or any portion thereof or (B) the grant of new awards in substitution therefor by the acquiror or survivor or an affiliate of the acquiror or survivor.

(2) **Cash-Out of Awards.** Subject to Section 8(a)(6) below, the Compensation Committee may alternatively or also provide for payment (a "cash-out"), with respect to some or all Awards or any portion thereof, equal in the case of each affected Equity Award or portion thereof to the excess, if any, of (A) the Fair Market Value of one share of Company Stock times the number of shares of Company Stock subject to the Equity Award or such portion, over (B) the aggregate exercise or purchase price, if any, under the Equity Award or such portion (in the case of a SAR, the aggregate base value above which appreciation is measured), in each case on such payment terms (which need not be the same as the terms of payment to holders of Company Stock) and other terms, and subject to such conditions, as the Compensation Committee determines; *provided, however*, for the avoidance of doubt, that if the exercise or purchase price (or base value) of an Equity Award is equal to or greater than the Fair Market Value of one share of Company Stock, the Equity Award may be cancelled with no payment due hereunder or otherwise in respect of such Equity Award.

(3) Acceleration of Certain Awards. Subject to Section 8(a)(6) below, the Compensation Committee may provide that any Equity Award requiring exercise will become exercisable, in full or in part, and/or that the delivery of any shares of Company Stock remaining deliverable under any outstanding Award of Company Stock Units (including Restricted Stock Units and Performance Awards to the extent consisting of Company Stock Units) will be accelerated, in full or in part, in each case on a basis that gives the holder of the Award a reasonable opportunity, as determined by the Compensation Committee, following exercise of the Award or the delivery of the shares, as the case may be, to participate as a shareholder in the Corporate Transaction or Change in Control.

(4) Termination of Awards upon Consummation of a Corporate Transaction or Change in Control. Except as the Compensation Committee may otherwise determine in any case, each Award will automatically terminate (and in the case of outstanding shares of Restricted Stock, will automatically be forfeited) immediately upon consummation of the Corporate Transaction or a Change in Control, other than (A) any Award that is assumed or substituted pursuant to Section 8(a)(1) above, and (B) any Cash Award that by its terms, or as a result of action taken by the Compensation Committee, continues following the Corporate Transaction or Change in Control.

(5) Involuntary Employment Action. Except as otherwise provided in an Award agreement or an individual agreement, if at any time within two (2) years after the effective date of a Change in Control there is an Involuntary Employment Action with respect to a Participant, each then outstanding Equity Award assumed, substituted or continued under Section 8(a)(1) and held by such Participant (or a permitted transferee of such person), to the extent then outstanding, shall, upon the occurrence of such Involuntary Employment Action, automatically accelerate so that each such Award shall become fully vested or exercisable, as applicable, immediately prior to such Involuntary Employment Action. Upon the occurrence of an Involuntary Employment Action with respect to a Participant, any outstanding Options or SARs held by such Participant (and a permitted transferee of such person) shall be exercisable for one (1) year following the Involuntary Employment Action or, if earlier, within the originally prescribed term of the Option or SAR.

(6) Additional Limitations. Any share of Company Stock and any cash or other property delivered pursuant to Section 8(a)(2) or Section 8(a)(3) above with respect to an Equity Award may, in the discretion of the Compensation Committee, contain such restrictions, if any, as the Compensation Committee deems appropriate to reflect any performance or other vesting conditions to which the Award was subject and that did not lapse (and were not satisfied) in connection with a Corporate Transaction or a Change in Control. For purposes of the immediately preceding sentence, a cash-out under Section 8(a)(2) above or an acceleration under Section 8(a)(3) above will not, in and of itself, be treated as the lapsing (or satisfaction) of a performance or other vesting condition. In the case of Restricted Stock that does not vest and is not forfeited in connection with the Corporate Transaction or Change in Control, the Compensation Committee may require that any amounts delivered, exchanged or otherwise paid in respect of such Company Stock in connection with the Corporate Transaction or Change in Control be placed in escrow or otherwise made subject to such restrictions as the Compensation Committee deems appropriate to carry out the intent of the Plan.

(b) Changes in and Distributions with Respect to Company Stock.

(1) Basic Adjustment Provisions. In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in the Company's capital structure that constitutes an equity restructuring within the meaning of the Accounting Rules, the Compensation Committee shall make appropriate adjustments to the maximum number of shares of Company Stock specified in Section 6(a) that may be issued under the Plan and to the maximum share limits described in Section 6(d), and shall make appropriate adjustments to the number and kind of shares of stock or securities underlying Equity Awards then outstanding or subsequently granted, any exercise or purchase prices (or base values) relating to Equity Awards and any other provision of Awards affected by such change.

(2) Certain Other Adjustments. The Compensation Committee may also make adjustments of the type described in Section 8(b)(1) above to take into account distributions to shareholders other than those provided for in Section 8(a) and 8(b)(1), or any other event, if the Compensation Committee determines that adjustments are appropriate to avoid distortion in the operation of the Plan.

(3) Continuing Application of Plan Terms. References in the Plan to shares of Company Stock will be construed to include any stock or securities resulting from an adjustment pursuant to this Section 8.

9. LEGAL CONDITIONS ON DELIVERY OF COMPANY STOCK

The Company will not be obligated to deliver any shares of Company Stock pursuant to the Plan or to remove any restriction from shares of Company Stock previously delivered under the Plan until: (i) the Company is satisfied that any legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Company Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the Award have been satisfied or waived. The Company may require, as a condition to the exercise of an Award or the delivery of shares of Company Stock under an Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act of 1933, as amended, or any applicable state or non-U.S. securities law. Any Company Stock required to be issued to Participants under the Plan will be evidenced in such manner as the Compensation Committee may deem appropriate, including book-entry registration or delivery of stock certificates. In the event that the Compensation Committee determines that stock certificates will be issued to Participants under the Plan, the Compensation Committee may require that certificates evidencing Company Stock issued under the Plan bear an appropriate legend reflecting any restriction on transfer applicable to such Company Stock, and the Company may hold the certificates pending lapse of the applicable restrictions.

10. AMENDMENT AND TERMINATION

The Compensation Committee may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, and may at any time terminate the Plan as to any future grants of Awards; *provided, however*, that except as otherwise expressly provided in the Plan, the Compensation Committee may not, without the Participant's consent, alter the terms of an Award so as to affect materially and adversely the Participant's rights under the Award, unless the Compensation Committee expressly reserved the right to do so at the time the Award was granted. Any amendments to the Plan will be conditioned upon shareholder approval to the extent, if any, such approval is required by law (including the Code) or applicable stock exchange requirements, as determined by the Compensation Committee.

11. MISCELLANEOUS

(a) **Waiver of Jury Trial.** By accepting or being deemed to have accepted an Award under the Plan, each Participant waives any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan and any Award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting or being deemed to have accepted an Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the Company and a Participant to agree to submit disputes arising under the terms of the Plan or any Award made hereunder to binding arbitration or as limiting the ability of the Company to require any eligible individual to agree to submit such disputes to binding arbitration as a condition of receiving an Award hereunder.

(b) **Limitation of Liability.** Notwithstanding anything to the contrary in the Plan, neither the Company, nor any of its subsidiaries, nor the Compensation Committee, nor any person acting on behalf of the Company, any of its subsidiaries, or the Compensation Committee, will be liable to any Participant, to any permitted transferee, to the estate or beneficiary of any Participant or any permitted transferee, or to any other holder of an Award by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted by reason of the failure of an Award to satisfy the requirements of Section 422 or Section 409A or by reason of Section 4999 of the Code, or otherwise asserted with respect to the Award.

(c) **Funding of the Plan.** This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Awards under this Plan. In no event shall interest be paid or accrued on any Award, including unpaid installments of Awards.

(d) **Disclaimer of Liability.** The Declaration of Trust of the Company provides that no shareholder of the Company shall be held to any liability whatever for the payment of any sum of money, or for damages or otherwise under any contract, obligation or undertaking made, entered into or issued by the Board or by any officer, agent or representative elected or appointed by the Board, and no such contract, obligation or undertaking shall be enforceable against the Board or any of them in their or his or her individual capacities or capacity and all such contracts, obligations and undertakings shall be enforceable only against the Board as such contract, obligation or undertaking shall look only to the trust estate for the payment or satisfaction thereof.

12. ESTABLISHMENT OF SUB-PLANS

The Compensation Committee may at any time and from time to time establish one or more sub-plans under the Plan (for local-law compliance purposes or other administrative reasons determined by the Compensation Committee) by adopting supplements to the Plan containing, in each case, such limitations on the Compensation Committee's discretion under the Plan, and such additional terms and conditions, as the Compensation Committee deems necessary or desirable. Each supplement so established will be deemed to be part of the Plan but will apply only to Participants within the group to which the supplement applies, as determined by the Compensation Committee.

13. GOVERNING LAW

(a) **Certain Requirements of Corporate Law.** Equity Awards will be granted and administered consistent with the requirements of applicable Massachusetts law relating to the issuance of stock and the consideration to be received therefor, and with the applicable requirements of the stock exchanges or other trading systems on which the Company Stock is listed or entered for trading, in each case as determined by the Compensation Committee.

(b) **Other Matters.** Except as otherwise provided by the express terms of an Award agreement, under a sub-plan described in Section 12 or as provided in Section 13(a) above, the domestic substantive laws of the Commonwealth of Massachusetts govern the provisions of the Plan and of Awards under the Plan and all claims or disputes arising out of or based upon the Plan or any Award under the Plan or relating to the subject matter hereof or thereof without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

(c) **Jurisdiction.** By accepting an Award, each Participant will be deemed to (a) have submitted irrevocably and unconditionally to the jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the District of Massachusetts for the purpose of any suit, action or other proceeding arising out of or based upon the Plan or any Award; (b) agree not to commence any suit, action or other proceeding arising out of or based upon the Plan or an Award, except in the federal and state courts located within the geographic boundaries of the United States District Court for the District of Massachusetts; and (c) waive, and agree not to assert, by way of motion as a defense or otherwise, in any such suit, action or proceeding, any claim that he or she is not subject personally to the jurisdiction of the above-named courts that his or her property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the Plan or an Award or the subject matter thereof may not be enforced in or by such court.

EXHIBIT A

Definition of Terms

The following terms, when used in the Plan, have the meanings and are subject to the provisions set forth below:

"Accounting Rules": Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor provision.

"Annual Cash Incentive Award": An Award denominated in cash that has a performance period of one (1) year.

"Board": The Board of Trustees of the Company.

"Cash Award": An Award denominated in cash, including an Annual Cash Incentive Award and a Long-Term Incentive Cash Award.

"Cause": Unless otherwise defined in any then effective agreement between a Participant and the Company or its predecessors, "Cause" means, except to the extent specified otherwise by the Committee acting on behalf of the Company, the Participant's conviction of a felony; in the reasonable determination of the Compensation Committee, the Participant's commission of an act of fraud, embezzlement, or theft in connection with the Participant's duties in the course of the Participant's employment with the Company; acts or omissions causing intentional, wrongful damage to the property of the Company or intentional and wrongful disclosure of confidential information of the Company, or engaging in gross misconduct or gross negligence in the course of the Participant's employment with the Company, or the Participant's material breach of his or her obligations under any written agreement with the Company if such breach shall not have been remedied within 30 days after receiving written notice from the Compensation Committee specifying the details thereof. For purposes of this Plan, an act or omission on the part of a Participant shall be deemed "intentional" only if it was not due primarily to an error in judgment or negligence and was done by Participant not in good faith and without reasonable belief that the act or omission was in the best interest of the Company. In the event a Participant's employment or service is terminated for Cause, in addition to the immediate termination of all Grants, the Participant shall automatically forfeit all shares underlying any exercised portion of an Option for which the Company has not yet delivered the share certificates, upon refund by the Company of the Exercise Price paid by the Participant for such shares.

"Change in Control": Unless otherwise defined in any then effective agreement between a Participant and the Company or its predecessors, (i) an event in which any person or entity, is or becomes the "beneficial owner" (as defined in Section 13(d) of the Exchange Act), together with all affiliates and associates (as such terms are used in Rule 12b-2 under the Exchange Act) of such person or entity, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; (ii) the consummation of the merger or consolidation of the Company with any other company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger; or (iii) at any time the Trustees as of the Date of Adoption or Trustees nominated by the Board do not constitute a majority of the Board (or, if applicable, the board of directors of a successor to the Company), provided, however, that any individual becoming a Trustee subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the Trustees then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of actual or threatened election contest with respect to the election or removal of Trustees or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

Notwithstanding the foregoing, in any case where the occurrence of a Change in Control could affect the vesting of or payment under an Award subject to the requirements of Section 409A, to the extent required to comply with Section 409A, the term "Change in Control" shall mean an occurrence that both (i) satisfies the requirements set forth above in this definition and (ii) is a "change in control event" as that term is defined in the regulations under Section 409A.

"Code": The U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect.

"Compensation Committee": The Compensation Committee of the Board.

"Company": Eversource Energy, a Massachusetts voluntary association.

"Corporate Transaction": Means any of: (i) a consolidation, merger or similar transaction or series of related transactions, including a sale or other disposition of stock, in which the Company (or an Affiliate) is not the surviving entity or which results in the acquisition of all or substantially all of the then outstanding Company Stock by a single person or entity or by a group of persons and/or entities acting in concert; (ii) a sale or transfer of all or substantially all of the Company's assets or (iii) a dissolution or liquidation of the Company. Where a Corporate Transaction involves a tender offer that is reasonably expected to be followed by a merger described in clause (i) as determined by the Compensation Committee, the Corporate Transaction shall be deemed to have occurred upon consummation of the tender offer.

Notwithstanding the foregoing, in any case where the occurrence of a Corporate Transaction could affect the vesting of or payment under an Award subject to the requirements of Section 409A, to the extent required to comply with Section 409A, the term "Corporate Transaction" shall mean an occurrence that both (a) satisfies the requirements set forth above in this definition and (b) is a "change in control event" as that term is defined in the regulations under Section 409A.

"Date of Adoption": The date the Plan was approved by the Company's Board.

"Disability: A Participant's being determined to be disabled within the meaning of the long-term disability plan or program that is a part of the Eversource Energy Service Company Flexible Benefits Plan (or any successor plan or program).

"Employee": Any person who is employed by the Company or any of its subsidiaries.

"Employment": A Participant's employment or other service relationship with the Company or any of its subsidiaries. Employment will be deemed to continue, unless the Compensation Committee expressly provides otherwise, so long as the Participant is employed by, or otherwise is providing services in a capacity described in Section 5 to the Company or any of its subsidiaries. If a Participant's employment or other service relationship is with any subsidiary of the Company and that entity ceases to be a subsidiary of the Company, the Participant's Employment will be deemed to have terminated when the entity ceases to be a subsidiary of the Company, unless the Participant transfers Employment to the Company or any of its remaining subsidiaries. Notwithstanding the foregoing, in construing the provisions of any Award relating to the payment of "nonqualified deferred compensation" (subject to Section 409A) upon a termination or cessation of Employment, references to termination or cessation of employment, separation from service, retirement, or similar or correlative terms will be construed to require a "separation from service" (as that term is defined in Section 1.409A-1(h) of the Treasury Regulations) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A, any of the special elective rules prescribed in Section 1.409A-1(h) of the Treasury Regulations for purposes of determining whether a "separation from service" has occurred. Any such written election will be deemed a part of the Plan.

"Equity Award": An Award other than a Cash Award.

"Fair Market Value": As of a particular date, (i) the closing price for a share of Company Stock reported on the New York Stock Exchange (or any other national securities exchange on which the Company Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the immediately preceding date on which a closing price was reported or (ii) in the event that the Company Stock is not traded on a national securities exchange, the fair market value of a share of Company Stock determined by the Compensation Committee consistent with the rules of Section 422 and Section 409A to the extent applicable.

"ISO": A Stock Option intended to be an "incentive stock option" within the meaning of Section 422. Each Stock Option granted pursuant to the Plan will be treated as providing by its terms that it is to be an NSO unless, as of the date of grant, it is expressly designated as an ISO.

"Long Term Incentive Cash Award": An Award denominated in cash that has a performance period of greater than 12 months.

"Involuntary Employment Action": As to a Participant means the involuntary termination of the Participant's employment with the Company following a Change in Control, as applicable, (i) by the Company other than for Cause or (ii) upon the occurrence of any of the following circumstances, without the Participant's consent: (a) any adverse and/or material alteration and diminution in the Participant's authority, duties or responsibilities (other than a mere change in title or reporting relationship) as they existed immediately prior to the Change in Control, as applicable, or as the same may be increased from time to time thereafter, (b) a reduction of the Participant's base salary or a reduction in targeted bonus opportunity, in each case as in effect on the date prior to the Change in Control, as applicable, or as the same may be increased from time to time thereafter or (c) relocation of the offices at which the Participant is employed which increases his or her daily commute by more than 50 miles, *however*, that in any case the Participant notifies the Company in writing of the basis for his or her involuntary termination within ninety (90) days of the occurrence of the circumstances and the Company does not cure such circumstances within thirty (30) days thereafter and the Participant terminates his or her employment within thirty (30) days thereafter.

"NSO": A Stock Option that is not intended to be an "incentive stock option" within the meaning of Section 422.

"Participant": Any eligible individual to whom an Award or Grant is made.

"Performance Award": An Award subject to Performance Criteria. The Compensation Committee may grant Performance Awards that are intended to qualify for any performance-based compensation exception under applicable law or regulation now or in the future and Performance Awards that are not intended to so qualify.

"Performance Criteria": Specified criteria, other than the mere continuation of Employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award. A Performance Criterion and any targets with respect thereto need not be based upon an increase, a positive or improved result or avoidance of loss. For purposes of Awards that are intended to qualify for the performance-based compensation exception under applicable law or regulation, a Performance Criterion will mean an objectively determinable measure or objectively determinable measures of performance relating to any, or any combination of, the following (measured either absolutely or comparatively (including, without limitation, by reference to an index or indices or the performance of one or more companies) and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof and subject to such adjustments, if any, as the Committee specifies, consistent with the requirements of applicable law or regulation): cash flow; cash flow from operations; earnings (including, but not limited to, earnings before interest, taxes, depreciation and amortization or operating earnings); earnings per share, diluted or basic; earnings per share from continuing operations; net asset turnover; inventory turnover; capital expenditures; debt; debt reduction; credit rating; working capital; return on investment; return on sales; net or gross sales; market share; economic value added; cost of capital; change in assets; expense reduction levels; unit volume; productivity; delivery performance; service levels; operating performance; customer satisfaction; diversity of new hires and/or promotions; environmental, social and corporate governance objectives and the return on such objectives; safety record; stock price; return on equity; total shareholder return; return on capital; return on assets or net assets; revenue; income or net income; operating income or net operating income; operating profit or net operating profit; gross margin, operating margin or profit margin; and completion of acquisitions, divestitures, business expansion, product diversification, new or expanded market penetration and other non-financial operating and management performance objectives, or other strategic business criteria consisting of one or more objectives based on satisfaction of specified revenue goals, geographic business expansion goals or cost targets. To the extent consistent with the requirements for satisfying any performance-based compensation exception under applicable law or regulation, or as otherwise determined by the Compensation Committee, the Compensation Committee may provide in the case of any Award intended to qualify for such exception that one or more of the Performance Criteria applicable to such Award will be adjusted in an objectively determinable manner to reflect events (for example, but without limitation, acquisitions or dispositions) occurring during the performance period that affect the applicable Performance Criterion or Criteria.

"Plan": The 2018 Eversource Energy Incentive Plan, as from time to time amended and in effect.

"Restricted Stock": Company Stock subject to restrictions requiring that it be redelivered or offered for sale to the Company if specified service or performance-based conditions are not satisfied.

"Restricted Stock Unit": A Company Stock Unit that is, or as to which the delivery of Company Stock or cash in lieu of Stock is, subject to the satisfaction of specified performance, time or other vesting conditions.

"Retirement". Termination of employment from the Company, other than for "Cause" on or after the earlier to occur of (x) attainment of age 65, (y) eligibility for pension payments under the Supplemental Executive Retirement Plan for Officers of the Company, or employment-related agreement with the Company, or (z) attainment of age 55 after completing at least ten years of vesting service under the Company's 401k Plan.

"SAR": A right entitling the holder upon exercise to receive an amount (payable in cash or in shares of Company Stock of equivalent value) equal to the excess of the Fair Market Value of the shares of Company Stock subject to the right over the base value from which appreciation under the SAR is to be measured.

"Section 409A": Section 409A of the Code.

"Section 422": Section 422 of the Code.

"Stock or Company Stock": Common shares of the Company, par value $5.00 per share.

"Stock Option": An option entitling the holder to acquire shares of Company Stock upon payment of the exercise price.

"Stock Unit": An unfunded and unsecured promise, denominated in shares of Company Stock, to deliver Company Stock or cash measured by the value of Company Stock in the future.

"Substitute Awards": Equity Awards issued under the Plan in substitution for equity awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition.

"Termination". Termination of employment with the Company and any affiliate of the Company in all capacities, including as a common-law employee and independent contractor. Whether a Participant has had a Termination shall be determined by the Committee based on all relevant facts and circumstances with reference to Treasury Regulations Section 1.409A-1(h) regarding a "separation from service" and the default provisions set forth in Regulations Sections 1.409A-1(h)(1)(ii) and 1.409A-1(n).

"Treasury Regulations". The Internal Revenue Service's regulations relating to nonqualified deferred compensation plans.

"Trustee". A member of the Board, and with respect to the compensation and benefits of a member of the Board who is also an Employee, a non-employee member of the Board.

002CSN8D43

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(16) Lists of the amount of voting stock of the utility categorized as follows:

a. Owned by an officer or director individually;

b. Owned by the spouse or minor child of an officer or director; or

c. Controlled by the officer or director directly or indirectly;

Response:

The Company does not have any voting stock. Stock is held only by the Parent Company, Eversource Energy.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(17)

A list of all payments to individuals or corporations for contractual services in the test year with a description of the purpose of the contractual services, as follows:

a. For utilities with less than $10,000,000 in annual gross revenues, a list of all payments in excess of $10,000;

b. For utilities with $10,000,001 to $100,000,000 in annual gross revenues, a list of all payments in excess of $50,000; and

c. For utilities with annual gross revenues in excess of $100,000,000, a list of all payments in excess of $100,000;

d. The reporting thresholds for a particular entity shall be on a cumulative basis, indicating the number of items comprising the total amount of expenditure.

Response:

Please see 1604.01(a)(17) Attachment 1.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PAYMENT FOR CONTRACTUAL SERVICES
FOR 12 MONTHS ENDED DECEMBER 31, 2018

Vendor	Description	items	Expenditure
ACRT INC	Vegitation Management	77	$ 876,658
AMERICAN ELECTRIC POWER	Line Crews & Equipment	1	1,434,374
ARC AMERICAN INC	Line Crews & Equipment	1	755,392
ASPLUNDH CONSTRUCTION CORP	Line Crews & Equipment	3	340,620
ASPLUNDH TREE EXPERT CO	Vegitation Management	3,533	19,079,085
CARUSO & MCGOVERN CONSTRUCTION	Construction Services	51	313,650
CENTRAL CONNECTICUT CABLE	Line Crews & Equipment	1	103,548
CHA CONSULTING INC	Construction Services	60	360,303
CIANBRO CORPORATION	Line Crews & Equipment	29	1,059,184
CITY OF PORTSMOUTH	Traffic Control Services	30	168,161
CLEAN HARBORS ENV SERVICES INC	Environmental Services	89	195,512
CONTEL CONSTRUCTION IND	Excavation Services	27	178,483
CONVERGENT OUTSOURCING INC	Billing Collection Fees	100	151,271
CPTE MANCHESTER INC	Physical Therapy	15	137,173
DAVIS H ELLIOT CONSTRUCTION CO INC	Construction Services	4	1,616,320
DBU CONSTRUCTION INC	Snow Removal Services	20	120,123
E HOLLAND CONTRACTING INC	Line Crews & Equipment	2	215,614
E J ELECTRIC T & D LLC	Line Crews & Equipment	1	243,080
E S BOULOS COMPANY	Line Crews & Equipment	4	101,286
ELECCOMM CORPORATION	Line Crews & Equipment	3	110,910
ELECNOR HAWKEYE LLC	Line Crews & Equipment	3	316,318
EVANS LINE	Line Crews & Equipment	189	3,606,740
GLOBAL ENERGY SERVICES, INC	Vegitation Mgmt	46	2,030,196
GRATTAN LINE CONSTRUCTION CORP	Line Crews & Equipment	146	3,834,981
GREGORY ELECTRIC COMPANY INC	Line Crews & Equipment	1	475,404
HARLAN ELECTRIC CO	Line Crews & Equipment	6	145,874
HENKELS & MCCOY INC	Line Crews & Equipment	1	284,587
I B ABEL INC	Line Crews & Equipment	2	125,833
I C REED & SONS INC	Line Crews & Equipment	132	2,162,471
INTREN LLC	Line Crews & Equipment	1	275,043
JCR CONSTRUCTION CO INC	Line Crews & Equipment	1,077	3,868,271
JOHN BROWN & SONS INC	Vegitation Mgmt	87	713,619
JOHN E ROBERTS	Excavation Services	26	114,784
JP MORGAN CHASE BANK	Financial Services	5	243,518
K&M UTILITY LINES LTD	Line Crews & Equipment	1	671,493
LEIDOS ENGINEERING LLC	Engineering Services	24	141,348
LEWIS TREE SERVICE INC	Vegitation Management	850	3,529,745
LJM CONSTRUCTION LLC	Construction Services	112	698,951
LONGCHAMP ELECTRIC	Line Crews & Equipment	5	198,433
M J ELECTRIC LLC	Line Crews & Equipment	2	272,066
MANCHESTER NH POLICE DEPT	Traffic Control Services	78	170,720
MCDONOUGH ELECTRIC CONST CO	Line Crews & Equipment	5	422,670
MICHELS POWER	Line Crews & Equipment	7	714,618
MIRRA CO INC	Excavation Services	2	145,455
MTV SOLUTIONS INC	Line Crews & Equipment	2	204,736
NEW ENGLAND TRAFFIC CONTR SVCS	Traffic Control Services	703	1,868,212
NORTHERN TREE SERVICE INC	Vegetation Management	46	136,780
ONE SOURCE POWER LLC	Line Crews & Equipment	2	247,175
PAR ELECTRICAL CONTRACTORS INC	Line Crews & Equipment	8	936,083
PHOENIX COMMUNICATIONS INC	Construction Services	30	127,946
PIKE ELECTRIC INC	Line Crews & Equipment	22	1,170,477
PINARD WASTE SYSTEMS INC	Waste Removal	165	143,415
RANDSTAD US LP	Office Staffing and Recruiting	13	132,069
RIGGS DISTLER & COMPANY INC	Line Crews & Equipment	2	127,284
SMITH MOUNTAIN INVESTMENTS LLC	Contractor Services - Pole Inspections	25	505,856
STATE ELECTRIC CORP	Line Crews & Equipment	4	460,936
SUMTER UTILITIES INC	Line Crews & Equipment	1	2,130,314
SUNBELT RENTALS INC	Generator Rental- Equip & Labor	21	184,178
TCI OF NY LLC	Transformer Removal	15	178,000
THE FISHEL COMPANY	Line Crews & Equipment	2	290,155
THREE PHASE LINE CONST INC	Line Crews & Equipment	67	2,623,919
TRC ENGINEERS LLC	Engineering Services	13	217,056
TRI WIRE LINE CONSTRUCTION INC	Line Crews & Equipment	1	821,392
TWIN STATE UTILITIES CORP	Excavation Services	21	193,741
UTILITY SERVICE & ASSISTANCE	Line Crews & Equipment	48	1,024,384
WILLBROS T&D SERVICES	Line Crews & Equipment	1	174,242
			$ 66,622,237

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(18) For non-utility operations, the amount of assets and costs allocated thereto and justification for such allocations

Response:

The Company does not have non-utility operations for which allocation of assets and costs are required in the cost of service process.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(19) Balance sheets and income statements for the previous 2 years if not previously filed with the commission

Response:

Please see 1604.01(a)(19) Attachment 1.

Public Service Company of New Hampshire
FERC Statement of Income
For the Year Ended December 31, 2016

	PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income		
Operating Revenues F1	$ 542,667,223	971,994,461
Operating Expenses		
Amort of Other Utility Plant F1	-	-
Operation Expenses F1	282,477,129	412,881,438
Maintenance Expenses F1	40,868,858	88,440,782
Depreciation Expenses F1	51,858,008	111,890,050
Amort and Depl Of Utility Plant (404 405) F1	6,060,387	6,824,875
Amort Of Utility Plant Acq Adj (406) F1	-	-
Amort of Property Loss	-	-
Regulatory Debits (407_3) F1	11,214,808	11,170,264
Less: Regulatory Credits (407_4) F1	-	-
Taxes Other Than Income Taxes (408_1) F1	48,958,091	82,822,492
Income Taxes Federal (409_1) F1	(146,850)	(6,730,188)
Income Taxes Other (409_1) F1	4,609,424	8,256,960
Provision for Deferred Income Taxes (410_1) F1	53,417,850	106,189,576
Less: Provision for Deferred Income Taxes Cr (411_1) F1	25,572,156	25,129,640
Investment Tax Credit Adj Net (411_4) F1	(3,684)	(8,761)
Less Gains from Disp Of Utility Plant (411_6) F1	-	-
Losses from Disp of Utility Plant (411_7) F1	-	-
TOTAL Utility Operating Expenses F1	473,741,865	796,607,849
Net Utility Operating Income F1	68,925,358	175,386,612
Other Income		
Revenues From Merchandising, Jobbing and Contract F1	-	-
Revenues from Nonutility Operations (417) F1	-	-
Less: Expenses of Nonutility Operations (417_1) F1	6,753	86,975
Nonoperating Rental Income (418) F1	15,162	41,084
Interest and Dividend Income (419) F1	1,538,878	1,763,367
Equity in Earnings of Subsidiary Companies (418_1) F1	370,317	370,317
Allowance for Other Funds During Construction (419_1) F1	85,866	267,746
Miscellaneous Nonoperating Income F1	1,253,391	4,869,769
Gain on Disposition of Property (421_10) F1	9,584	120,424
TOTAL Other Income F1	3,266,446	7,345,731
Other Deductions		
Loss on Disposition of Property (421_20) F1	101,293	101,293
Donations F1	239,572	274,977
Life Insurance (426_2) F1	-	-
Penalties(426_3) F1	-	-
Exp For Certain Civic Political And Related Activities(426_4) F1	282,909	656,264
Other Deductions F1	55,500	133,275
TOTAL Other Income Deductions F1	679,274	1,165,809

Taxes Applicable			
Taxes Other Than Income Taxes (408_2) F1		17,214	18,414
Income Taxes Federal (409_2) F1		282,533	(7,134,012)
Income Taxes Other (409_2) F1		74,507	476,884
Provision for Deferred Income Taxes (410_2) F1		1,269	4,071
Less: Provision for Deferred Income Taxes Cr (411_2) F1		515,318	(6,179,363)
TOTAL Taxes on Other Income and Deductions		(139,795)	(455,280)
Net Other Income and Deductions F1		2,726,967	6,635,202
Interest Charges			
Less: Amort of Premium on Debt (CR) F1		-	224,505
Interest on Long-Term Debt (427) F1		18,671,958	42,369,984
Amort Of Debt Disc And Expenses (428_0) F1		1,348,083	3,363,478
Amort of Loss on Reaquired Debt (428_1) F1		540,564	1,170,053
Interest on Debt to Assoc. Companies (430) F1		139,960	1,014,094
Other Interest Expense (431) F1		2,889,921	3,130,687
Less: Allow for Borrow Funds Used During Construc Cr(432) F1		263,660	786,884
Net Interest Charges F1		23,326,826	50,036,907
Income Before Extraordinary Items F1		48,325,499	131,984,907
Net Income F1	$	48,325,499	131,984,907

Public Service Company of New Hampshire
FERC Statement of Income
For the Year Ended December 31, 2017

		PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income			
Operating Revenues (400)	$	558,916,237	994,211,409
Operating Expenses			
Operation Expenses (401)		304,580,395	432,850,568
Maintenance Expenses (402)		44,481,074	88,987,779
Depreciation Expenses (403)		54,818,453	121,920,158
Amort and Depl Of Utility Plant (404 405)		6,626,961	7,198,612
Amort Of Utility Plant Acq Adj (406)		-	-
Amort of Property Loss (407)		-	-
Regulatory Debits (407_3)		(6,197,057)	(16,577,015)
Less: Regulatory Credits (407_4)		-	-
Taxes Other Than Income Taxes (408_1)		51,546,678	89,629,431
Income Taxes Federal (409_1)		(3,314,879)	18,049,576
Income Taxes Other (409_1)		97,971	6,109,107
Provision for Deferred Income Taxes (410_1)		62,520,638	111,643,764
Less: Provision for Deferred Income Taxes Cr (411_1)		26,270,073	46,871,333
Investment Tax Credit Adj Net (411_4)		(3,684)	(6,118)
Less Gains from Disp Of Utility Plant (411_6)		-	453,407
Losses from Disp of Utility Plant (411_7)		-	-
TOTAL Utility Operating Expenses		488,886,477	812,481,122
Net Utility Operating Income		70,029,760	181,730,287
Other Income			
Revenues From Merchandising, Jobbing and Contract (415)		-	-
Revenues from Nonutility Operations (417)		-	-
Less: Expenses of Nonutility Operations (417_1)		12,138	41,638
Nonoperating Rental Income (418)		14,873	45,209
Interest and Dividend Income (419)		1,866,975	2,212,832
Equity in Earnings of Subsidiary Companies (418_1)		1,216,981	1,216,981
Allowance for Other Funds During Construction (419_1)		(584)	(2,532)
Miscellaneous Nonoperating Income (421)		1,787,604	4,065,626
Gain on Disposition of Property (421_10)		269,690	269,690
TOTAL Other Income		5,143,402	7,766,168
Other Deductions			
Loss on Disposition of Property (421_20)		-	7,955
Donations (426_1)		364,133	396,053
Life Insurance (426_2)		-	-

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)
1604.01(a)(19) Attachment 1

Penalties(426_3)	-	-
Exp For Certain Civic Political And Related Activities(426_4)	310,400	707,966
Other Deductions (426_5)	325,284	1,590,101
TOTAL Other Income Deductions	999,817	2,702,075
Taxes Applicable		
Taxes Other Than Income Taxes (408_2)	11,941	11,941
Income Taxes Federal (409_2)	(124,449)	270,854
Income Taxes Other (409_2)	(31,762)	69,902
Provision for Deferred Income Taxes (410_2)	1,861	5,778
Less: Provision for Deferred Income Taxes Cr (411_2)	310,036	563,909
Total Taxes on Other Income and Deductions	(452,445)	(205,434)
Net Other Income and Deductions	4,596,030	5,269,527
Interest Charges		
Less: Amort of Premium on Debt (CR) (429)	-	224,505
Interest on Long-Term Debt (427)	18,431,173	41,848,867
Amort Of Debt Disc And Expenses (428_0)	1,334,641	3,288,042
Amort of Loss on Reaquired Debt (428_1)	540,564	1,170,053
Interest on Debt to Assoc. Companies (430)	595,648	2,163,848
Other Interest Expense (431)	3,939,539	3,486,016
Less: Allow for Borrow Funds Used During Construc Cr(432)	314,115	728,590
Net Interest Charges	24,527,450	51,003,731
Income Before Extraordinary Items	50,098,340	135,996,084
Net Income	$ 50,098,340	135,996,084

Public Service Company of New Hampshire
FERC Balance Sheet
As of December 31, 2016

	PSNH Distribution		Public Service Company of New Hampshire - FERC Form 1
Utility Plant			
Utility Plant (101 thru 106 and 114) F1	1,945,660,530		4,194,678,714
Construction Work In Progress (107) F1	45,202,370		96,074,833
TOTAL Utility Plant F1	1,990,862,899		4,290,753,547
Less: Accum Prov For Depr Amort Depl F1	560,754,013		1,297,145,432
Net Utility Plant F1	1,430,108,886		2,993,608,115
Less: Acc Amort Nucl Fuel Assem (120_5) F1	-		-
Net Nuclear Fuel F1	-		-
Total Net Utility Plant F1	1,430,108,886		2,993,608,115
Other Property & Investments			
Nonutility Property (121) F1	125,039		1,131,791
Less: Accum Prov Depr Amort (122) F1	489,227		602,695
Investment in Subsidiary Company (123_1) F1	5,006,510		5,006,510
Noncurrent Portion of Allowances F1	-		17,498,789
Other Investments (124) F1	2,659,009		5,610,545
Other Special Funds (128) F1	-		-
Special Funds (Non Major Only) (129) F1	-		-
Long Term Derivative Instrument Assets	-		-
Derivative Instrument Asset Hedges (176) F1	-		-
Total Other Property & Investments	7,301,331		28,644,940
Current & Accrued Assets			
Other Materials and Supplies (Major Only) F1	-		-
Cash (131) F1	-		-
Special Deposits (132 133 134) F1	504,072		1,425,709
135 F1	-		-
Temporary Cash Investments (136) F1	-		-
Notes Receivable (141) F1	-		-
Customer Accounts Receivable (142) F1	44,846,859		75,865,595
Other Accounts Receivable (143) F1	6,646,959		20,965,051
Less: Accum Uncollect Acct Credit (144) F1	5,506,048		9,941,372
Notes Receivable from Assoc Cos (145) F1	-		-
Accts Receivable from Assoc Cos (146) F1	26,866,767	a	4,429,946
Fuel Stock (151) F1	-		99,864,062
Fuel Stock Expenses Undistributed (152) F1	-		-
Plant Materials and Oper Supplies (154) F1	10,446,893		47,227,093
Stores Expenses Undistributed (163) F1	(3)		(3)
LNG Stored Held For Process(164_2 164_3) F1	-		-
Prepayments (165) F1	1,126,427		24,216,537
Interest and Dividends Receivable (171) F1	487,873		827,161
Rents Receivable (172) F1	1,064		(742)
Accrued Utility Revenues (173) F1	24,184,830		41,003,990
Misc Current and Accrued Assets (174) F1	-		-
Derivative Instrument Assets (175) F1	-		-
Derivative Instrument Asset Hedges (176) F1	-		-

Allowances (158_1 158_2) F1		-		15,262,384
(Less) Long Term Derivative Interest Assets		-		-
(Less) Long Term Derivative Interest Assets - Hedges		-		-
Total Current & Accrued Assets		109,605,693		321,145,411
Deferred Debits				
Prelim Survey and Investig Chrg Elec(183) F1		-		93,724
Unamortized Debt Expenses (181) F1		2,042,668		4,371,131
Unrecovered Plant and Reg Study Costs F1		-		-
Other Regulatory Assets F1		179,574,630		344,849,943
Clearing Accounts (184) F1		438,693		502,195
Temporary Facilities (185) F1		(195)		(195)
Miscellaneous Deferred Debits (186) F1		84,704,591		92,056,113
Research Devel And Demo Expend (188) F1		-		-
Unamortized Loss on Reaquired Debt (189) F1		3,264,072		7,065,091
Accumulated Deferred Income Taxes (190) F1		78,901,328		128,571,000
Total Deferred Debits F1		348,925,787		577,509,003
Total Assets	$	1,895,941,697		3,920,907,469
Proprietary Capital				
Common Stock Issued (201) F1		n/a	b	301
204 F1		-		-
Premium on Capital Stock (207) F1		n/a	b	127,999,706
Other Paid In Capital (208 209 210 211) F1		n/a	b	715,134,144
Less: Capital Stock Expense (214) F1		-		-
Retained Earnings F1		n/a	b	547,194,794
Unappropriated Subsidiary Earnings (216.1)		n/a	b	2,090,989
Less: Reaquired Capital Stock (217) F1		-		-
Accum Other Comprehensive Income (219) F1		n/a	b	(5,062,617)
Total Proprietary Capital F1		591,628,951		1,387,357,316
Long-Term Debt				
Unamortized Premium on Long-Term Debt (225) F1		-		1,534,115
Bonds (221) F1		n/a	b	1,057,000,000
2219A F1		n/a	b	70,000,000
Advances from Associated Companies (223) F1		-		-
Other Long Term Debt (224) F1		n/a	b	89,250,000
226 F1		n/a	b	1,365,366
Total Long Term Debt F1		479,833,567		1,076,418,749
Other Non-Current Liabilities				
Oblig Under Capital Lease Noncurrent(227 F1		112,500		112,500
Accum Prov for Injuries and Damage(228_2 F1		6,215,320		7,642,945
Accum Prov for Pension and Benefit(228_3 F1		69,058,364		101,446,208
Accum Misc Operating Provisions(228_4) F1		68,600,121		68,600,121
Accum Prov for Rate Refunds (229) F1		-		-
Asset Retirement Obligations (230) F1		3,518,723		23,528,907
(Add) Long-Term Portion of Derivative Instrument Liabilities		-		-
Total Other Non-Current Liabilities		147,505,028		201,330,681
Current & Accrued Liabilities				
Notes Payable (231) F1		-		-
Accounts Payable (232) F1		40,986,453		85,498,002
Notes Payable to Associated Cos (233) F1		n/a	b	160,900,000
Accounts Payable to Associated Cos (234) F1		92,332,261	a	29,219,938
Customer Deposits (235) F1		6,927,129		6,927,129

Taxes Accrued (236) F1	(2,841,800)	567,349
Interest Accrued (237) F1	3,688,584	8,023,287
238 F1	-	-
Tax Collections Payable (241) F1	1,263,320	1,535,024
Misc Current and Accrued Liab (242) F1	9,389,317	25,327,738
Oblig Under Capital Leases Current (243) F1	224,700	224,700
Derivative Instrument Liabilities (244) F1	-	-
(Less) Long-Term Portion of Derivative Instrument Liabilities	-	-
Total Current & Accrued Liabilities	205,069,965	318,223,167
Deferred Credits		
Customer Advances for Construction (252) F1	661,041	661,041
Accum Deferred Invest Tax Credits (255) F1	102,423	126,744
Other Deferred Credits (253) F1	2,181,594	7,377,254
Other Regulatory Liabilities (254) F1	16,001,844	16,452,407
Accum. Deferred Income Taxes-Accel. Amort (281) F1	-	50,046,294
Accum Defer Inc Tax Other Property (282) F1	336,637,498	657,648,052
Accum Deferred Income Taxes Other (283) F1	116,319,787	205,265,764
Total Deferred Credits F1	471,904,186	937,577,555
Total Liabilities & Stockholder Equity	$ 1,895,941,697	3,920,907,469

a - - This PSNH Distribution segment financial data relates to the intercompany transactions between PSNH's segments (Distribution, Generation and Transmission), which are eliminated in the PSNH FERC Form 1 financial reports, as well as intercompany transactions between PSNH and affiliated companies, which are not eliminated in PSNH FERC Form 1 financial reports.

b - - This PSNH Distribution segment financial data is not appropriate for purposes of this presentation. PSNH does not manage or evaluate the Stockholder's Equity by PSNH Distribution, Transmission, or Generation; rather, PSNH's Stockholder's Equity is evaluated and managed in totality, which has been provided in detail in the PSNH FERC Form 1 financial report in the second column above. In addition, management does not issue long-term debt based on individual segment needs; rather, PSNH evaluates short-term and long-term capital and liquidity resources and needs on a legal entity basis. PSNH's long-term debt issuances have been provided in the PSNH FERC Form 1 financial report in the second column above.

Public Service Company of New Hampshire
FERC Balance Sheet
As of December 31, 2017

		PSNH Distribution		Public Service Company of New Hampshire - FERC Form 1
Utility Plant				
Utility Plant (101 thru 106 and 114)	$	2,078,567,149		4,413,116,069
Construction Work In Progress (107)		62,692,669		152,450,625
TOTAL Utility Plant		2,141,259,818		4,565,566,694
Less: Accum Prov For Depr Amort Depl		601,313,142		1,364,045,762
Net Utility Plant		1,539,946,676		3,201,520,932
Less: Acc Amort Nucl Fuel Assem (120_5)		-		-
Net Nuclear Fuel		-		-
Total Net Utility Plant		1,539,946,676		3,201,520,932
Other Property & Investments				
Nonutility Property (121)		166,438		1,153,626
Less: Accum Prov Depr Amort (122)		5,610		119,078
Investment in Subsidiary Company (123_1)		823,491		823,491
Noncurrent Portion of Allowances		-		17,498,789
Other Investments (124)		2,722,688		5,748,378
Other Special Funds (128)		-		-
Special Funds (Non Major Only) (129)		-		-
Long Term Derivative Instrument Assets		-		-
Derivative Instrument Asset Hedges (176)		-		-
Total Other Property & Investments		3,707,007		25,105,206
Current & Accrued Assets				
Other Materials and Supplies (Major Only)		-		-
Cash (131)		-		-
Special Deposits (132 133 134)		509,529		1,638,687
Working_Funds (135)		-		-
Temporary Temporary Cash Investments (136)		-		-
Notes Receivable (141)		-		-
Customer Accounts Receivable (142)		47,137,945		74,468,403
Other Accounts Receivable (143)		10,610,309		27,917,681
Less: Accum Uncollect Acct Credit (144)		5,839,364		10,480,923
Notes Receivable from Assoc Cos (145)		-		-
Accts Receivable from Assoc Cos (146)		37,931,020	a	5,652,682
Fuel Fuel Stock (151)		-		84,913,740
Fuel Stock Expenses Undistributed (152)		-		-
Plant Materials and Oper Supplies (154)		10,402,175		48,512,219

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)
1604.01(a)(19) Attachment 1

Stores Expenses Undistributed (163)		28,325		30,777
LNG Stored Held For Process(164_2 164_3)		-		-
Prepayments (165)		1,035,916		30,329,981
Interest and Dividends Receivable (171)		490,328		823,064
Rents Receivable (172)		(6,301)		45,161
Accrued Utility Revenues (173)		27,215,253		49,448,391
Misc Current and Accrued Assets (174)		-		-
Derivative Instrument Assets (175)		-		-
Derivative Instrument Asset Hedges (176)		-		-
Allowances (158_1 158_2)		-		23,378,034
(Less) Long Term Derivative Interest Assets		-		-
(Less) Long Term Derivative Interest Assets - Hedges		-		-
Total Current & Accrued Assets		129,515,137		336,677,898
Deferred Debits				
Prelim Survey and Investig Chrg Elec(183)		20,000		330,115
Unamortized Debt Expenses (181)		1,638,147		4,043,279
Unrecovered Plant and Reg Study Costs		-		-
Other Regulatory Assets		190,417,991		384,407,034
Clearing Accounts (184)		678,287		1,003,529
Temporary Facilities (185)		-		-
Miscellaneous Deferred Debits (186)		130,521,255		156,805,141
Research Devel And Demo Expend (188)		-		-
Unamortized Loss on Reaquired Debt (189)		2,723,508		5,895,038
Accumulated Deferred Income Taxes (190)		121,198,196		215,012,432
Total Deferred Debits		447,197,382		767,496,569
Total Assets	$	2,120,366,203		4,330,800,606
Proprietary Capital				
Common Stock Issued (201)	$	n/a	b	301
Preferred Stock Issued (204)		-		-
Premium on Capital Stock (207)		n/a	b	127,999,706
Other Paid In Capital (208 209 210 211)		n/a	b	715,134,144
Capital Stock Expense (214)		-		-
Retained Earnings		n/a	b	507,728,580
Unappropriated Subsidiary Earnings (216.1)		n/a	b	3,653,286
Less: Reaquired Capital Stock (217)		-		-
Accum Other Comprehensive Income (219)		n/a	b	(3,922,214)
Total Proprietary Capital		597,632,615		1,350,593,803
Long-Term Debt				
Unamortized Premium on Long-Term Debt (225)		-		1,309,610
Bonds (221)		n/a	b	917,000,000
Advances from Associated Companies (223)		-		-
Other Long Term Debt (224)		n/a	b	89,250,000
Less Unamort Premium LT Debt (226)		n/a	b	1,078,442

Total Long Term Debt	447,630,745		1,006,481,168
Other Non-Current Liabilities			
Oblig Under Capital Lease Noncurrent(227)	-		-
Accum Prov for Injuries and Damage(228_2)	9,575,692		10,036,225
Accum Prov for Pension and Benefit(228_3)	90,972,653		131,135,195
Accum Misc Operating Provisions(228_4)	83,697,437		83,697,437
Accum Prov for Rate Refunds (229)	-		-
Asset Retirement Obligations (230)	3,726,524		25,015,794
(Add) Long-Term Portion of Derivative Instrument Liabilities	-		-
Total Other Non-Current Liabilities	187,972,307		249,884,651
Current & Accrued Liabilities			
Notes Payable (231)	-		-
Accounts Payable (232)	59,692,406		128,670,593
Notes Payable to Associated Cos (233)	n/a	b	262,900,000
Accounts Payable to Associated Cos (234)	178,450,817	a	174,677,279
Customer Deposits (235)	7,678,043		7,678,043
Taxes Accrued (236)	(28,125,829)		869,467
Interest Accrued (237)	3,113,592		6,721,657
Dividends Declared (238)	-		-
Tax Collections Payable (241)	1,428,370		1,765,386
Misc Current and Accrued Liab (242)	13,042,700		50,254,633
Oblig Under Capital Leases Current (243)	112,500		112,500
Derivative Instrument Liabilities (244)	-		-
(Less) Long-Term Portion of Derivative Instrument Liabilities	-		-
Total Current & Accrued Liabilities	343,192,600		633,649,557
Deferred Credits			
Customer Advances for Construction (252)	2,249,645		2,249,645
Accum Deferred Invest Tax Credits (255)	98,739		120,626
Other Deferred Credits (253)	2,251,101		10,079,399
Other Regulatory Liabilities (254)	205,317,955		419,925,335
Accum. Deferred Income Taxes-Accel. Amort (281)	-		47,512,306
Accum Defer Inc Tax Other Property (282)	236,944,062		444,107,014
Accum Deferred Income Taxes Other (283)	97,076,435		166,197,101
Total Deferred Credits	543,937,937		1,090,191,426
Total Liabilities & Stockholder Equity	$ 2,120,366,203		4,330,800,606

a - - This PSNH Distribution segment financial data relates to the intercompany transactions between PSNH's segments (Distribution, Generation and Transmission), which are eliminated in the PSNH FERC Form 1 financial reports, as well as intercompany transactions between PSNH and affiliated companies, which are not eliminated in PSNH FERC Form 1 financial reports.

b - - This PSNH Distribution segment financial data is not appropriate for purposes of this presentation. PSNH does not manage or evaluate the Stockholder's Equity by PSNH Distribution, Transmission, or Generation; rather, PSNH's Stockholder's Equity is evaluated and managed in totality, which has been provided in detail in the PSNH FERC Form 1 financial report in the second column above. In addition, management does not issue long-term debt based on individual segment needs; rather, PSNH evaluates short-term and long-term capital and liquidity resources and needs on a legal entity basis. PSNH's long-term debt issuances have been provided in the PSNH FERC Form 1 financial report in the second column above.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(20) Quarterly income statements for the previous 2 years if not previously filed with the commission

Response:

Please see 1604.01(a)(20) Attachment 1.

Public Service Company of New Hampshire
FERC Statement of Income
For the Three Months Ended March 31, 2016

		PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income			
Operating Revenues F1	$	128,211,782	243,395,064
Operating Expenses			
Amort of Other Utility Plant F1		-	-
Operation Expenses F1		61,126,171	98,598,803
Maintenance Expenses F1		9,915,784	17,792,023
Depreciation Expenses F1		12,395,042	26,868,230
Amort and Depl Of Utility Plant (404 405) F1		1,454,791	1,627,724
Amort Of Utility Plant Acq Adj (406) F1		-	-
Amort of Property Loss		-	-
Regulatory Debits (407_3) F1		5,268,941	8,518,495
Less: Regulatory Credits (407_4) F1		-	-
Taxes Other Than Income Taxes (408_1) F1		12,572,126	21,758,384
Income Taxes Federal (409_1) F1		(2,373,713)	(1,089,420)
Income Taxes Other (409_1) F1		196,473	1,297,332
Provision for Deferred Income Taxes (410_1) F1		18,454,003	34,664,199
Less: Provision for Deferred Income Taxes Cr (411_1) F1		7,959,385	12,877,485
Investment Tax Credit Adj Net (411_4) F1		(3,684)	(8,761)
Less Gains from Disp Of Utility Plant (411_6) F1		-	-
Losses from Disp of Utility Plant (411_7) F1		-	-
TOTAL Utility Operating Expenses F1		111,046,549	197,149,523
Net Utility Operating Income F1		17,165,233	46,245,541
Other Income			
Revenues From Merchandising, Jobbing and Contract F1		-	-
Revenues from Nonutility Operations (417) F1		-	-
Less: Expenses of Nonutility Operations (417_1) F1		3,023	37,858
Nonoperating Rental Income (418) F1		3,156	4,039
Interest and Dividend Income (419) F1		361,650	398,164
Equity in Earnings of Subsidiary Companies (418_1) F1		153,530	153,530
Allowance for Other Funds During Construction (419_1) F1		81,950	268,239
Miscellaneous Nonoperating Income F1		55,311	2,133,819
Gain on Disposition of Property (421_10) F1		-	-
TOTAL Other Income F1		652,573	2,919,934
Other Deductions			
Loss on Disposition of Property (421_20) F1		69,525	69,525
Donations F1		31,417	36,231
Life Insurance (426_2) F1		-	-
Penalties(426_3) F1		-	-
Exp For Certain Civic Political And Related Activities(426_4) F1		81,396	189,613
Other Deductions F1		2,898	6,159
TOTAL Other Income Deductions F1		185,236	301,529

Taxes Applicable			
Taxes Other Than Income Taxes (408_2) F1		4,271	5,471
Income Taxes Federal (409_2) F1		61,224	750,991
Income Taxes Other (409_2) F1		9,072	193,887
Provision for Deferred Income Taxes (410_2) F1		228	228
Less: Provision for Deferred Income Taxes Cr (411_2) F1		54,537	605,763
TOTAL Taxes on Other Income and Deductions		20,258	344,814
Net Other Income and Deductions F1		447,080	2,273,591
Interest Charges			
Less: Amort of Premium on Debt (CR) F1		-	56,126
Interest on Long-Term Debt (427) F1		4,658,264	10,571,486
Amort Of Debt Disc And Expenses (428_0) F1		337,021	840,870
Amort of Loss on Reaquired Debt (428_1) F1		135,141	292,513
Interest on Debt to Assoc. Companies (430) F1		63,491	374,421
Other Interest Expense (431) F1		689,273	678,327
Less: Allow for Borrow Funds Used During Construc Cr(432) F1		75,615	240,837
Net Interest Charges F1		5,807,575	12,460,653
Income Before Extraordinary Items F1		11,804,737	36,058,480
Net Income F1	$	11,804,737	36,058,480

Public Service Company of New Hampshire
FERC Statement of Income
For the Three Months Ended June 30, 2016

	PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income		
Operating Revenues (400)	$ 123,749,353.46	$ 219,476,019.21
Operating Expenses		
Operation Expenses (401)	63,715,758.63	91,267,591.81
Maintenance Expenses (402)	10,485,619.10	23,849,586.53
Depreciation Expenses (403)	12,788,265.89	27,558,866.44
Amort and Depl Of Utility Plant (404 405)	1,530,519.05	1,581,702.31
Amort Of Utility Plant Acq Adj (406)	-	-
Amort of Property Loss (407)	-	-
Regulatory Debits (407_3)	449,107.18	(8,186,362.03)
Less: Regulatory Credits (407_4)	-	-
Taxes Other Than Income Taxes (408_1)	11,369,934.73	22,244,614.78
Income Taxes Federal (409_1)	1,258,389.98	(4,216,706.38)
Income Taxes Other (409_1)	1,169,291.16	380,816.04
Provision for Deferred Income Taxes (410_1)	13,979,901.00	32,983,498.00
Less: Provision for Deferred Income Taxes Cr (411_1)	8,913,487.00	7,733,161.00
Investment Tax Credit Adj Net (411_4)	-	-
Less Gains from Disp Of Utility Plant (411_6)	-	-
Losses from Disp of Utility Plant (411_7)	-	-
TOTAL Utility Operating Expenses	107,833,299.72	179,730,446.50
Net Utility Operating Income	15,916,053.74	39,745,572.71
Other Income		
Revenues From Merchandising, Jobbing and Contract (415)	-	-
Revenues from Nonutility Operations (417)	-	-
Less: Expenses of Nonutility Operations (417_1)	2,034.30	45,061.04
Nonoperating Rental Income (418)	3,930.27	18,868.15
Interest and Dividend Income (419)	371,441.70	452,752.85
Equity in Earnings of Subsidiary Companies (418_1)	140,604.33	140,604.33
Allowance for Other Funds During Construction (419_1)	4,292.12	19,724.92
Miscellaneous Nonoperating Income (421)	268,068.96	1,822,169.65
Gain on Disposition of Property (421_10)	-	110,839.62
TOTAL Other Income	786,303.08	2,519,898.48
Other Deductions		
Loss on Disposition of Property (421_20)	6,342.63	6,342.63
Donations (426_1)	90,476.87	106,326.79
Life Insurance (426_2)	-	-
Penalties (426_3)	-	-
Exp For Certain Civic Political And Related Activities (426_4)	76,930.30	179,143.37
Other Deductions (426_5)	11,736.16	25,743.31
TOTAL Other Income Deductions	185,485.96	317,556.10
Taxes Applicable		
Taxes Other Than Income Taxes (408_2)	9,045.70	9,045.70
Income Taxes Federal (409_2)	(105,331.00)	(1,217,751.00)
Income Taxes Other (409_2)	22,309.00	(167,685.00)
Provision for Deferred Income Taxes (410_2)	246.00	246.00

Less: Provision for Deferred Income Taxes Cr (411_2)	54,539.00	456,120.00
TOTAL Taxes on Other Income and Deductions	(128,269.30)	(1,832,264.30)
Net Other Income and Deductions	729,086.42	4,034,606.68
Interest Charges		
Less: Amort of Premium on Debt (CR) (429)	-	56,126.16
Interest on Long-Term Debt (427)	4,664,848.75	10,585,738.43
Amort Of Debt Disc And Expenses (428_0)	337,020.81	840,869.55
Amort of Loss on Reaquired Debt (428_1)	135,141.06	292,513.14
Interest on Debt to Assoc. Companies (430)	7,635.40	244,835.24
Other Interest Expense (431)	728,098.59	822,020.86
Less: Allow for Borrow Funds Used During Construc Cr (432)	65,120.30	204,540.39
Net Interest Charges	5,807,624.31	12,525,310.67
Income Before Extraordinary Items	10,837,515.85	31,254,868.72
Net Income	$ 10,837,515.85	$ 31,254,868.72

Public Service Company of New Hampshire
FERC Statement of Income
For the Three Months Ended September 30, 2016

	PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income		
Operating Revenues (400)	$ 154,395,378.74	$ 271,551,031.33
Operating Expenses		
Operation Expenses (401)	78,360,406.45	110,292,642.49
Maintenance Expenses (402)	11,220,499.35	21,962,641.22
Depreciation Expenses (403)	13,201,234.61	28,364,685.61
Amort and Depl Of Utility Plant (404 405)	1,525,518.86	1,927,939.16
Amort Of Utility Plant Acq Adj (406)	-	-
Amort of Property Loss (407)	-	-
Regulatory Debits (407_3)	3,103,659.18	14,158,239.26
Less: Regulatory Credits (407_4)	-	-
Taxes Other Than Income Taxes (408_1)	10,860,360.48	20,424,107.61
Income Taxes Federal (409_1)	978,198.00	(3,223,545.00)
Income Taxes Other (409_1)	1,941,355.00	4,892,139.00
Provision for Deferred Income Taxes (410_1)	15,467,554.00	24,098,961.00
Less: Provision for Deferred Income Taxes Cr (411_1)	6,116,586.00	2,926,532.00
Investment Tax Credit Adj Net (411_4)	-	-
Less Gains from Disp Of Utility Plant (411_6)	-	-
Losses from Disp of Utility Plant (411_7)	-	-
TOTAL Utility Operating Expenses	130,542,199.93	219,971,278.35
Net Utility Operating Income	23,853,178.81	51,579,752.98
Other Income		
Revenues From Merchandising, Jobbing and Contract (415)	-	-
Revenues from Nonutility Operations (417)	-	-
Less: Expenses of Nonutility Operations (417_1)	649.55	2,890.66
Nonoperating Rental Income (418)	4,919.27	8,978.61
Interest and Dividend Income (419)	389,546.85	441,460.89
Equity in Earnings of Subsidiary Companies (418_1)	136,049.16	136,049.16
Allowance for Other Funds During Construction (419_1)	(297.40)	(20,011.38)
Miscellaneous Nonoperating Income (421)	433,042.47	507,088.99
Gain on Disposition of Property (421_10)	9,584.00	9,584.00
TOTAL Other Income	972,194.80	1,080,259.61
Other Deductions		
Loss on Disposition of Property (421_20)	-	-
Donations (426_1)	54,838.44	64,170.78
Life Insurance (426_2)	-	-
Penalties (426_3)	-	-
Exp For Certain Civic Political And Related Activities (426_4)	60,225.58	138,303.37
Other Deductions (426_5)	29,594.05	65,408.96
TOTAL Other Income Deductions	144,658.07	267,883.11
Taxes Applicable		
Taxes Other Than Income Taxes (408_2)	2,095.67	2,095.67
Income Taxes Federal (409_2)	(37,884.00)	(6,406,317.00)
Income Taxes Other (409_2)	101,092.00	522,157.00
Provision for Deferred Income Taxes (410_2)	233.00	3,035.00
Less: Provision for Deferred Income Taxes Cr (411_2)	351,832.00	(7,359,125.00)
TOTAL Taxes on Other Income and Deductions	(286,295.33)	1,480,095.67

Net Other Income and Deductions	1,113,832.06	(667,719.17)
Interest Charges		
Less: Amort of Premium on Debt (CR) (429)	-	56,126.16
Interest on Long-Term Debt (427)	4,670,576.78	10,598,136.76
Amort Of Debt Disc And Expenses (428_0)	337,020.81	840,869.55
Amort of Loss on Reaquired Debt (428_1)	135,141.06	292,513.14
Interest on Debt to Assoc. Companies (430)	12,640.41	194,224.88
Other Interest Expense (431)	703,562.83	688,131.47
Less: Allow for Borrow Funds Used During Construc Cr (432)	56,493.67	161,211.28
Net Interest Charges	5,802,448.22	12,396,538.36
Income Before Extraordinary Items	19,164,562.65	38,515,495.45
Net Income	$ 19,164,562.65	$ 38,515,495.45

Public Service Company of New Hampshire
FERC Statement of Income
For the Three Months Ended December 31, 2016

	PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income		
Operating Revenues (400)	$ 136,310,709.69	$ 237,572,346.26
Operating Expenses		
Operation Expenses (401)	79,274,793.43	112,722,400.89
Maintenance Expenses (402)	9,246,954.93	24,836,530.89
Depreciation Expenses (403)	13,473,465.51	29,098,268.67
Amort and Depl Of Utility Plant (404 405)	1,549,558.46	1,687,510.25
Amort Of Utility Plant Acq Adj (406)	-	-
Amort of Property Loss (407)	-	-
Regulatory Debits (407_3)	2,393,100.28	(3,320,107.52)
Less: Regulatory Credits (407_4)	-	-
Taxes Other Than Income Taxes (408_1)	14,155,670.23	18,395,385.94
Income Taxes Federal (409_1)	(9,725.00)	1,799,483.00
Income Taxes Other (409_1)	1,302,305.00	1,686,673.00
Provision for Deferred Income Taxes (410_1)	5,516,392.00	14,442,918.00
Less: Provision for Deferred Income Taxes Cr (411_1)	2,582,698.00	1,592,462.00
Investment Tax Credit Adj Net (411_4)	-	-
Less Gains from Disp Of Utility Plant (411_6)	-	-
Losses from Disp of Utility Plant (411_7)	-	-
TOTAL Utility Operating Expenses	124,319,816.84	199,756,601.12
Net Utility Operating Income	11,990,892.85	37,815,745.14
Other Income		
Revenues From Merchandising, Jobbing and Contract (415)	-	-
Revenues from Nonutility Operations (417)	-	-
Less: Expenses of Nonutility Operations (417_1)	1,046.08	1,165.36
Nonoperating Rental Income (418)	3,156.30	9,197.89
Interest and Dividend Income (419)	416,239.96	470,988.50
Equity in Earnings of Subsidiary Companies (418_1)	(59,866.18)	(59,866.18)
Allowance for Other Funds During Construction (419_1)	(78.27)	(206.09)
Miscellaneous Nonoperating Income (421)	496,968.74	406,690.75
Gain on Disposition of Property (421_10)	-	-
TOTAL Other Income	855,374.47	825,639.51
Other Deductions		
Loss on Disposition of Property (421_20)	25,425.08	25,425.08
Donations (426_1)	62,840.10	68,248.62
Life Insurance (426_2)	-	-
Penalties (426_3)	-	-
Exp For Certain Civic Political And Related Activities (426_4)	64,356.89	149,204.38
Other Deductions (426_5)	11,271.63	35,963.19
TOTAL Other Income Deductions	163,893.70	278,841.27
Taxes Applicable		
Taxes Other Than Income Taxes (408_2)	1,801.88	1,801.88
Income Taxes Federal (409_2)	364,524.00	(260,935.00)
Income Taxes Other (409_2)	(57,966.00)	(71,475.00)
Provision for Deferred Income Taxes (410_2)	562.00	562.00
Less: Provision for Deferred Income Taxes Cr (411_2)	54,410.00	117,879.00
TOTAL Taxes on Other Income and Deductions	254,511.88	(447,925.12)
Net Other Income and Deductions	436,968.89	994,723.36
Interest Charges		
Less: Amort of Premium on Debt (CR) (429)	-	56,126.16
Interest on Long-Term Debt (427)	4,678,268.67	10,614,623.35
Amort Of Debt Disc And Expenses (428_0)	337,020.81	840,869.55
Amort of Loss on Reaquired Debt (428_1)	135,141.06	292,513.14
Interest on Debt to Assoc. Companies (430)	56,193.37	200,612.87
Other Interest Expense (431)	768,986.01	942,208.49
Less: Allow for Borrow Funds Used During Construc Cr (432)	66,431.59	180,295.31
Net Interest Charges	5,909,178.33	12,654,405.93

Income Before Extraordinary Items	6,518,683.41	26,156,062.57
Net Income	$ 6,518,683.41	$ 26,156,062.57

Public Service Company of New Hampshire
FERC Statement of Income
For the Three Months Ended March 31, 2017

	PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income		
Operating Revenues (400)	$ 142,138,296	256,372,950
Operating Expenses		
Operation Expenses (401)	75,206,127	111,165,648
Maintenance Expenses (402)	10,625,340	19,541,557
Depreciation Expenses (403)	13,410,463	29,399,850
Amort and Depl Of Utility Plant (404 405)	1,563,987	1,671,905
Amort Of Utility Plant Acq Adj (406)	-	-
Amort of Property Loss (407)	-	-
Regulatory Debits (407_3)	1,020,983	5,444,881
Less: Regulatory Credits (407_4)	-	-
Taxes Other Than Income Taxes (408_1)	12,263,903	20,851,842
Income Taxes Federal (409_1)	1,348,181	7,968,155
Income Taxes Other (409_1)	1,252,660	3,465,786
Provision for Deferred Income Taxes (410_1)	14,708,850	28,062,533
Less: Provision for Deferred Income Taxes Cr (411_1)	8,101,983	16,654,535
Investment Tax Credit Adj Net (411_4)	(3,684)	(6,118)
Less Gains from Disp Of Utility Plant (411_6)	-	-
Losses from Disp of Utility Plant (411_7)	-	-
TOTAL Utility Operating Expenses	123,294,826	210,911,504
Net Utility Operating Income	18,843,469	45,461,446
Other Income		
Revenues From Merchandising, Jobbing and Contract (415)	-	-
Revenues from Nonutility Operations (417)	-	-

004705

Less: Expenses of Nonutility Operations (417_1)	526	906
Nonoperating Rental Income (418)	3,009	8,014
Interest and Dividend Income (419)	411,767	451,863
Equity in Earnings of Subsidiary Companies (418_1)	922,033	922,033
Allowance for Other Funds During Construction (419_1)	(407)	(410)
Miscellaneous Nonoperating Income (421)	67,140	837,182
Gain on Disposition of Property (421_10)	-	-
TOTAL Other Income	1,403,016	2,217,775
Other Deductions		
Loss on Disposition of Property (421_20)	-	7,955
Donations (426_1)	2,017	5,456
Life Insurance (426_2)	-	-
Penalties(426_3)	-	-
Exp For Certain Civic Political And Related Activities(426_4)	92,145	209,488
Other Deductions (426_5)	6,696	839,977
TOTAL Other Income Deductions	100,858	1,062,875
Taxes Applicable		
Taxes Other Than Income Taxes (408_2)	1,959	1,959
Income Taxes Federal (409_2)	57,733	(372,285)
Income Taxes Other (409_2)	(15,259)	(15,824)
Provision for Deferred Income Taxes (410_2)	161	161
Less: Provision for Deferred Income Taxes Cr (411_2)	54,526	117,994
Total Taxes on Other Income and Deductions	(9,932)	(503,983)
Net Other Income and Deductions	1,312,090	1,658,883
Interest Charges		
Less: Amort of Premium on Debt (CR) (429)	-	56,126
Interest on Long-Term Debt (427)	4,715,789	10,695,982
Amort Of Debt Disc And Expenses (428_0)	337,021	840,870
Amort of Loss on Reaquired Debt (428_1)	135,141	292,513
Interest on Debt to Assoc. Companies (430)	59,751	342,037
Other Interest Expense (431)	913,499	843,388
Less: Allow for Borrow Funds Used During Construc Cr(432)	66,056	150,094

004706

Net Interest Charges	6,095,145	12,808,569
Income Before Extraordinary Items	14,060,414	34,311,760
Net Income	$ 14,060,414	34,311,760

004707

Public Service Company of New Hampshire
FERC Statement of Income
For the Three Months Ended June 30, 2017

		PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income			
Operating Revenues (400)	$	134,719,952	230,414,648
Operating Expenses			
Operation Expenses (401)		72,456,528	105,634,976
Maintenance Expenses (402)		12,294,556	24,090,252
Depreciation Expenses (403)		13,430,983	30,594,312
Amort and Depl Of Utility Plant (404 405)		1,728,723	1,894,488
Amort Of Utility Plant Acq Adj (406)		-	-
Amort of Property Loss (407)		-	-
Regulatory Debits (407_3)		(1,128,081)	(18,937,159)
Less: Regulatory Credits (407_4)		-	-
Taxes Other Than Income Taxes (408_1)		13,453,698	23,080,753
Income Taxes Federal (409_1)		(2,834,731)	(5,351,918)
Income Taxes Other (409_1)		83,275	(35,104)
Provision for Deferred Income Taxes (410_1)		14,137,926	30,364,973
Less: Provision for Deferred Income Taxes Cr (411_1)		4,450,836	3,867,509
Investment Tax Credit Adj Net (411_4)		-	-
Less Gains from Disp Of Utility Plant (411_6)		-	-
Losses from Disp of Utility Plant (411_7)		-	-
TOTAL Utility Operating Expenses		119,172,040	187,468,065
Net Utility Operating Income		15,547,912	42,946,583
Other Income			
Revenues From Merchandising, Jobbing and Contract (415)		-	-

004708

Revenues from Nonutility Operations (417)	-	-
Less: Expenses of Nonutility Operations (417_1)	620	3,218
Nonoperating Rental Income (418)	3,787	18,914
Interest and Dividend Income (419)	440,403	639,344
Equity in Earnings of Subsidiary Companies (418_1)	60,622	60,622
Allowance for Other Funds During Construction (419_1)	(50)	(197)
Miscellaneous Nonoperating Income (421)	167,760	1,148,454
Gain on Disposition of Property (421_10)	23,733	23,733
TOTAL Other Income	695,636	1,887,652
Other Deductions		
Loss on Disposition of Property (421_20)	-	-
Donations (426_1)	13,488	23,072
Life Insurance (426_2)	-	-
Penalties(426_3)	-	-
Exp For Certain Civic Political And Related Activities(426_4)	98,517	220,735
Other Deductions (426_5)	148,848	349,814
TOTAL Other Income Deductions	260,852	593,621
Taxes Applicable		
Taxes Other Than Income Taxes (408_2)	3,354	3,354
Income Taxes Federal (409_2)	(227,876)	(268,991)
Income Taxes Other (409_2)	(22,713)	63,221
Provision for Deferred Income Taxes (410_2)	178	178
Less: Provision for Deferred Income Taxes Cr (411_2)	54,505	117,974
Total Taxes on Other Income and Deductions	(301,562)	(320,212)
Net Other Income and Deductions	736,345	1,614,243
Interest Charges		
Less: Amort of Premium on Debt (CR) (429)	-	56,126
Interest on Long-Term Debt (427)	4,756,120	10,783,278
Amort Of Debt Disc And Expenses (428_0)	337,021	840,870
Amort of Loss on Reaquired Debt (428_1)	135,141	292,513
Interest on Debt to Assoc. Companies (430)	92,667	447,466
Other Interest Expense (431)	974,847	837,058

004709

Less: Allow for Borrow Funds Used During Construc Cr(432)	77,264	175,062
Net Interest Charges	6,218,532	12,969,997
Income Before Extraordinary Items	10,065,725	31,590,829
Net Income	$ 10,065,725	31,590,829

004710

Public Service Company of New Hampshire
FERC Statement of Income
For the Three Months Ended September 30, 2017

		PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income			
Operating Revenues (400)	$	144,675,047	251,313,175
Operating Expenses			
Operation Expenses (401)		82,403,023	103,870,697
Maintenance Expenses (402)		11,859,872	21,922,075
Depreciation Expenses (403)		13,800,994	30,423,686
Amort and Depl Of Utility Plant (404 405)		1,666,013	1,814,996
Amort Of Utility Plant Acq Adj (406)		-	-
Amort of Property Loss (407)		-	-
Regulatory Debits (407_3)		(4,886,444)	2,834,584
Less: Regulatory Credits (407_4)		-	-
Taxes Other Than Income Taxes (408_1)		13,386,626	22,897,582
Income Taxes Federal (409_1)		91,039	12,652,679
Income Taxes Other (409_1)		635,036	4,281,228
Provision for Deferred Income Taxes (410_1)		13,107,805	16,263,139
Less: Provision for Deferred Income Taxes Cr (411_1)		4,883,369	10,493,478
Investment Tax Credit Adj Net (411_4)		-	-
Less Gains from Disp Of Utility Plant (411_6)		-	-
Losses from Disp of Utility Plant (411_7)		-	-
TOTAL Utility Operating Expenses		127,180,595	206,467,187
Net Utility Operating Income		17,494,453	44,845,988
Other Income			
Revenues From Merchandising, Jobbing and Contract (415)		-	-

004711

Revenues from Nonutility Operations (417)	-	-
Less: Expenses of Nonutility Operations (417_1)	4,114	17,310
Nonoperating Rental Income (418)	4,951	9,062
Interest and Dividend Income (419)	467,425	523,655
Equity in Earnings of Subsidiary Companies (418_1)	62,379	62,379
Allowance for Other Funds During Construction (419_1)	(97)	(1,416)
Miscellaneous Nonoperating Income (421)	488,993	835,996
Gain on Disposition of Property (421_10)	173,118	173,118
TOTAL Other Income	1,192,655	1,585,484
Other Deductions		
Loss on Disposition of Property (421_20)	-	-
Donations (426_1)	169,568	180,741
Life Insurance (426_2)	-	-
Penalties(426_3)	-	-
Exp For Certain Civic Political And Related Activities(426_4)	58,121	135,279
Other Deductions (426_5)	77,815	185,856
TOTAL Other Income Deductions	305,505	501,877
Taxes Applicable		
Taxes Other Than Income Taxes (408_2)	3,352	3,352
Income Taxes Federal (409_2)	(523,042)	(530,796)
Income Taxes Other (409_2)	19,577	43,313
Provision for Deferred Income Taxes (410_2)	1,353	5,270
Less: Provision for Deferred Income Taxes Cr (411_2)	146,457	209,924
Total Taxes on Other Income and Deductions	(645,217)	(688,785)
Net Other Income and Deductions	1,532,367	1,772,392
Interest Charges		
Less: Amort of Premium on Debt (CR) (429)	-	56,126
Interest on Long-Term Debt (427)	4,642,551	10,537,457
Amort Of Debt Disc And Expenses (428_0)	334,036	834,408
Amort of Loss on Reaquired Debt (428_1)	135,141	292,513
Interest on Debt to Assoc. Companies (430)	186,612	646,605
Other Interest Expense (431)	1,024,844	817,618

004712

Less: Allow for Borrow Funds Used During Construc Cr(432)		80,803	177,102
Net Interest Charges		6,242,381	12,895,373
Income Before Extraordinary Items		12,784,439	33,723,007
Net Income	$	12,784,439	33,723,007

004713

Public Service Company of New Hampshire
FERC Statement of Income
For the Three Months Ended December 31, 2017

		PSNH Distribution	Public Service Company of New Hampshire - FERC Form 1
Utility Operating Income			
Operating Revenues (400)	$	137,382,942	256,110,635
Operating Expenses			
Operation Expenses (401)		74,514,717	112,179,247
Maintenance Expenses (402)		9,701,307	23,433,896
Depreciation Expenses (403)		14,176,014	31,502,310
Amort and Depl Of Utility Plant (404 405)		1,668,239	1,817,222
Amort Of Utility Plant Acq Adj (406)		-	-
Amort of Property Loss (407)		-	-
Regulatory Debits (407_3)		(1,203,515)	(5,919,322)
Less: Regulatory Credits (407_4)		-	-
Taxes Other Than Income Taxes (408_1)		12,442,451	22,799,254
Income Taxes Federal (409_1)		(1,919,368)	2,780,660
Income Taxes Other (409_1)		(1,873,000)	(1,602,803)
Provision for Deferred Income Taxes (410_1)		20,566,057	36,953,119
Less: Provision for Deferred Income Taxes Cr (411_1)		8,833,885	15,855,811
Investment Tax Credit Adj Net (411_4)		-	-
Less Gains from Disp Of Utility Plant (411_6)		-	453,407
Losses from Disp of Utility Plant (411_7)		-	-
TOTAL Utility Operating Expenses		119,239,017	207,634,366
Net Utility Operating Income		18,143,926	48,476,269
Other Income			
Revenues From Merchandising, Jobbing and Contract (415)		-	-

004714

Revenues from Nonutility Operations (417)	-	-
Less: Expenses of Nonutility Operations (417_1)	6,878	20,204
Nonoperating Rental Income (418)	3,126	9,219
Interest and Dividend Income (419)	547,380	597,969
Equity in Earnings of Subsidiary Companies (418_1)	171,947	171,947
Allowance for Other Funds During Construction (419_1)	(31)	(509)
Miscellaneous Nonoperating Income (421)	1,063,710	1,243,995
Gain on Disposition of Property (421_10)	72,839	72,839
TOTAL Other Income	1,852,094	2,075,257
Other Deductions		
Loss on Disposition of Property (421_20)	-	-
Donations (426_1)	179,061	186,784
Life Insurance (426_2)	-	-
Penalties(426_3)	-	-
Exp For Certain Civic Political And Related Activities(426_4)	61,617	142,464
Other Deductions (426_5)	91,925	214,454
TOTAL Other Income Deductions	332,602	543,702
Taxes Applicable		
Taxes Other Than Income Taxes (408_2)	3,275	3,275
Income Taxes Federal (409_2)	568,736	1,442,926
Income Taxes Other (409_2)	(13,367)	(20,808)
Provision for Deferred Income Taxes (410_2)	169	169
Less: Provision for Deferred Income Taxes Cr (411_2)	54,548	118,017
Total Taxes on Other Income and Deductions	504,265	1,307,545
Net Other Income and Deductions	1,015,227	224,010
Interest Charges		
Less: Amort of Premium on Debt (CR) (429)	-	56,126
Interest on Long-Term Debt (427)	4,316,712	9,832,149
Amort Of Debt Disc And Expenses (428_0)	326,564	771,895
Amort of Loss on Reaquired Debt (428_1)	135,141	292,513
Interest on Debt to Assoc. Companies (430)	256,617	727,740
Other Interest Expense (431)	1,026,350	987,952

004715

Less: Allow for Borrow Funds Used During Construc Cr(432)		89,992	226,331
Net Interest Charges		5,971,392	12,329,792
Income Before Extraordinary Items		13,187,761	36,370,488
Net Income	$	13,187,761	36,370,488

004716

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(21) Quarterly sales volumes for the previous 2 years, itemized for residential and other classifications of service, if not previously filed with the commission

Response:

Please see 1604.01(a)(21) Attachment 1.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

QUARTERLY SALES VOLUME

2013 - 2018

	RESIDENTIAL SALES - mWh				
	QUARTER ENDED				
YEAR	MARCH	JUNE	SEPTEMBER	DECEMBER	TOTAL
2013	867,040	703,069	877,760	742,659	3,190,528
2014	928,718	694,318	828,559	733,240	3,184,835
2015	926,159	708,817	854,683	709,323	3,198,982
2016	838,106	681,687	896,128	720,437	3,136,358
2017	840,301	711,316	820,305	722,764	3,094,686
2018	902,281	694,661	927,633	751,741	3,276,316

	OTHER RETAIL SALES - mWh				
	QUARTER ENDED				
YEAR	MARCH	JUNE	SEPTEMBER	DECEMBER	TOTAL
2013	1,138,508	1,137,454	1,301,082	1,136,632	4,713,676
2014	1,189,440	1,124,344	1,273,328	1,134,610	4,721,722
2015	1,161,912	1,149,144	1,289,394	1,130,553	4,731,003
2016	1,164,857	1,123,351	1,309,439	1,131,244	4,728,891
2017	1,134,524	1,112,597	1,251,224	1,092,078	4,590,423
2018	1,149,802	1,105,057	1,310,835	1,112,457	4,678,151

	OTHER UTILITIES - mWh				
	QUARTER ENDED				
YEAR	MARCH	JUNE	SEPTEMBER	DECEMBER	TOTAL
2013	7	6	8	6	27
2014	7	6	8	7	28
2015	6	5	7	5	23
2016	4	3	3	2	12
2017	2	2	2	2	8
2018	2	1	2	1	6

	TOTAL PRIME SALES - mWh				
	QUARTER ENDED				
YEAR	MARCH	JUNE	SEPTEMBER	DECEMBER	TOTAL
2013	2,005,555	1,840,528	2,178,849	1,879,297	7,904,229
2014	2,118,166	1,818,668	2,101,894	1,867,858	7,906,586
2015	2,088,076	1,857,966	2,144,085	1,839,881	7,930,008
2016	2,002,967	1,805,041	2,205,570	1,851,684	7,865,262
2017	1,974,828	1,823,915	2,071,531	1,814,843	7,685,117
2018	2,052,086	1,799,720	2,238,470	1,864,198	7,954,474

Note: Billed sales only; does not include unbilled sales.
G:\energy\7. PSNH\2019 Rate Case\5 - Initial Filing - Permanent Rates\4 - Filing Requirements\Draft Filing Requirements (5.3.19)\21 Qrtly Sales Vols\1604.01 #21 Historical Unbundled Revenue 2018 -2013 Req 21

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(22) A description of the utility's projected need for external capital for the 2 year period immediately following the test year

Response:

On a daily basis, the Company uses cash from operations to fund working capital obligations and capital expenditures. If working capital obligations coupled with capital expenditures exceed cash from operations, the Company will bridge the gap by raising short-term debt through its intercompany revolving credit agreement with Eversource. As the Company's short-term debt balance approaches its limit, short-term debt will be refinanced with long-term capital in the form of long-term debt and equity via capital contributions from Eversource. Additionally, if necessary, long-term capital may be raised in advance of refunding long-term debt maturities. In any event, additional long-term capital will be balanced with the Company's retained earnings and dividends so that PSNH maintains an appropriate capital structure.

During the two-year period immediately following the test year, the Company expects that it will be necessary to both issue long-term debt and receive capital contributions from Eversource.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(23) The utility's capital budget with a statement of the source and uses of funds for the 2 years immediately following the test year

Response:

Please see 1604.01(a)(23) Attachment 1, Page 1 of 2, for the Company's current estimate of its distribution capital spend for calendar years 2019 and 2020. The information for 2019 PSNH Base Distribution Capital is consistent with Table 3 in the testimony of Company witnesses Purington and Lajoie. Please note that estimates for both years remain subject to change.

With respect to the sources and uses of funds, please refer to 1604.01(a)(23) Attachment 1, Page 2 of 2, for a Statement of Cash Flows for 2019 and 2020. Please note that because PSNH is financed on a consolidated entity basis, the attached exhibit reflects sources and uses of funds for both PSNH transmission and distribution.

SFR 1604.01(a)(23) - UTILITY CAPITAL BUDGET

Description	2019B	2020F
Reliability / Regulatory Commitments	89.6	87.6
Basic Business	30.0	29.4
New Customer	11.3	11.5
Peak Load / Capacity	5.8	6.7
PSNH Distribution Base Capital	136.7	135.2
Operations Services	11.1	9.3
Telecom/Engineering	1.4	2.2
Corporate Shared Services - Information Technology	0.3	0.4
Corporate Shared Services - Facilities	6.2	8.7
Corporate Shared Services - Other	0.4	0.5
Total PSNH Distribution Capital	156.1	156.3

PSNH Consolidated
Statement of Cash Flow
2019-2020 Forecast
($ in millions)

	2019	2020
Cash Flow From Operating Activities		
Net Income	$ 123	$ 147
Depreciation and Amortization	131	168
Deferred Income Taxes & ITC	3	(1)
Other Non-Current Assets and Liabilities	2	(5)
Change in Working Capital	(24)	5
Net Cash Flows From Operating Activities	235	314
Cash Flow From Investing Activites		
Capital Expenditures (incl. COR)	(324)	(335)
Other Investments Activities	-	(0)
Net Cash Flows From Investing Activities	(324)	(335)
Cash Flow From Financing Activities		
Capital Contribution from Parent	-	89
Long-Term Debt Issuances	300	100
Long-Term Debt Redemptions	(150)	-
Rate Reduction Bond Retirements	(52)	(43)
Increase/(Decrease) in Short-Term Debt	124	(34)
Common Stock Dividends paid to Parent	(130)	(90)
Other Financing Activities	(3)	(1)
Net Cash Flow From Financing Activities	88	21
Net Increase/(Decrease) in Cash	0	(0)
Cash at beginning of year	1	1
Cash at end of year	$ 1	$ 1

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(24) The amount of outstanding short term debt, on a monthly basis during the test year, for each short-term indebtedness

Response:

Please see 1604.01(a)(24) Attachment 1.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
MONTHLY OUTSTANDING SHORT-TERM DEBT
FOR 12 MONTHS ENDED DECEMBER 31, 2018

(Amounts shown in $s)

($'s thousands)
PSNH Short-Term Debt Balances

1/31/2018	$ (266,500.00)
2/28/2018	$ (276,200.00)
3/31/2018	$ (271,300.00)
4/30/2018	$ (268,100.00)
5/31/2018	$ (120,200.00)
6/30/2018	$ (118,700.00)
7/31/2018	$ (117,500.00)
8/31/2018	$ (44,300.00)
9/30/2018	$ (46,600.00)
10/31/2018	$ (42,100.00)
11/30/2018	$ (133,600.00)
12/31/2018	$ (57,000.00)

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(25) If a utility is a subsidiary, a certificate of an appropriate official of the subsidiary detailing any expense of the parent company which was included in the subsidiary's cost of service

Response:

The Company did not include any costs from the Company's parent company, Eversource, in the cost of service.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.01(a)

Puc 1604.01(a)(26) Support for figures appearing on written testimony and in accompanying exhibits.

Response:

Please refer to the testimony and attachments contained in the Company's initial filing for the requested support.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.02(a)

Puc 1604.02(a)(1)	A cover letter summarizing the requested rate relief and the nature and magnitude of the requested changes

Response:

The Company has enclosed a cover letter with this filing package summarizing the requested rate relief and the nature and magnitude of the requested changes.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

**Rate Case Filing Requirements
Pursuant to Puc 1604.02(a)**

Puc 1604.02(a)(2) A "Report of Proposed Rate Changes", which shall set forth the following:

a. Rate or class of service;

b. Effect of proposed change showing increases, decreases and net changes in each rate classification separately, where applicable;

c. Average number of customers;

d. Estimated annual revenue under present rates and under proposed rates; and

e. Proposed rates by amount and percentage increase or decrease

Response:

Please see the Report of Proposed Rate Changes included as Attachment EAD-4 (Perm) to the testimony of Company Witness Edward A. Davis.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.02(a)

Puc 1604.02(a)(3) Written direct testimony

Response:

The Company has enclosed written direct testimony by Company witnesses Allen, Bulkley, Chung, Dixon, Conner, Davis, Purington, Lajoie, Ancel, Schilling, Menard, Nieto, Quinlan and Spanos.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.02(a)

Puc 1604.02(a)(4) A "Filing Requirement Schedule" for the appropriate utility area of the utility, as established by Puc 1604.07

Response:

The Company has provided the information required by Puc 1604.07 as part of its filing package.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.02(a)

Puc 1604.02(a)(5) A copy of the proposed statement to be transmitted to the utility's customers pursuant to Puc 1203.02(c) and (d)

Response:

Please see 1203.02(c)(d) Attachment 1.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.04(a)

Puc 1604.04(a) Each utility shall submit to the commission, along with any proposed or compliance tariff filing, a signed, written attestation by the officer in charge of the utility accounts.

Response:

Please see 1604.04 Attachment 1.

STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Petition for Permanent Rates
DOCKET NO. DE 19-057

Attestation

I affirm, based on my personal knowledge, information and belief, that the cost and revenue statements and the supporting data submitted, which purport to reflect the books and records of Public Service Company of New Hampshire, do in fact set forth the results shown by such books records and that all differences between the books and the test year data and any changes in the manner of recording an item on the utility's books during the test year, have been expressly noted.

5/16/19
Date

Jay S. Buth
Vice President, Controller and
Chief Accounting Officer
Public Service Company of New Hampshire

Subscribed to and sworn before me this 16 day of May, 2019.

Notary Public
My Commission Expires: May 24, 2024

KERRI ANN MAHONEY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
May 24, 2024

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(1) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(1) "Computation of Revenue Deficiency"

Response:

The revenue deficiency computation is provided on page 1 of 2 from Attachment EHC/TMD-1, Schedule EHC/TMD-1. In accordance with 1604.07(b), the schedule includes:

(1) Rate base from "Attachment EHC/TMD-1 Schedule EHC/TMD-36";
(2) Rate of return;
(3) Income required;
(4) Adjusted net operating income from "Attachment EHC/TMD-1 Schedule EHC/TMD-3";
(5) Income deficiency;
(6) Tax effect by percentage; and
(7) Revenue deficiency.

The schedules provides the above information for the unadjusted and adjusted test year periods as well as the pro forma period.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(2) A utility shall include with the “Filing Requirement Schedules” required by Puc 1604.07 each of the following:

(2) “Schedule 1 - Operating Income Statement”

Response:

The Operating Income Statement for the test year is provided on Attachment EHC/TMD-1, Schedule EHC/TMD-5 for the test year and pro forma periods. Additionally, refer to Puc 1604.07(a)(2) Attachment 1 which reflects this same information as well as the prior two years as originally reflected in the Fourth Quarter FERC Form F-1 for each of 2016 and 2017. The combined sources meet the timeframe and content requirements for Puc 1604.07(c) and 1604.07(d).

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

RATE CASE FILING REQUIREMENTS

PURSUANT TO PUC 1604.07(a)(2)

Numbers in ($000s)

Description	Year Ended 12/31/2016	Year Ended 12/31/2017	Unadjusted Test Year Ended 12/31/2018	Indirect Costs Reallocation	Test Year Ended 12/31/2018	Normalizing & Tax Adjustments	Adjusted Test Year Ended 12/31/2018
(A)	(B)	(B)	(B)	(C)	(D)	(E)	(F)
OPERATING REVENUES	$ 364,956	$ 364,299	$ 352,333	$ -	$ 352,333	$ 13,289	$ 365,622
OPERATION & MAINTENANCE EXPENSE							
Production Expenses	15	71	102	-	102	-	102
Distribution Expenses	65,418	67,696	66,506	(977)	65,529	18,157	83,686
Customer Accounting Expenses	24,914	24,456	24,415	(5,066)	19,349	-	19,349
Customer Service & Inform/Sales Expenses	1,123	439	618	(339)	279	313	592
Administrative & General Expenses	60,098	54,556	58,335	1,266	59,601	(529)	59,072
TOTAL OPERATION & MAINTENANCE	151,568	147,218	149,976	(5,116)	144,860	17,941	162,801
DEPRECIATION EXPENSE	51,858	54,818	63,061	4,326	67,387	-	67,387
AMORTIZATION EXPENSE	13,907	8,409	1,069	-	1,069	14,746	15,815
TAXES OTHER THAN INCOME TAXES							
Property Tax Expense	44,697	47,048	44,059	-	44,059	3,058	47,117
Payroll and Other Taxes	4,363	4,536	3,893	790	4,683	63	4,746
TOTAL TAXES OTHER THAN INCOME	49,060	51,584	47,952	790	48,742	3,121	51,863
INCOME TAXES							
Current Income Tax Expense	1,105	(3,783)	22,646	-	22,646	(7,175)	15,471
Deferred Income Tax Expense	29,555	35,693	(1,462)	-	(1,462)	-	(1,462)
Investment Tax Credit	(4)	(4)	(4)	-	(4)	-	(4)
TOTAL INCOME TAXES	30,656	31,906	21,180	-	21,180	(7,175)	14,005
TOTAL OPERATING EXPENSES	297,049	293,935	283,238	-	283,238	28,633	311,871
TOTAL OPERATING INCOME	$ 67,907	$ 70,364	$ 69,095	$ -	$ 69,095	$ (15,344)	$ 53,751

004736

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(3) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.07 each of the following:

(3) "Schedule 1 Attachment - Pro Forma Adjustment Income or Expense"

Response:

The Income and Expense Adjustments are itemized on Attachment EHC/TMD-1, Schedule EHC/TMD-5, page 2. Further, the requirements below as per Puc 1604.07(h) are fully documented in each of the schedules supporting the proposed adjustments as well as the joint testimony of Mr. Chung and Mr. Dixon. The supporting schedules are provided as Attachment EHC/TMD-1 Schedules EHC/TMD – 6 through 35.

(1) The name of the account;
(2) A detailed explanation of the adjustment and reasons for the adjustment;
(3) A description of data and source of data;
(4) Comparable data and source for at least 2 preceding years, where applicable;
(5) Calculation of adjustments including explanation and justification of method used; and
(6) The dollar amount of adjustment.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(4) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(4) "Schedule 1A - Property Taxes"

Response:

A schedule of property taxes has been provided as Attachment EHC/TMD-1 Schedule EHC/TMD-31. In accordance with 1604.07(i) the schedules contain the following information for the test year and pro forma periods:

(1) Municipality where taxes paid;
(2) Period of taxation (test year and pro forma);
(3) Amount paid;
(4) Amount accrued (N/A);
(5) Amount not applicable to utility operations;
(6) Pro forma adjustments;
(7) Pro forma property tax;
(8) The tax rate; and
(9) Whether a discount was available, the tax rate, and whether the utility used the discount (N/A).

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(5) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(5) "Schedule 1B - Payroll"

Response:

A payroll schedule has been provided as Attachment EHC/TMD-1 Schedule EHC/TMD-14. In accordance with 1604.07(j) the schedules contain the following categories of payroll information for the test year and pro forma periods:

(1) Operation;
(2) Maintenance;
(3) Construction;
(4) Plant removal; and
(5) Any other accounts relating to payroll.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(6) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(6) "Schedule 1C - Normalization"

Response:

Puc 1604.07(k) specifies that "Schedule 1C – Normalizations" shall be provided by gas utilities. As the Company is an electric distribution company, this requirement is not applicable.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(7) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(7) "Schedule 2 - Assets and Deferred Charges"

Response:

A listing of assets and deferred charges is provided as PUC 1604.07(a)(7) Attachment 1. In accordance with 1604.07(a)(l) and 1604.07(a)(m), the attachment provides the 12-month period as well as 5 quarter averages for the prior two years and includes:

(1) Plant;
(2) Other property;
(3) Investments and funds;
(4) Current, accrued and other assets;
(5) Special deposits; and
(6) Prepaid accounts and deferred charges.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE - DISTRIBUTION SEGMENT

SCHEDULE 2 - ASSETS AND DEFERRED CHARGES

PURSUANT TO 1604.07(a)(7)

	AS OF 12/31/2018	5-QTR AVG 12/31/2017	5-QTR AVG 12/31/2016
Net Utility Plant	$ 1,624,813,150	$ 1,486,085,248	$ 1,368,288,435
Other Property & Investments	$ 8,632,655	$ 4,990,265	$ 6,457,436
Current, Accrued and Other Assets	$ 350,507,872	$ 115,925,021	$ 81,124,647
Special Deposits	$ 5,007	$ 506,679	$ 902,530
Prepaid Accounts and Deferred Charges	$ 1,131,561,474	$ 374,708,883	$ 327,525,370
Total Assets and Deferred Charges	$ 3,115,520,157	$ 1,982,216,096	$ 1,784,298,418

004742

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(8) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(7) "Schedule 2A - Stockholders Equity and Liabilities"

Response:

A listing of Stockholder's Equity and Liabilities is provided as PUC 1604.07(a)(8) Attachment 1. In accordance with 1604.07(a)(n) and 1604.07(a)(o), the attachment provides the 12-month period as well as 5 quarter averages for the prior two years and includes, where applicable:

(1) Common stock equity and surplus;
(2) Long term debt;
(3) Preferred stock;
(4) Current and accrued liabilities;
(5) Deferred credits;
(6) Operating reserves;
(7) Accumulated deferred taxes on income; and
(8) Contributions in aid of construction.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE - DISTRIBUTION SEGMENT

SCHEDULE 2A - STOCKHOLDER'S EQUITY AND LIABILITIES

PURSUANT TO 1604.07(a)(8)

	AS OF 12/31/2018	5-QTR AVG 12/31/2017	5-QTR AVG 12/31/2016
Common Stockholder's Equity	$ 855,646,151	$ 601,700,934	$ 541,662,491
Long-Term Debt	$ 1,091,928,297	$ 466,966,709	$ 479,764,057
Current and Accrued Liabilities	$ 140,593,748	$ 253,861,511	$ 188,523,513
Deferred Credits	$ 324,491,971	$ 56,339,738	$ 15,079,890
Other Non-Current Liabilities	$ 200,941,851	$ 162,257,042	$ 131,602,190
Accumulated Deferred Income Taxes	$ 501,147,636	$ 440,508,024	$ 427,415,252
Contributions in Aid of Construction	$ 770,502	$ 582,137	$ 251,024
Total Stockholder's Equity and Liabilities	$ 3,115,520,157	$ 1,982,216,096	$ 1,784,298,418

004744

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(9) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.07 each of the following:

(7) "Schedule 2B- Material and Supplies"

Response:

A listing of Materials and Supplies is provided as PUC 1604.07(a)(9) Attachment 1. In accordance with 1604.07(a)(p) and 1604.07(a)(q), the attachment provides the 12-month period as well as 5 quarter averages for the prior two years.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE - DISTRIBUTION SEGMENT

SCHEDULE 2B - MATERIALS AND SUPPLIES

PURSUANT TO 1604.07(a)(9)

	AS OF 12/31/2018	5-QTR AVG 12/31/2017	5-QTR AVG 12/31/2016
Distribution Inventory, Materials & Supplies	$ 12,114,448	$ 10,107,516	$ 9,508,399

004746

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(10) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.07 each of the following:

(10) "Schedule 2C - Contributions in Aid of Construction"

Response:

The information required by PUC 1604.07(r), where it states that water and sewer utilities provide further information in Schedule 2C, is not applicable to Public Service Company of New Hampshire since it does not own or operate any water or sewer utilities. Please refer to 'Schedule 2A – Stockholder's Equity and Liabilities', line (24), for amounts classified as Contributions in Aid of Construction.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(11) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(11) "Schedule 3 - Rate Base"

Response:

The Company's year-end rate base calculation and supporting schedules have been provided in Attachment EHC/TMD-1 Schedules EHC/TMD-36 through 39. In accordance with Puc 1607.07(s) the Company has provided its five-quarter average rate base (as filed in the Company's Fourth Quarter 2018 NHPUC Form F-1) along with each quarter of the calculated result. Refer to 1604.07(a)(11) Attachment 1.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

RATE BASE AND RETURN ON RATE BASE

PURSUANT TO PUC 1604.07(a)(11)

Numbers in ($000s)	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	FIVE QUARTER AVERAGE
Utility Plant in Service	$ 2,076,592	$ 2,073,133	$ 2,133,169	$ 2,168,088	$ 2,171,883	$ 2,124,573
LESS:						
Reserve For Depreciation	601,324	587,368	600,522	613,575	602,635	601,085
Reserve For Amortization	-	-	-	-	-	-
Net Utility Plant In Service	1,475,268	$ 1,485,765	$ 1,532,647	$ 1,554,513	1,569,248	1,523,488
ADDITIONS TO PLANT						
Cash Working Capital	18,150	18,002	17,469	17,823	18,490	18,490
ASC 740 (net)	-	-	-	-	-	-
Materials and Supplies	10,425	10,512	9,293	10,095	12,114	10,488
Prepayments	677	1,128	1,475	1,114	729	1,025
Regulatory Assets	3,788	3,682	3,578	3,474	3,423	3,589
Total Additions to Plant	33,040	$ 33,324	$ 31,815	$ 32,506	34,756	33,591
DEDUCTIONS FROM PLANT						
Reserve for Deferred Income Taxes	360,260	360,095	359,916	353,386	363,768	359,485
Regulatory Liabilities	7,678	7,643	7,689	7,766	8,401	7,835
Customer Deposits/Advances	3,839	3,868	3,923	3,980	4,037	3,929
Total Deductions from Plant	$ 371,777	$ 371,606	$ 371,528	$ 365,132	$ 376,206	$ 371,250
RATE BASE	1,136,531	$ 1,147,483	$ 1,192,934	$ 1,221,887	1,227,798	1,185,830
COST OF CAPITAL	6.19%	6.45%	6.17%	6.29%	5.82%	6.02%
RETURN ON RATE BASE	$ 70,364	$ 73,998	$ 73,564	$ 76,853	$ 71,439	$ 71,439

NOTE: Numbers may not add due to rounding

004749

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(12) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(12) "Schedule 3A -Working Capital"

Response:

In accordance with Puc 1604.07(t) and 1604.07(u), Attachment EHC/TMD-2 Schedules EHC/TMD-1 through 12 provide detailed work papers associated with the lead lag study presented in this proceeding. Additionally, pages 71 through 78 of Mr. Chung's and Mr. Dixon's joint testimony provides detailed discussion of the methodology utilized within the aforementioned schedules.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(13) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(13) "Schedule 3 Attachment - Pro Forma Adjustment Rate Base"

Response:

Puc 1604.07 requires detailed calculations of any pro forma adjustments to rate base. The Company's filing reflects only two pro forma adjustments to rate base: (1) an adjustment to working capital which is fully detailed in Attachment EHC/TMD-2 Schedules EHC/TMD-1 through 12 and pages 70 through 71 of Mr. Chung's and Mr. Dixon's joint testimony; and (2) the removal of a non-distribution deferred tax asset for which there is no calculation, however which is discussed on page x of Mr. Chung's and Mr. Dixon's joint testimony.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.07(a)

Puc 1604.07(a)(14) A utility shall include with the "Filing Requirement Schedules" required by Puc 1604.06 each of the following:

(14) "Schedule 3 Attachment - Name of Account"

Response:

The Company's filing provides specific detail including account names for each of the underlying rate base items. In accordance with Puc 1604.07(w) this information has been provided in Attachment EHC/TMD-1 Schedules EHC/TMD-36 through 39.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(a)

Puc 1604.08(a) Each utility filing for a change in the rate proposed to be charged for any service shall complete and provide the rate of return schedules, called "Rate of Return Information Required of All Electric, Gas, Telephone, Water and Sewer Utilities", the specific requirements of which are set forth in (c) below.

Response:

Please see 1604.08(c)(1) through 1604.08(c)(9).

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(1) A utility shall include with the rate of return schedules required by (a) above the following:

(1) Schedule 1, "Overall Rate of Return", showing the component ratio, component cost rate, and weighted average cost rate of:

a. Common and preferred stock;
b. Long and short term debt; and
c. The total of a. and b.;

Response:

Please see 1604.08(c)(1) Attachment 1 for the requested information.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

ITEM I
OVERALL RATE OF RETURN - DISTRIBUTION

Cost of Capital at December 31, 2018

	Item	Component Ratio	Component Cost Rate	Weighted Average Cost Rate
1	Common Equity (1)	57.92%	9.670%	5.601%
2	Long-Term Debt	35.37%	4.303%	1.522%
3	Short-Term Debt	6.71%	2.210%	0.148%
4	Total	100.00%		7.271%

5 Note (1): In accordance with DE 09-035, PSNH's allowed ROE is 9.67%.

6 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

ITEM I
OVERALL RATE OF RETURN - DISTRIBUTION

Proformed Cost of Capital at December 31, 2018

	Item	Component Ratio	Component Cost Rate	Weighted Average Cost Rate
1	Common Equity	52.17%	10.400%	5.426%
2	Long-Term Debt	44.44%	4.091%	1.818%
3	Short-Term Debt	3.38%	2.450%	0.083%
4	Total	100.00%		7.327%

5 Amounts shown above may not add due to rounding.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(2)

Schedule 2, "Capital Structure for Ratemaking Purposes", showing the amount and component ratio for:

a. Common equity, stock, surplus, retained earnings and capital stock expenses;
b. Preferred stock equity, stock and capital stock expenses;
c. Long term debt, mortgage debt, long term notes, pollution revenue control bonds, industrial revenue bonds, capital lease, unamortized premium and discount, and unamortized expenses;
d. Short term debt and notes payable;
e. Deferred taxes; and
f. Total capital;

Response:

Please see 1604.08(c)(2) Attachment 1 for the requested information.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

ITEM II
CAPITAL STRUCTURE FOR RATEMAKING PURPOSES - DISTRIBUTION

(Thousands of Dollars)

		At December 31, 2018	
	ITEM	Amount	Component Ratio
1	Common Equity		
2	Common Stock	$ -	0.00%
3	Other Paid-In Capital	678,134	30.09%
4	Retained Earnings	627,258	27.84%
5			
6			
7	Total Common Equity	1,305,392	57.92%
8			
9			
10	Preferred Stock	-	0.00%
11			
12			
13	Long-Term Debt		
14	Pollution Control Revenue Bonds		
15	Series A	(473)	-0.02%
16	Series B	(1,536)	-0.07%
17	Series C	(1,039)	-0.05%
	Total PCRB	(3,048)	-0.14%
18			
19	First Mortgage Bonds		
20	Series M	49,739	2.22%
21	Series P	149,947	6.65%
22	Series Q	120,842	5.36%
23	Series R	156,212	6.93%
24	Series S	323,355	14.35%
	Total FMB	800,094	35.51%
25			
26	Total Long-Term Debt	797,046	35.37%
27			
28	Short-Term Debt	151,300	6.71%
29			
30	Total Capitalization	$ 2,253,738	100.00%
31			
32			
33			
34			
35	Amounts shown above may not add due to rounding.		

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

ITEM II
CAPITAL STRUCTURE FOR RATEMAKING PURPOSES - DISTRIBUTION

(Thousands of Dollars)

Line	ITEM	Proformed at December 31, 2018 Amount	Proformed at December 31, 2018 Component Ratio
1	Common Equity		
2	Common Stock	$ -	
3	Other Paid-In Capital	575,553	51.95%
4	Retained Earnings	532,373	48.05%
6	Total Common Equity	1,107,926	52.17%
9	Preferred Stock	-	0.00%
12	Long-Term Debt		
13	Pollution Control Revenue Bonds		
14	Series A - VR	(473)	-0.02%
15	Series B - FR	(1,536)	-0.07%
16	Series C - FR	(1,039)	-0.05%
17	Total PCRB	(3,048)	-0.14%
20	First Mortgage Bonds		
21	Series M	49,739	2.34%
22	Series Q	120,842	5.69%
23	Series R	156,212	7.36%
24	Series S	323,355	15.23%
25	New FMB Issue	296,690	13.97%
26	Total FMB	946,837	44.59%
29	Total Long-Term Debt	943,789	44.44%
31	Short-Term Debt	71,805	3.38%
34	Total Capitalization	$ 2,123,520	100.00%
39	Amounts shown above may not add due to rounding.		

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(3) Schedule 3, "Historical Capital Structure as of December 31 or Other Fiscal Year End For Each Year", for each of the preceding 5 years showing:

a. Common and preferred stock;
b. Long and short term debt;
c. Deferred taxes;
d. Investment tax credit; and
e. The total of a. through d. above;

Response:

Please see 1604.08(c)(3) Attachment 1 for the requested information.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

ITEM III
HISTORICAL CAPITAL STRUCTURE
FOR RATEMAKING PURPOSES
AT DECEMBER 31

(Thousands of Dollars)

		2017	2016	2015	2014	2013
1	Common Equity	$ 1,354,516	$ 1,392,420	$ 1,243,535	$ 1,232,916	$ 1,140,426
2	Long-Term Debt	990,038	1,054,854	1,050,475	1,046,130	1,017,386
3	Short-Term Debt	262,900	160,900	231,300	90,500	86,500
4	Total Capital	$ 2,607,454	$ 2,608,174	$ 2,525,310	$ 2,369,546	$ 2,244,312

5 Amounts shown above may not add due to rounding.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(4) Schedule 4, "Capitalization Ratios at December 31 or for Other Fiscal Year End", for each of the preceding 5 years showing the information as found in (c)(2) a. through f. above, which may be shown without deferred taxes and investment tax credits.

Response:

Please see 1604.08(c)(4) Attachment 1 for the requested information.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

ITEM IV
CAPITALIZATION RATIOS
AT DECEMBER 31

		2017	2016	2015	2014	2013
1	Common Equity	51.95%	53.39%	49.24%	52.03%	50.81%
2	Long-Term Debt	37.97%	40.44%	41.60%	44.15%	45.33%
3	Short-Term Debt	10.08%	6.17%	9.16%	3.82%	3.85%
4	Total Capital	100.00%	100.00%	100.00%	100.00%	100.00%

5 Amounts shown above may not add due to rounding.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(5) Schedule 5, "Weighted Average Cost of Long-Term Debt", showing, for each entry, the following:

a. Item;
b. Date issued;
c. Face value;
d. Financing costs;
e. Net proceeds ratio;
f. Outstanding amount;
g. Cost rate based upon net proceeds;
h. Annual cost;
i. Total amount outstanding; and
j. Weighted average cost rate;

Response:

Please see 1604.08(c)(5) Attachment 1 for the requested information.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
ITEM V
LONG-TERM DEBT

(Thousands of Dollars)

LONG-TERM DEBT AT DECEMBER 31, 2018--NET PROCEEDS AT OFFERING DATE

	Title (1)	Date of Offering	Date of Maturity	Interest Rate (%)	Principal Amount of Issue	Financing Costs	Net Proceeds to the Utility	Net Proceeds % (per unit)
1	First Mortgage Bonds							
2	Series M	10/05/05	10/05/35	5.600	50,000	694	49,306	98.6
3	Series P	12/14/09	12/01/19	4.500	150,000	1,757	148,243	98.8
4	Series Q	05/26/11	06/01/21	4.050	122,000	1,455	120,545	98.8
5	Series R	09/13/11	09/01/21	3.200	160,000	1,950	158,050	98.8
6	Series S	11/14/13	11/01/23	3.500	325,000	1,626	323,374	99.5
7	Total Long-Term Debt						799,517	

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
ITEM V
LONG-TERM DEBT

(Thousands of Dollars)

LONG-TERM DEBT AT DECEMBER 31, 2018

	Title	Net Amount Outstanding	Cost Rate Based on Net Proceeds	Annual Cost of Long-Term Debt	Average Cost Rate (%)
1	First Mortgage Bonds				
2	Series M	49,739	5.661%	2,816	
3	Series P	149,947	4.538%	6,805	
4	Series Q	120,842	4.486%	5,420	
5	Series R	156,212	4.187%	6,541	
6	Series S	323,355	3.623%	11,716	
7	Total Long-Term Debt	800,094		33,297	4.162%
8					
9					
10					
11	Amounts shown above may not add due to rounding.				

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
ITEM V
LONG-TERM DEBT

(Thousands of Dollars)

PROFORMED LONG-TERM DEBT AT DECEMBER 31, 2018--NET PROCEEDS AT OFFERING DATE

	Title (1)	Date of Offering	Date of Maturity	Interest Rate (%)	Principal Amount of Issue	Financing Costs	Net Proceeds to the Utility	Net Proceeds %(per unit)
1	First Mortgage Bonds							
2	Series M	10/05/05	10/05/35	5.600	50,000	694	49,306	98.6
3	Series Q	05/26/11	06/01/21	4.050	122,000	1,455	120,545	98.8
4	Series R	09/13/11	09/01/21	3.200	160,000	1,950	158,050	98.8
5	Series S	11/14/13	11/01/23	3.500	325,000	1,626	323,374	99.5
6	New FMB Issue (1)	XX/XX/19	XX/XX/49	4.080	300,000	3,310	296,690	98.9
7	Total Long-Term Debt						947,964	

8 Note (1) Updated to reflect the issuance of 30-year $300M First Mortgage Bonds to take place
9 by December 31, 2019. $100M will be new debt while Series P bonds in the amount of $150M
10 are set to mature in December 2019 and will be refinanced along with PSNH's short-term debt
11 balance of approximately $50M. Financing costs total $3.310M.

12 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
ITEM V
LONG-TERM DEBT

(Thousands of Dollars)

PROFORMED LONG-TERM DEBT AT DECEMBER 31, 2018

	Title	Net Amount Outstanding	Cost Rate Based on Net Proceeds	Annual Cost of Long-Term Debt	Average Cost Rate (%)
1	First Mortgage Bonds				
2	Series M	49,739	5.661%	2,816	
3	Series Q	120,842	4.486%	5,420	
4	Series R	156,212	4.187%	6,541	
5	Series S	323,355	3.623%	11,716	
6	New FMB Issue (1)	296,690	4.126%	12,240	
7	Total Long-Term Debt	946,837		38,732	4.091%

8 Note (1) - Please see Note (1) on Schedule V, page 3 of 4.

9 Amounts shown above may not add due to rounding.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(6) Schedule 6, "Cost of Short-Term Debt", showing the cost rate, outstanding amount and annual cost for:

a. Bank loans;
b. Loans from individuals;
c. Commercial paper; and
d. Weighted average cost;

Response:

Public Service Company of New Hampshire's short-term debt is solely financed through its parent company. Eversource issues commercial paper and lends the net proceeds to the Eversource system companies to meet liquidity needs. Each Eversource system company has an intercompany note payable and the Eversource parent has a respective short-term intercompany note receivable.

The interest rate charged by Eversource Parent to its system companies is the daily commercial paper rate that the Eversource parent is charged. This rate is calculated daily and fluctuates daily.

The outstanding short-term debt amount at December 31, 2018 is $57 million. The annual cost of short-term debt totaled $3.3 million consisting of interest expense of $3.1 million and revolver and commitment fees of $214 thousand. The weighted average cost of short-term debt is 2.29% as of December 31, 2018.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(7) Schedule 7, "Weighted Average Cost of Preferred Stock", showing, for each entry, the following:

a. Item;
b. Date sold;
c. Financing costs;
d. Net proceeds ratio;
e. Outstanding amount;
f. Cost rate based upon net proceeds;
g. Annual cost;
h. Total amount outstanding; and
i. Weighted average cost rate;

Response:

There are no issues of preferred stock outstanding. The Company has no plans to issue preferred stock.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(8) Schedule 8, "Cost of Common Equity Capital", showing the rate of return on common equity; and

Response:

Please see 1604.08(c)(8) Attachment 1.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY

SCHEDULE 8 - Cost of Common Equity Capital

CALCULATION OF PER BOOKS RATE OF RETURN - Includes Short Term Debt

(Thousands of Dollars, Excluding Pecentage Data)

		Twelve Months Ended: December 31, 2018 Distribution	
1	Net Operating Income (from page 2)	71,439	
2		-	
3	Adjusted Operating Income	71,439	
4	5 Qtr. Average Rate Base (from page 3)	1,185,830	
5	**Rate of Return (ROR line 3 / line 4)**	**6.02%**	
6	Less:Long-term Debt (from Schedule 2)	1.83%	**(1)**
7	Equity Component of ROR	4.19%	
8	Equity Percentage--Debt to Equity Ratio (from Sch. 2)	54.33%	**(1)**
9	**Return on Equity (ROE)**	7.72%	**(1)**
10	**Amounts shown above may not add due to rounding.**		
11	**(1) Includes Short-Term Debt**		

G:\energy\7. PSNH\2019 Rate Case\5 - Initial Filing - Permanent Rates\4 - Filing Requirements\1604.08 Drafts\SFR Schedule 8 for Rate Case6D ROE incl STD

004772

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.08(c)

Puc 1604.08(c)(9) A "Report of Proposed Rate Changes", including the following:

a. Rate or class of service;
b. Effect of proposed change showing increases, decreases and net changes in each rate classification separately, where applicable;
c. Average number of customers;
d. Annual revenue under present rates and under proposed rates;
e. Proposed annual change in revenues by amount and by percentage;
f. Proposed change in rates by amount and by percentage;
g. Signature and title of signatory; and
h. Title section showing the utility's name, date filed, tariff number, tariff page numbers and effective date.

Response:

Please see the Report of Proposed Rate Changes included in Attachment EAD-4 (Perm) for items a through e, g and h. For item f, the rates and percent change are included in Attachment EAD-6 (Perm).

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)
Page 1 of 2

Rate Case Filing Requirements
Pursuant to Puc 1604.09(a)

Puc 1604.09(a) A utility shall provide an explanation with its proposed tariff of any change in the manner of recording accounting data on the utility's books during the test year.

Response:

2018

On January 1, 2018, PSNH adopted ASU 2016-07- "*Restricted Cash*", which requires that the statement of cash flows explain the change during the period in the total change in cash, cash equivalents and restricted cash. This change has been made on a retrospective basis beginning in 2018 for all periods presented and impacts the statement of cash flows. As a result of implementing the new accounting guidance for the statement of cash flows, the change in restricted cash balances, which was previously classified as operating activities, is presented as a change in cash, cash equivalents and restricted cash for the years ended December 31, 2018, 2017 and 2016.

On January 1, 2018, PSNH adopted ASU 2014-09, "*Revenue from Contracts with Customers*" which amended existing revenue recognition guidance. This statement did not impact how revenue is recognized by PSNH and had no impact on the amounts reported in FERC Form 1. The statement did impact how revenue is reported in our GAAP financial statements. As a result of applying this guidance on the unit of account under the new standard, purchases of power from and sales of power to ISO-New England are now accounted for net by the hour, rather than net by the month, in the GAAP financial statements only. This change increased Operating Revenues and decreased Purchase Power, Fuel and Transmission in the PSNH GAAP financial statements by approximately $21 million for the year ended December 31, 2018, with no impact on net income.

On January 1, 2018, PSNH adopted ASU 2016-01, "*Financial Instruments – Overall, Recognition and Measurement of Financial Assets and Financial Assets and Financial Liabilities*". This standard removed the available-for-sale designation for equity securities, whereby changes in fair value were previously recorded in accumulated other comprehensive income and required changes in fair value of all equity securities to be recorded in earnings effective January 1, 2018. Unrealized losses recorded in Other Income, net were approximately $0.3 million for the year ended December 31, 2018.

On January 1, 2018, PSNH adopted ASU 2017-07- "*Compensation- Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost*," which required separate presentation of service cost from other components of pension, SERP and PBOP costs for GAAP reporting.

This accounting policy did not impact our accounting for pension, SERP and PBOP costs and is a presentation item for GAAP reporting only.

2019

On January 1, 2019, PSNH adopted ASU 2016-02, Leases (Topic 842), which requires balance sheet recognition of right-of-use assets and lease liabilities for leases deemed to be operating leases. The recognition, measurement and presentation requirements for expenses and cash flows did not change. PSNH applied the Topic 842 criteria prospectively to new leases and lease renewals entered into effective on or after January 1, 2019. PSNH recognized approximately $1 million of right-of-use assets and operating lease liabilities on its balance sheet upon transition at January 1, 2019.

Beginning in January 2019, tree trimming costs, which were previously capitalized, are recorded in O&M and deferred for collection as part of the existing Reliability Enhancement Program (REP) tracker.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.09(b)

Puc 1604.09(b) As to the explanation of any adjustment in the manner of recording data as required by (a) above, a utility shall provide with its proposed tariff a justification for the change and an explanation of its financial impact.

Response:

Please see the response to 1604.09(a) for the requested information.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.09(c)

Puc 1604.09(c) A utility shall make adjustments in projections to reflect what the utility reasonably anticipates for the following:

(1) All items of unusual magnitude which occurred during the test year, but which are not expected to recur beyond the test year; and
(2) All items which are fixed, determinable, and likely to occur in the future, but which did not occur during the test year.

Response:

To identify the appropriate normalizing and post-test year adjustments to test year revenues or expenses, the Company first reviewed the Test Year activity to identify any cost or revenue elements that are non-recurring, out-of-period, or otherwise not appropriate to be reflected in the revenue requirement. Similarly, to the extent that the Test Year excludes certain known and measurable cost or revenue changes that will be incurred on a continuing basis, those elements are appropriate for inclusion in the revenue requirement. Where the Company has identified such elements, it has reflected the elements as normalizing adjustments to the cost of service in this filing to establish a "normalized" revenue requirement from which to make pro-forma or post-Test Year adjustments.

In order to remove out-of-period or non-recurring items from the Test Year level of expense activity, the Company performed a detailed review of account activity to normalize out-of-period or non-recurring activity. As a supplement to this review, the Company's Accounting Department identified any accounting entries that were recorded on PSNH's books that were "out-of-period," meaning the entries were booked during the Test Year but are related to a different time period. In addition, the Company's Accounting Department identified entries that were recorded outside of the 12-month test year but that should have been recorded within the Test Year. This exercise has resulted in the Company's proposal for an adjusted Test Year that is reflected in the various schedules of Attachment EHC/TMD-1 (Perm). All of the normalizing adjustments in the Company's permanent rate filing and described below are consistent with those made in the April 26, 2019 temporary rate filing.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1604.09(d)

Puc 1604.09(d) A utility shall describe in detail and justify all aspects of any adjustment and shall complete a "Schedule 1 Attachment-Pro Forma Adjustment Income or Expense" appropriate to the particular utility area as required by Puc 1604.07(a)(3).

Response:

The Income and Expense Adjustments are itemized on Attachment EHC/TMD-1, Schedule EHC/TMD-5, page 2. Further, the pro forma adjustments are fully documented in Attachment EHC/TMD-1, Schedules EHC/TMD-6 through 35 and described in the joint testimony of Mr. Chung and Mr. Dixon.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1905.01(a)

Puc 1905.01(a)(1)

Consistent with the utility's duty to keep the commission informed pursuant to RSA 374:4, at the time a utility files the materials required for a full rate case pursuant to Puc 1604, and every 90 days thereafter during the pendency of the rate case, the utility shall also file with the commission items (1) through (3) below:

(1) A detailed description of rate case expenses actually incurred as of the date of the filing and projected total rate case expenses that include:

a. The name of the service provider;
b. The procurement process;
c. The amount of the expense; and
d. A description of the charge or service rendered;

Response:

Please see 1905.01 Attachment 1 for the requested information. Additionally, the Company has provided a description of the procurement process it used to obtain the outside service providers it is utilizing in this proceeding in the joint testimony of Company Witnesses Chung and Dixon.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

RATE CASE EXPENSE

Description (A)	Vendor (B)	Test Year Pro Forma (C)
Rate Case Expense:		
Rate Case - Legal	Keegan Werlin LLP	$ 632,500
Rate Case - Production & Filing Fees	Keegan Werlin LLP	25,000
Marginal Cost Study	Economists Incorporated	200,000
Allocated Cost of Service Study	Economists Incorporated	140,000
Cost of Capital Study	Concentric Energy Advisors, Inc.	100,000
Depreciation Study	Gannett Fleming, Inc.	150,000
Contractor Costs	Various	160,000
Total Rate Case Expense		$ 1,407,500

NOTE: Numbers may not add due to rounding

004780

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1905.01(a)

Puc 1905.01(a)(2) A list of all services to be rendered on behalf of the utility in the full rate case by any vendor; and

Response:

Keegan Werlin LLP provides legal services and production services to the Company. Economists Incorporated performed the marginal cost study and allocated cost of service study and drafted testimony and supporting schedules. Going forward, Economists Incorporated will act as an expert witness and provide support during the discovery process.

Concentric Energy Advisors, Inc. performed the cost of capital study and drafted testimony and supporting schedules. Going forward, Concentric Energy Advisors, Inc. will act as an expert witness and provide support during the discovery phase of the proceeding. Lastly, Gannett Fleming, Inc. performed the depreciation study and drafted testimony and supporting schedules. Gannett Fleming will act as an expert witness and provide support during the discovery process of the proceeding. Please see 1905.01 Attachment 1 for additional information.

Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 19-057
Standard Filing Requirements
May 28, 2019 (Permanent Rates Filing)

Rate Case Filing Requirements
Pursuant to Puc 1905.01(a)

Puc 1905.01(a)(3) The total estimated costs of each service.

Response:

Please see 1905.01 Attachment 1 for the requested information.