



# 2018 Sustainability Report

Empowering a sustainable future for New England





EVERS URCE ENERGY

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### **CEO MESSAGE**

At Eversource, our commitment to environmental sustainability is an important part of our daily business operations, and a key aspect of our vision to become the best energy company in the nation. Sustainability is embedded into all we do — technological innovations, our growing renewable energy portfolio, the environmental considerations of our operations, and how we personally contribute to our communities and grow our business in a responsible manner. Sustainability receives formal oversight and measurement at every level of the company. We are dedicated to empowering a clean energy future and conducting our business in a way that respects and protects the environment for this and future generations.

As a centerpiece of our commitment to the environment, we've dedicated ourselves to an ambitious but attainable target to be carbon neutral by 2030 and help our customers and our region reduce their carbon footprint. Furthermore, the benefits of our regional clean energy initiatives by that time are expected to more than offset our direct greenhouse gas emissions. This commitment reflects our



states' strong interest in reducing carbon emissions and addressing climate change. It also reflects our desire to protect our environment and support a clean energy future for New England.

We continue to build the infrastructure our 4 million electric, natural gas and water customers require. We invested a record \$2.83 billion in our core businesses in 2018. In addition to improving reliability and connecting new customers, these investments support New England's goals to sharply reduce greenhouse gas emissions.

Eversource is a catalyst for clean energy. Perhaps our most exciting clean energy development is the recent expansion of our partnership with Ørsted to develop up to 4,000 megawatts (MW) of offshore wind turbines off the coast of New England. Ørsted is the largest and most successful operator of offshore wind projects in the world. New England has perhaps the best offshore wind sites in the United States, and we consider offshore wind a significant future source of clean energy for our customers.

Our efforts to support the energy policies of the states we serve involve many company initiatives, including the nearly \$500 million we invest annually to help our customers use their energy more efficiently. We are very pleased that we maintained our No. 1 position in the nation for energy efficiency programs, according to Ceres' most recent benchmarking report. Clean energy achievements in 2018 included:

- Expanding our company-owned solar generation capacity.
- Becoming the first utility in Massachusetts to receive approval for grid-scale energy storage.
- Accelerating our deployment of electric vehicle charging infrastructure.
- Entering into energy supply contracts for large-scale clean energy projects, including offshore wind and hydropower.

Also among our proudest achievements was our measured progress in diversity and inclusion (D&I) — underscored by my signing the "CEO Action for D&I," a nationwide effort to drive inclusion across all regions and industries — and our continued support of local and regional community organizations.

I am excited about our future and the opportunities ahead for our evolving industry. I look forward to leading our 8,000 employees in our continued commitment to sustainability and strong customer service.

James J. Judge Chairman, President and Chief Executive Officer

### SUSTAINABILITY AT EVERSOURCE

At Eversource, sustainability is embedded in how we conduct our business today and for future generations, with environmental, social and governance (ESG) initiatives integrated into the policies and principles that govern our company. Our vision is to be the best energy company in the nation by serving the needs and expectations of our customers, shareholders, employees and the communities we serve. We are committed to reliability; effective corporate governance; expanding energy options for our region; environmental stewardship; a safe, diverse and fairly compensated workforce; maintaining a close working relationship with the communities that rely on us; and providing transparency and clarity about our position on these topics.

Board-level oversight of sustainability supports many of our financial, operational and sustainability accomplishments. In 2019, our Board added an executive sustainability performance metric that is reported on a monthly basis. Other key ESG metrics include safety, financial performance, reliability, environmental stewardship, diversity and inclusion, customer experience and strategic projects. In September 2018, we presented an overview of Eversource sustainability initiatives to our Board and a follow-up presentation is planned in 2019.

The CEO's 2019 compensation will be influenced even further than in previous years by ESG, as the Compensation Committee implemented a specific ESG compensation performance goal for the CEO and the six other top executives. Mr. Judge's compensation has previously been and will continue to be tied to ESG priorities, particularly as they relate to the success of the company's major strategic clean energy projects; its energy efficiency programs; safety performance; increased percentages of women and minorities in new hires and promotions; support of the community; and other ESG issues.

Our Sustainability Steering Committee that oversees and directs sustainability at Eversource includes the Vice President of Supply Chain, Environmental Affairs and Property Management; the Senior Vice President of Regulatory Affairs and Chief Communications Officer; the Senior Vice President of Engineering; the Vice President of Investor Relations; the Vice President of Energy Strategy and Policy; and Aquarion Vice President of Water Quality, Environmental Management & Government Relations. The committee meets regularly to discuss strategic initiatives around sustainability, the development of goals and targets to improve corporate environmental performance, and further enhance sustainability reporting. Our Sustainability Steering Committee oversees a team of employees who engage with operational and business partners to develop and manage strategic priorities, set sustainability goals and coordinate sustainability reporting. The sustainability team meets regularly throughout the year to assess current practices and identify improvement opportunities and reports to our executive Steering Committee every other month.

We have also been a leader within our trade groups, the Edison Electric Institute and the American Gas Association, in standardizing ESG disclosures. In 2017, the nation's electric companies became the first industry in the country to adopt a common set of ESG disclosures. In December 2018, natural gas companies similarly adopted a common set of ESG disclosures. Eversource was one of the first companies to post such disclosures, for both our electric and gas operations, on our website at www.eversource.com. The company is also active in the Electric Utility Industry Sustainable Supply Alliance working to embed sustainability throughout the supply chain.

Our 2018 Sustainability Report highlights our 2018 progress on sustainability initiatives and strategic issues most important to our business, including a new, long-term greenhouse gas (GHG) reduction goal that drives our climate leadership. All operational and business disciplines are engaged in our sustainability reporting process and attaining our set goals. Please also see our Commitment to Environmental Sustainability and Carbon Neutrality, a statement that underscores our environmental priorities and highlights our role as a key catalyst for clean energy development in New England.

This sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards' Core option. Details of our materiality assessment are available here. Please also see our GRI Index at the end of this report.

Please click to view our <u>2014 sustainability report</u>, <u>2015 sustainability report</u>, <u>2016 sustainability report</u> and <u>2017 sustainability report</u>.

# REPORT ASSURANCE

The Eversource Internal Audit Department performed a review of the 2018 Eversource Sustainability Report and submitted the following statement:

"Based upon our review, we found the information in the Report is fairly presented. We selected and reviewed a sample of non-financial processes and data used in the preparation of this Report. A comparison of the information was made to the Global Reporting Initiative Standards and interviews were held with selected key management and staff responsible for the preparation of the information presented in the Report. In addition, separate from this review the Eversource Internal Audit Department performs periodic audits of departments responsible for controls over business processes that are responsible for producing data used in this report. Based on these audits, we are not aware of process or control issues that would impact the data integrity of the Eversource Sustainability Report."

### **EXECUTIVE SUMMARY**

Our 2018 Sustainability Report highlights our progress on sustainability efforts and our ambitious plans for the future. The report focuses on four key aspects of these efforts — our environment, our business, serving our customers and our employees. Each of these areas offers challenges and opportunities, and in this summary, we touch upon some highlights in our efforts to promote sustainability in these areas.

### **Our Environment**

As a centerpiece of our environmental commitment, we're dedicating ourselves to a new, ambitious but attainable target to be carbon neutral and help our customers and our region reduce their carbon footprint:

Eversource aims to be carbon neutral by 2030, and the benefits of our regional clean energy initiatives will more than offset Eversource's greenhouse gas emissions.

### We'll get there by:

- · Reducing our own energy use.
- Reducing line losses in the electric transmission and distribution system.
- Reducing sulfur hexafluoride use in electrical gas-insulated switchgear.
- Upgrading our natural gas distribution system to improve safety and eliminate methane leaks from our infrastructure.
- · Increasing investments in renewable generation.
- Promoting customer energy efficiency programs.
- Driving alternative fuel vehicle adoption and development of electric vehicle charging networks.
- Developing innovative battery storage projects that reduce the need for fossil fuel-powered generation.

### **Our Business**

- Our total return to shareholders in 2018 was 6.4%, significantly better than our industry index (EEI Index) and the Standard & Poor's (S&P) 500 Index.
- No other electric utility peer matches our financial profile. In 2018, Eversource maintained its corporate credit rating of A+ from S&P, which put us atop our industry by two notches.
- We achieved long-term rate stability for both our regulated electric and natural gas delivery businesses in Connecticut in 2018, negotiating three-year electric distribution rate settlements that will support increased reliability investments and provide fair returns for shareholders. We also implemented new distribution rate plans for our electric and water utilities in Massachusetts.

### **Our Customers**

- Our new, one-company <u>outage map</u> provides customers more detailed outage information than ever before, including the information our customers have told us they value most start time, number of customers affected, outage cause and estimated time of restoration for a one-stop resource during an electric outage.
- A new <u>Payment Plan Portal</u> on Eversource.com enables eligible customers to create a payment arrangement on the
  web without having to call to speak to a customer service representative. Upon completion, customers receive a
  confirmation email documenting the details of the arrangement, in addition to being sent a payment letter via mail.
- Enhanced analytics on Eversource.com are providing insight into how customers use our website and the journeys they take while on the site to help identify any pain-points within their online journey. Surveys are used to solicit feedback on specific interactions as well as a user's entire online experience.
- Over the past year, our employees responded when we asked them to further improve reliability for our customers. The
  result was that our electric customers experienced service interruptions on average only about once every year-and-ahalf, placing Eversource in the top quartile for electric reliability among our peers. On the gas side, our rate of pipeline

replacements is increasing and will continue to increase over the next several years, thereby accelerating improvements in system safety and environmental performance.

### **Our People**

- 2018 was an especially challenging year regarding storm response. We endured 28 straight days of restoration in our three-state territory due to three successive winter nor'easters in March. This was followed by severe weather in western Connecticut where several tornadoes and a large microburst touched down in May, resulting in another seven days of restoration. We're proud to report that there were no significant injuries to employees or contractors throughout our 2018 restoration efforts. For our employees' work in these major restorations, Eversource received the Edison Electric Institute's "Emergency Recovery Award" for outstanding power restoration.
- An engaged workforce is critical to our mission of delivering reliable energy and a superior customer experience.
   Leaders at all levels strive to create a workplace where our employees advocate for the customer, work collaboratively, raise ideas for improvement and focus on delivering a superior customer experience.
- Our commitment to Diversity & Inclusion (D&I) is critical to building a diverse, empowered and engaged team that delivers great service safely to our customers. Eversource's executive leadership team promotes and supports D&I by building diverse, inclusive work teams with high engagement growing a pipeline of diverse talent, leveraging multiple perspectives to improve customer service, using diverse suppliers, engaging with multicultural organizations in our communities and supporting the work of our D&I state councils and Business Resource Groups. In 2018, Jim Judge signed the CEO Action for Diversity and Inclusion, which is the largest CEO-driven business commitment to advance D&I in the workplace. In January 2019, Eversource was selected as one of 230 companies worldwide for the 2019 Bloomberg Gender-Equality Index, which distinguishes companies committed to transparency in gender reporting and advancing women's equality.

### **OUR ENVIRONMENT**

At Eversource, we are proud to be recognized as one of the greenest energy companies in the nation. Our commitment to environmental sustainability is an important component of our vision for our business today and the future. We strive to protect the environment while providing the best solutions for our customers and the communities we serve.

# **Climate Leadership**

As a centerpiece of our environmental commitment, we're dedicating ourselves to an ambitious but attainable target to be carbon neutral and help our customers and our region reduce their carbon footprint. We will achieve this while supporting regional economic growth and without compromising the safe, reliable, affordable service we provide to approximately 4 million customers.

### **Eversource's Commitment to Becoming Carbon Neutral**

Eversource aims to be carbon neutral by 2030, and the benefits of our regional clean energy initiatives will more than offset Eversource's greenhouse gas emissions.

### How We'll Get There

- · Reduce our own energy use by improving the efficiency of our facilities and reducing vehicle emissions from our fleet.
- Reduce line losses in the electric transmission and distribution system.
- Reduce sulfur hexafluoride in our electrical gas-insulated switchgear.
- Upgrade our natural gas distribution system to improve safety and eliminate methane leaks.
- Increase investments in renewable generation that will further reduce the carbon footprint of our operations.

### Impacts on the Region

- We're recognized as the #1 utility in the nation for energy efficiency programs, saving our electric customers approximately 1 billion kilowatt-hours (kWh) per year and gas customers over 10 million therms per year.
- We're driving alternative fuel vehicle adoption and development of electric vehicle charging networks.
- We're developing innovative battery storage projects that reduce the need for fossil fuel-powered generation and new transmission facilities while improving power quality and reliability.

Eversource's commitment goes far beyond our goal to be carbon neutral by 2030 and offset regional greenhouse gas (GHG) emissions. Please see our <u>Commitment to Environmental Sustainability and Carbon Neutrality</u> and the remainder of this report for details on our strategies focused on clean energy, stewardship, accountability and other areas.

We are committed to ensuring system reliability and resiliency by assessing climate change-related risks to our infrastructure. We are also helping our customers access energy efficiency and clean energy opportunities that will further offset our region's GHG emissions. Please see our <u>Reliability & Resiliency</u> section.

## Implementing Strategies to Reduce Regional Carbon Emissions

The carbon intensity of the New England electrical grid is among the lowest in the country and is continuously supported by state reduction goals in Connecticut, Massachusetts and New Hampshire. Each state is a member of the Regional Greenhouse Gas Initiative and has its own carbon goal or action plan to reduce GHG emissions, and we work with our regulators to contribute to targeted reductions. In 2017, the Massachusetts Department of Environmental Protection (MassDEP) passed additional regulations aimed at sulfur hexafluoride (SF<sub>6</sub>) use and methane loss from distribution systems that will support the achievement of the state's targeted reductions in 2020. In 2018, Connecticut also passed an interim GHG reduction goal of 45% reduction by 2030.

State	Targeted Reduction by 2020 (CT, MA) Targeted Reduction by 2025 (NH)	Targeted Reduction by 2050
Connecticut	10% below 1990 level	80% below 2001 level
Massachusetts	25% below 1990 level	80% below 1990 level
New Hampshire*	20% below 1990 level	80% below 1990 level

<sup>\*</sup>Recommendation of the New Hampshire Climate Change Policy Taskforce

Please see the <u>Energy Efficiency</u> and <u>Clean Energy</u> sections for details of national leading initiatives being undertaken by Eversource in these areas, to support the regional greenhouse initiative implemented by the states in which we operate.

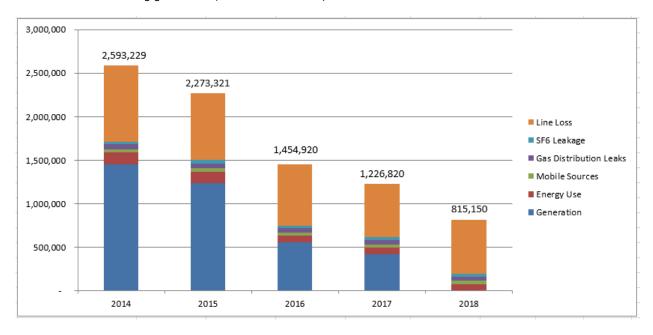
# **Our Footprint**

Eversource's GHG emission inventory accounts for all direct carbon dioxide ( $CO_2$ ), methane ( $CH_4$ ), nitrous oxide ( $N_2O$ ) and sulfur hexafluoride ( $SF_6$ ) emissions from our businesses. The emission source categories included in our GHG inventory are stationary combustion sources; mobile combustion sources; indirect emissions from purchased electricity, transmission and distribution losses; fugitive  $CH_4$  emissions from process equipment, including pipelines for natural gas distribution; and fugitive  $SF_6$  emissions from electrical equipment. We report GHG emissions to CDP (formerly Carbon Disclosure Project). Our most recent filing can be found here.

Detailed Emissions Summary (metric tonnes CO₂e)						
	2014	2015	2016	2017	2018	
Generation	1,453,156	1,236,618	553,647	421,429	0	
Energy Use	134,801	130,922	79,643	73,661	72,187	
Mobile Sources	40,269	40,121	32,996	38,934	43,744	
Gas Distribution Leaks	53,898	52,369	50,394	48,169	46,737	
SF <sub>6</sub> Leakage	27,916	44,768	31,092	32,870	32,737	
Line Loss	883,189	768,523	707,148	611,757	619,745	
Total with Generation	2,593,229	2,273,321	1,454,920	1,226,820	815,150	
Total without Generation	1,140,073	1,036,703	901,273	805,391	815,150	

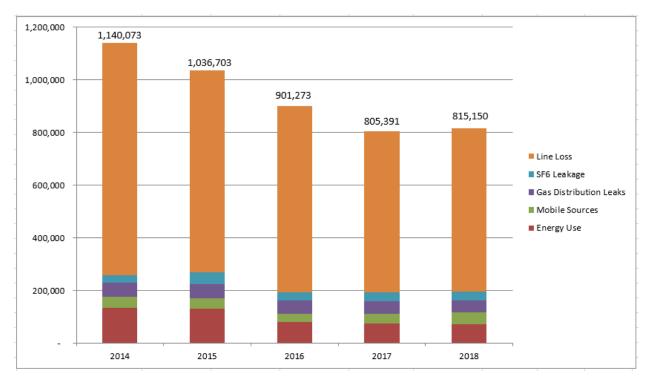
### **Eversource Emissions Historic Trends**

GHG emissions including generation (metric tonnes CO<sub>2</sub>e):



Historic emissions for Eversource declined in 2018 primarily due to the sale of our fossil fuel powered generation facilities in January 2018.

GHG emissions excluding generation (metric tonnes CO2e):



Emissions excluding generation increased slightly from 2017 to 2018 primarily due to the inclusion of emissions attributed to Aquarion. Additionally, there were small increases in mobile emissions due to increased storm/gas system recovery efforts in 2018, and in emissions associated with line loss. In 2018, we made two changes to the way we calculate emissions and this report includes recalculated historical values. First, we revised the purchases and sales data used in line loss calculations so that it was consistent across our operating companies. Second, we applied the Mass DEP recommended emissions factors for methane emissions from gas mains and services in place of the USEPA emissions factors used in Subpart W of the GHG reporting regulations under 40 CFR Part 98.

### **Reducing Our Carbon Footprint**

Eversource strives to reduce our own carbon footprint by optimizing operations, advancing innovative new processes, and supporting the use of renewable energy within our own facilities. The energy we purchase for our own use is at a minimum of 27.5% renewable for Connecticut and 24.94% renewable for Massachusetts.

Consolidation of facilities and more efficient use of space decreased energy use and associated emissions. Increased use of Leadership in Energy and Environmental Design (LEED) inspired renovations at existing facilities will further decrease energy needs. The closing of several large facilities, and the consolidation of many other smaller facilities, has resulted in a decrease in emissions associated with energy use at Eversource.

Eversource continues to be an industry leader in  $SF_6$  emissions reductions attributable to controlled management of  $SF_6$  and  $SF_6$ -containing equipment. The Commonwealth of Massachusetts has a decreasing emissions rate requirement for  $SF_6$  equipment (2% in 2018 and going to 1% in 2020.) Going forward, Eversource will continue to pursue the integration of  $SF_6$ -free equipment as it becomes available. This will result in a decrease of emissions, ultimately reaching zero once all  $SF_6$  equipment is replaced.

### SF<sub>6</sub> Reduction Goal: Achieve collective SF<sub>6</sub> leakage rate of less than 2% of system SF<sub>6</sub> capacity

- **Goal Details**: In 2018, we set a voluntary goal of emitting less than 2% of the SF<sub>6</sub> leak rate annually across all three states we operate in, including Connecticut and New Hampshire, which do not currently have SF<sub>6</sub> regulatory limits.
- 2018 Results: We reached our goal in 2018 and are confident we will achieve that goal in upcoming years.

Thanks to our proactive steel and cast-iron main replacement program and robust leak mitigation plans, fugitive emissions from the Eversource gas distribution system have steadily decreased over time and are anticipated to continue to decrease. Since 2011, Eversource has replaced 397 miles of its aged non-cathodically protected steel, cast-iron, and wrought-iron natural gas distribution infrastructure in Connecticut and Massachusetts in accordance with programs approved by state regulators. This has resulted in reductions of 59 metric tonnes (mt) of methane annually (1,467 mt CO<sub>2</sub>e) since 2013 and we plan to replace the remainder within 15-20 years.

In 2016, Eversource, along with almost 40 American Gas Association members, became a founding member of the U.S. Environmental Protection Agency's Natural Gas STAR <u>Methane Challenge Program.</u>

Gas Main Replacement Goal: Reduce 4.5% of miles of bare steel and cast iron main in 2018 and achieve 14.5% reduction from 2017 baseline by 2020.

- **Goal Details:** In 2018, Eversource set a goal to go beyond our Methane Challenge program commitment and reduce 4.5% of miles of bare steel and cast-iron main in 2018, and to achieve 14.5% reduction from 2017 baseline by 2020.
- 2018 Results: Main replacements accounted for a reduction of nearly 4.4% of miles of bare steel and cast-iron main. Although we narrowly missed our 4.5% target, we exceeded our Methane Challenge goal by almost 50% and are on track to achieve the baseline reduction of 14.5% by 2020.

Please see the Gas Business Reliability Initiatives section for additional details on our efforts.

# **Operations Optimization**

We manage our field and office operations with a commitment to environmental stewardship, including facilities, fleet and materials management.

### **Facilities Improvements**

Eversource facilities are strategically located throughout our territory to ensure that we best serve our customers. Our operations have been consolidated for maximum efficiency, and as buildings and spaces are renovated, we seek opportunities to reduce our energy use through energy efficient lighting and equipment, control system upgrades and optimum use of space.

# Facility Goal: Complete cost/benefit analysis for retro-commissioning project at Eversource facilities to identify potential energy use reduction goals

- **Goal Details:** Assess lighting controls, HVAC and other systems to maximize building efficiency. Decreased energy use will result in lower CO<sub>2</sub>e emissions and lower operations and maintenance (O&M) costs.
- 2018 Results: Completed analysis of two facilities and initiated retro-commissioning work. Completion is anticipated by the end of 2019.

# Facility Goal: Transition 50% of our facility square footage to LED or energy-efficient lighting from 2017 baseline by 2020

- Goal Details: Accelerate our transition to LED or other energy-efficient lighting by committing to replace existing lighting
  in more than two million square feet of facilities by 2020. Long-term benefits will include cost savings, reduced
  maintenance through longer life cycle, and decreased cooling load as LED lighting generates less heat.
- 2018 Results: On target with 22% of facility square footage converted to LED lighting by the end of 2018.

Examples of past successful projects include:

- Retro-commissioning project at our facilities in Berlin, Connecticut, improved our energy consumption and operating performance, resulting in 730 metric tons CO<sub>2</sub>e reduction. Project details are available <u>here</u>.
- Renovations to our Hartford, Connecticut, Area Work Center exceeded LEED silver certification standards. The building
  features a daylight harvesting system, chilled beam HVAC technology and an energy management control system,
  which continues to reduce overall energy consumption by 60%.
- A 10.92-kW solar array on the roof of our Community Building in Berlin, Connecticut, works in conjunction with a
  reflective roof membrane, or "cool roof", to enhance the energy output of the panels. The roof also includes a vegetative
  roof, which acts to absorb and filter rain water and provide additional insulating qualities to the existing roof structure.
- A 51-kW solar photovoltaic system installed on the roof of our Energy Park headquarters building in Manchester, New Hampshire, produces enough power to satisfy about 5% of the facility's energy needs. This offsets more than 100,000 pounds of CO<sub>2</sub> emissions annually.

### **Fleet Emissions Reductions**

Eversource is committed to reducing emissions coming from the transportation sector by evaluating and implementing strategic changes to our fleet. Our fleet consists of approximately 5,200 vehicles, including light-duty trucks for meter readers and bucket trucks for line workers. Along with other utility members of the Edison Electric Institute, we have pledged to commit 5% of our annual fleet spend on plug-in electric technologies. In 2018, we exceeded our goal with over 6% of fleet spending going to plug-in electric technologies, and we are on track to meet our goal in 2019.

### Current initiatives include:

Use of a passive plug-in hybrid system, Altec JEMS® (Jobsite Energy Management System), to run the hydraulics
operating the booms on 29 bucket trucks, eliminating the need to idle the engine to run the equipment, resulting in
reduced emissions and quieter operation. JEMS® systems comply with Edison Electric Institute's Transportation
Electrification initiative and other incentives. During 2018, this technology reduced diesel fuel consumption by 6,500
gallons. Our fleet group expects to add 47 units in 2019.

- Global positioning systems (GPS) installed in all of our fleet vehicles are reducing fuel consumption by optimizing the
  dispatch of vehicles already deployed in the field and by helping drivers to find the most direct route to the customer
  location or job site.
- Installation of 47 electric vehicle (EV) charging stations at our facilities and operating plug-in hybrid EVs.
- Use of 106 compressed natural gas (CNG) powered vehicles across our service territory that in 2018 consumed 16,163 gallon equivalent of natural gas, thus avoiding 30 metric tonnes of CO2e emissions. As of 2018, there are seven total CNG vehicle refueling compressor stations owned by Eversource that are used by our corporate fleet.
- Our Eco-Miles program tracks employee mileage savings through a variety of commuting options to capture driven miles
  avoided through carpooling, public transportation, telecommuting, or other mileage-savings options. Eversource
  employees have collectively logged nearly 3.4 million Eco-Miles since the program started in 2009, the equivalent of
  saving 156,794 gallons of gasoline and 1,379 metric tonnes of CO<sub>2</sub>e.

### Fleet Goal: Replace fleet diesel use system-wide with biofuel blend.

- Goal Details: We have switched portions of our diesel equipment to operate on B5 and B20 biodiesel, an alternative fuel created by mixing diesel fuel and soybean oil and ethanol. In 2018, our goal was to replace 45% of our diesel with biofuel blend. Benefits include estimated 1,300 mt CO<sub>2</sub>e avoided annually, which is equal to taking about 275 passenger vehicles off the road for one year. Additionally, onsite fueling efficiencies result in overall cost savings.
- 2018 Results: We fell short of our goal in 2018, replacing 41.3% of fleet diesel with biofuel blend, resulting in 1,301 mt CO₂e avoided. Achieving the goal is predicated upon maximizing onsite fueling of vehicles with biodiesel. Outage events and other non-standard scheduled work precludes vehicles from being fueled onsite with biodiesel. Fleet has created a monthly key performance indicator, which it shares with Operations, to demonstrate the percentage of onsite fueling achieved. In 2019, we have set a goal to improve upon our 2018 performance and replace 42% of our diesel with the biofuel blend.

### **Reel-Less Cable Program**

In 2016, we piloted a reel-less cable solution as an environmentally preferable option to wood reels in our operations. In the program, cable is delivered without a wooden reel, and then loaded onto a reusable plastic reel, which conserves natural resources, reduces waste in packaging, and reduces cost. Based on the success of the pilot, we have been expanding our program and are investigating opportunities to expand reel-less cable to other wire and cable types throughout Eversource.

### **Part Standardization**

In 2017, Eversource began a multi-phase project to standardize the parts used across our service territory. This standardization results in significant cost savings, operational efficiencies, and environmental benefits by consolidating shipments, which reduces packaging and emissions from transportation.

In 2018, we continued our standardization efforts with a focus on major substation equipment, which will reduce inventory, reduce spare parts, and optimize efficiency from an operations and maintenance perspective. Also in 2018, we began standardizing gas business parts in preparation for the upcoming installation of the Work and Asset Management (WAM) system, which went live in the first quarter of 2019.

# **Energy Efficiency Programs**

Eversource is consistently recognized as a leader in energy efficiency by national industry organizations. We take great pride in helping our communities remain vibrant and successful by designing and delivering programs that are emulated by others across the country. Our energy efficiency portfolio reflects and responds to the way our customers live and use energy today and takes a multi-year approach that enables us to help customers plan for the future.

The American Council for an Energy-Efficient Economy (ACEEE) 2018 State Energy Efficiency Scorecard ranked Massachusetts first and Connecticut fifth in the nation; and Eversource is the number one energy efficiency provider in the nation, according to <a href="Ceres">Ceres</a> report, Benchmarking Utility Clean Energy. In 2019, Eversource received the ENERGY STAR® Partner of the Year – Sustained Excellence Award from the U.S. Environmental Protection Agency (EPA) and the U.S.

Department of Energy (DOE). The EPA and DOE recognized Eversource in Connecticut, Massachusetts and New Hampshire for continued leadership in energy efficiency and commitment to the ENERGY STAR® program.

Energy efficiency is the lowest-cost fuel, substituting for generation at approximately four cents per kilowatt-hour. Energy efficiency is one of the most cost-effective ways to save money, create jobs, reduce GHG emissions, and enhance energy security. Efficiency reduces peak demand, a period of simultaneous, strong consumer demand that results in a strain on power generation. Reducing peak demand results in avoided capacity costs and can diminish the need for additional construction of generation plants. In 2018, customer participation in Eversource energy efficiency solutions was equivalent to two 125-megawatt (MW) power plants.

Additionally, in 2018 Eversource energy efficiency programs generated approximately \$215.3 million in savings annually for our customers.

View detailed 2018 and historical energy efficiency information.

### **Eversource Electric Customers:**

2018 Annual Savings: More than 1 billion kWh could power nearly 128,000 homes for a year.

Lifetime Savings of Installed Measures: More than 11 billion kWh, which could power over 1.3 million homes for a year.

Lifetime CO<sub>2</sub> Reductions: 3.5 million metric tons reduced, which is equivalent to over 752,000 cars driven for one year.

### **Eversource Natural Gas Customers:**

2018 Annual Savings: More than 10 million therms (1 therm equals 100,000 British Thermal Units) could heat more than 13,800 homes for a year.

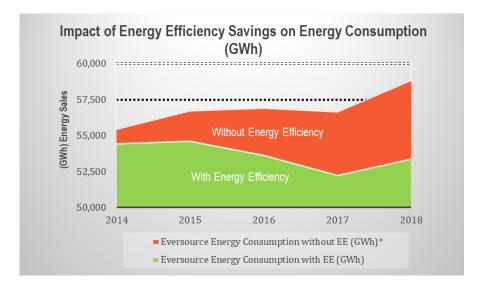
Lifetime Savings of Installed Measures: More than 140 million lifetime therms saved could heat more than 194,000 homes for a year.

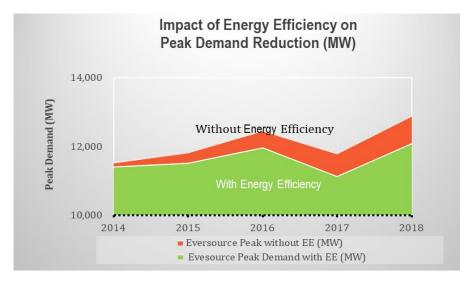
Lifetime CO<sub>2</sub> Reductions: 683,036 metric tons reduced, which is equivalent to over 145,000 cars driven for one year.

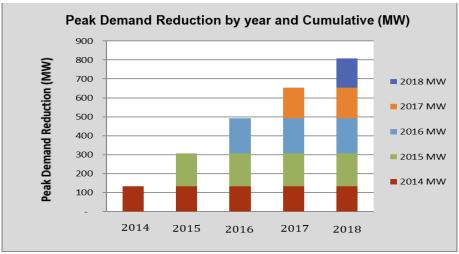
Customer participation in Eversource energy efficiency services from 2014 through 2018 resulted in cumulative peak demand MW reductions and annual MWh savings as shown in the following graphs:

Figure 1, 2 and 3: Offsetting Demand

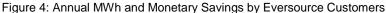
\* Source for GWh sales are Eversource's Annual Reports

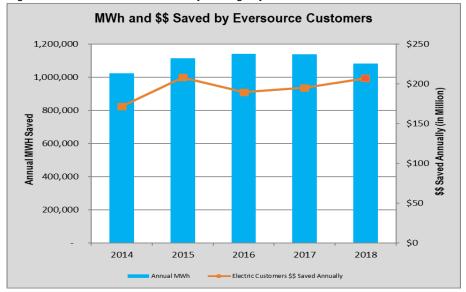






By installing energy efficiency measures, Eversource customers reduced peak demand by more than 805 MW cumulatively since 2014.





By installing energy efficiency measures, Eversource customers reduced MWh consumption and cumulatively saved more than \$970 Million in five years.

Eversource helps to shape new, forward-looking energy efficiency policies, legislation and regulations in each of the states in which we operate. We are proud to partner with our regulators and stakeholders to offer statewide energy efficiency

initiatives, which are marketed under the brands Energize Connecticut, Mass Save and NHSaves. Because programs vary by state, we invite you to visit our Save Money and Energy pages at Eversource.com for Connecticut, Massachusetts, and New Hampshire program details. All Eversource customers can access the <a href="Energy Savings Plan">Energy Savings Plan</a>, located on Eversource.com, which enables customers to examine how they are currently using energy, how they compare to customers with more efficient use, and how they can reduce their energy costs by creating an energy savings plan.



### **Energy Efficiency in Our Communities**

Through key partnerships and our memberships in the New England Clean Energy Council, Massachusetts Energy Efficiency Advisory Council, Boston Green Ribbon Commission, Massachusetts Institute of Technology, Connecticut Energy Efficiency Board and the New Hampshire Energy Efficiency and Sustainable Energy Board, Eversource works closely with community leaders, residents, schools and businesses to reduce energy consumption, increase the use of renewable resources, and encourage participation in smart energy programs. We serve the communities where we live and work in numerous ways, including offering training workshops, educational curriculum for students of all ages, and workforce development opportunities for adults. We also actively participate in numerous industry, community, regional and national events, where we can share our expertise and collaborate with other thought leaders in sustainability.

Eversource works with businesses small and large to identify and implement energy improvement opportunities, reduce operational costs, and increase productivity and competitiveness. We retain teams of highly skilled technical staff dedicated to connecting customers to those solutions and to the attractive financial incentives that help facilitate implementation. Additionally, we establish long-term strategic partnerships with high energy users. These multi-year agreements provide a roadmap for energy-efficient construction and upgrades and feature aggressive energy and carbon reduction goals. These partnerships enable larger customers to better plan and forecast their investments, ensure that they have the engineering support needed, and leverage the benefits resulting from a comprehensive approach to energy efficiency.

### **Active Demand Reduction Initiative**

In an effort to lower costs and GHG emissions, Eversource is leveraging the power of connected technology to enroll interested customers in Massachusetts in a new program that will automatically reduce demand on the electric grid for a few hours a month when electricity usage is at its highest.

This Active Demand Reduction Initiative is for both residential and commercial & industrial (C&I) customers. Under an active demand reduction approach, customers agree to reduce electric use when notified of a need for peak reduction. This in turn decreases the need to run expensive and inefficient generating units, providing cost and emission benefits for all customers. For larger C&I customers this typically entails customers using lighting with both manual and automated controls, HVAC with both manual and automated controls, process loads, scheduling changes, excess Combined Heat & Power (CHP) capacity, and energy storage to reduce demand. For residential and small business customers, this typically entails allowing Eversource to temporarily change the temperature setpoint on their wi-fi thermostat. Eversource has also developed a program specifically targeting battery storage at both residential and C&I customer facilities, paying an incentive to customers in exchange for the customer dispatching the battery during times of high energy consumption.

Eversource anticipates that at full enrollment, the collective ability to call on these customers during high demand periods could result in the environmental equivalent effect of taking 20,000 homes off the grid at peak. Eversource is looking to enroll thousands of customer-owned devices over the next three years, amounting to approximately 100 MW in total. Similar incentive offerings are expected in New Hampshire and Connecticut.

### **Customer Highlights**

### New Hampshire

In 2018, Eversource and the Rochester School District undertook a significant, district-wide effort to upgrade more than 5,700 lighting fixtures, creating a learning environment that is modern, comfortable and energy efficient. The conversion to LED lighting will save the school district approximately \$72,000 a year in electricity costs, reduce maintenance and replacement costs, and reduce annual carbon emissions by 309 tons annually. Prior to the installation, the lighting fixtures were assembled by U.S. Veterans from Affinity LED Lighting, an authorized Eversource contractor — a significant example of the opportunities afforded by a growing green industry in New Hampshire, supported by energy efficiency investments.

New Hampshire's ski resorts are a critical driver of the state's economy. Eversource has worked with many of our resort customers to identify solutions to increase the efficiency of their energy-intensive snow-making equipment. Canon Mountain utilized energy efficiency funding to replace more than 95% of its older snow guns and upgrade its air compressors and lighting, saving approximately \$350,000 annually.

### Connecticut

In October 2018, Wesleyan University and Eversource entered into a three-year strategic energy efficiency partnership that will result in annual savings of approximately 3.2 million kilowatt-hours. The partnership will help support the university's commitment to be carbon neutral by 2050. View the video case study.

Energy retrofit and weatherization upgrades for multifamily homes is a growing segment of our portfolio. In Connecticut, 17% of all housing units in Connecticut are within multifamily buildings of five or more units. In the last two years, Eversource has provided energy efficiency services to 18% of those units, including Fountain Terrace Condominiums in Stamford. Air sealing, LED lighting, heating and cooling controls, and high-efficiency hot water equipment is saving the 200-unit property nearly \$50,000 annually in electric and natural gas costs. Over the lifetime of the installed measures, the avoided carbon emissions are equivalent to taking more than 1,200 cars of the road for a year.

### Massachusetts

In 2018, Eversource celebrated a "green" partnership with the Boston Red Sox. Energy-saving LED lighting upgrades, along with HVAC and refrigeration controls, have reduced historic Fenway Park's electricity use by approximately 12%, resulting in avoided GHG emissions equivalent to taking about 1,500 cars off the road for an entire year. View the video case study.

More than 80 small businesses in the downtown section of Chelsea are now collectively saving more than \$150,000 annually on their electric bills through participation in the <u>award-winning</u> Main Street program. This unique municipal partnership pairs economic development champions in struggling or distressed communities with Eversource energy efficiency resources to overcome the participation barriers often associated with these hard-to-reach, small-business customers. <u>View the video case study</u>.



### **Industry Engagement**

Eversource continues to work closely with the energy efficiency industry by collaborating with market-leading organizations to advance energy efficiency policy, program expansion, and recognition throughout the industry. Eversource works with the American Society of Heating, Refrigeration & Air Conditioning Engineers, the Association of Energy Engineers, the American Institute of Architects, the U.S. Green Building Council and many others within the design community to further the joint mission of market transformation through access to energy-efficient technology, products and services.

### 2019 Energy Efficiency Plans

In 2018, Eversource in Connecticut and Massachusetts received approval of new 2019-2020 energy efficiency plans, which continue to support resources for residential customers of every income level and businesses of all sizes. They also include resources for the expansion of demand response, renewable readiness and energy storage programs.

Eversource has set aggressive goals for 2019 that support our customers' current and longer-term needs and reflect the energy efficiency and environmental regulations and goals of the states in which Eversource operates.

Energy Efficiency 2019 Goals	Eversource CT Electric	Eversource MA Electric	Eversource NH Electric	Eversource MA Gas	Eversource CT Gas
Spend (US\$)	\$143,526,107	\$289,250,000	\$46,633,173	\$56,145,000	\$19,762,718
Annual kWh Savings	246,830,476	515,750,799	108,248,600	-	-
Summer Peak KW Savings	39,291	67,080	12,753	-	-
Winter Peak KW Savings	45,048	69,046	15,002	-	-
Annual ccf/therm Savings (1)	-	-	-	7,234,366	3,110,219

<sup>(1)</sup> Massachusetts Annual Savings are reported in therms and Connecticut Annual Savings are reported in ccf consistent with each state's regulatory reporting requirements.

DISCLAIMER: Please note that the above table is for planning purposes only.

Energy efficiency plans filed with regulatory bodies in the Eversource service territory are available at the following links:

Connecticut 2019-2021 Plan

Massachusetts 2019-2021 Plan

New Hampshire Statewide Energy Efficiency Plan 2018-2020

### **Electric Vehicles**

Nearly half of New England's carbon emissions come from the transportation sector. Eversource is creating electric vehicle (EV) opportunities for our customers, and we're working to reduce emissions in our fleet as well, as highlighted in <a href="Our Footprint">Our Footprint</a>.

Customers are increasingly considering EVs as a viable transportation alternative, offering a clean, lower-cost fuel option. We invest in research and programs to help make this technology an option for our customers' use. We are also actively engaged with policy leaders, automakers, neighboring utilities and technical experts to prepare our infrastructure to support EVs.



### Outreach

Since 2012, we have partnered with volunteer municipalities and businesses on research to understand charging station installation requirements, EV driver charging habits and potential future electric system requirements. We are using this research to address identified challenges and develop mitigation strategies to better serve our customers.

We host and participate in several EV Ride & Drive events, giving customers a chance to experience EVs on the road, and sponsor EV dealer training. Our EV resource page on <a href="Eversource.com">Eversource.com</a> offers fast access to EV information and resources.

### **Eversource Electric Vehicle Commitments**

All of the states that we serve are pursuing comprehensive plans that include the advancement of EVs. Connecticut and Massachusetts are two of eight states that signed the <u>State Zero-Emission Vehicle Program Memorandum of Understanding</u> in 2013, with a combined two-state target of having 450,000 zero-emission vehicles on the road by 2025, along with the supporting infrastructure.

In Connecticut, we are working with the Department of Energy and Environmental Protection (DEEP) on programs to support EV adoption and development of EV charging infrastructure. Details on these programs can be found at EV Connecticut. Eversource funding for DEEP programs has included the installation of publicly accessible DC Fast Chargers and grants to increase the number of publicly available EV charging stations.

In Massachusetts, Eversource serves as a commissioner on the Commonwealth's Zero Emission Vehicle Commission, which studies the economic and environmental benefits and costs of increased use of zero emission vehicles. We are working with the Department of Energy Resources on programs to advance the EV market through a combination of studies, outreach and education. Additionally, in 2019, we announced a partnership with Mass Audubon to install EV charging stations at seven of the conservation nonprofit's network of wildlife sanctuaries.

In New Hampshire, Eversource serves as a member of the Electric Vehicle Charging Stations Infrastructure Commission, to study and recommend policy on the development of EV charging stations throughout the state. In 2019, Eversource, as part of a joint effort with the state's other utilities, proposed a plan for creating a DC Fast Charging network across New Hampshire's travel corridors to bolster New Hampshire's tourism industry and bring more business to the local economy while providing environmental and sustainability benefits.

Electric Vehicle Infrastructure Goal: Drive adoption of EVs, enabling the installation of up to 3,500 charging ports in our Massachusetts service territory by 2022 through approved program

- Goal Details: In November 2017, the Massachusetts DPU approved Eversource's plan to invest \$45 million in EV charging infrastructure throughout our service territory in the state. The five-year program, started in 2018, will enable approximately 3,500 Level 2 and DC Fast Charger ports at publicly accessible locations, of which 10% will be in environmental justice communities. The program will increase the number of EV chargers in Massachusetts by 255%, enabling more than 22,000 EVs at its completion.
- **Benefits:** Drive adoption of EVs at publicly accessible locations to alleviate EV driver range anxiety, one of the barriers to adoption. It will also provide a platform for innovation in ownership and business models for EV charging stations, as Eversource will build and own the infrastructure to support the chargers, and the chargers themselves will be owned by third parties.
- Goal Progress: In 2018, the program's first year, Eversource conducted a large customer outreach initiative, receiving
  over 140 applications, signing up over 50 customers, and enabling nearly 100 new ports at the first wave of charging
  station sites for customers, including municipalities and workplaces. Eversource plans to accelerate deployment of
  charging stations in 2019.

Eversource is committed to explore solutions that support EV owners in our service territory, while ensuring system reliability for our customers. In 2014, along with the Electric Power Research Institute, 15 utilities and eight automakers, we supported the development and demonstration of an open Vehicle-Grid Integration Platform software system that integrates plug-in EVs with smart grid technologies, allowing customers the option to charge off-peak.

Eversource is a signatory to the <u>Guiding Principles to Promote Electric Vehicles and Charging Infrastructure</u>, a collaboration with the U.S. government and nearly 50 industry members to accelerate the deployment of EV charging infrastructure and increase the number of EVs on the road today. Part of the 2016 announcement included the Energy Department unlocking up to \$4.5 billion in loan guarantees to support innovative EV charging facilities.

In 2018, we also became a signatory to the <u>Transportation Electrification Accord</u>, a commitment to principles that further the advancement of an equitable, prosperous and electrified transportation future.

Eversource is expanding its EV programs for employees, adding charging stations to many facilities across the company.

### **CLEAN ENERGY**

Eversource has established itself as a regional and national leader delivering innovative, forward-looking energy solutions. We are assisting Connecticut, Massachusetts, and New Hampshire in meeting their environmental and clean energy goals, while also improving reliability and energy affordability. As part of its leadership, Eversource partners with like-minded companies and stakeholders to conduct our business in a responsible and sustainable way, providing the best solutions for our customers and the communities we serve.

### **Renewable Portfolio Standards**

Eversource is committed to help the states that we operate in meet Renewable Portfolio Standards (RPS), which require a certain percentage of the states' electricity supply to come from renewable sources.

# Renewable Portfolio Standards In Place

	2018	2020	2025
Connecticut	25%	29%	38%
Massachusetts*	23.62%	27.71%	38.96%
New Hampshire	18.70%	20.7%	25.2%

<sup>\*</sup>MA 2025 target is an estimate because the MA Department of Energy Resources does not establish Class II renewable figures until a year before the compliance year.

# Addressing the Region's Energy Challenges

As New England's largest utility and dedicated stewards for the environment, Eversource is committed to bringing more clean, affordable and sustainable energy to the region.

- Wind: Our partnership with Ørsted will expand our clean energy portfolio and allow for up to 4,000 megawatts (MW) of offshore wind.
- Solar: Eversource owns and operates 70 MW of solar generation that have the capacity to generate power for more than 11,000 homes.
- Natural Gas: We are taking advantage of state initiatives to allow for the expansion of natural gas distribution.

For additional projects that focus on improving system reliability, that also address regional energy challenges, please see our Reliability & Resiliency section.

Eversource Clean Energy Goal: In 2018, we set a strategic goal to reduce regional GHG emissions by advancing clean energy projects that have the potential to bring 3,000 MW of renewable power to the region by 2030.

- Goal Details: Eversource-proposed projects will help our region offset GHG emissions by facilitating the increased
  regional use of wind and solar power. We are pursuing offshore wind projects, expanding natural gas distribution lines to
  more homes and businesses to allow the burning of cleaner fuels, expanding the electric vehicle recharging station
  network, and installing solar projects to the maximum extent allowed by state governments.
- 2019 Goal Progress: With our expanded partnership with Ørsted, we are positioned to exceed our target.

### Wind

Offshore wind sites benefit from relatively shallow waters, steady wind and nearby significant electrical load, making New England a prime energy resource.

Since 2016, Eversource has been expanding its partnership with Denmark-based Ørsted to jointly develop, construct and operate up to 4,000 MW of utility-scale offshore wind turbines off the coast of southeast New England. Together, our companies bring the financial capability, deep local relationships and global offshore wind development experience needed to invest in the life of these projects.

To develop this clean, low-cost renewable energy Eversource has engaged in three projects recently:

- South Fork Wind Farm: 35 miles east of Long Island and expected to be commissioned in late 2022, it will generate 130 MW of energy under a long-term purchase power agreement with the Long Island Power Authority.
- Revolution Wind: Currently contracted to produce 700 MW and located 15 miles south of the Rhode Island coast. 300 MW is earmarked for Connecticut, with the remaining 400 MW going to Rhode Island. Revolution Wind is expected to be commissioned in 2023.
- Sunrise Wind: An 880 MW offshore wind project farm recently awarded to the Eversource-Orsted Partnership by the New York State Energy Resource & Development Authority (NYSERDA). Sunrise Wind will supply electricity to more



than a half million homes under an Offshore Wind Renewable Energy Credit (OREC) agreement, and will interconnect in Suffolk County, Long Island. The wind farm will be constructed in an offshore lease area located approximately 30 miles east of Montauk Point, Long Island, and expected to be operational in 2024.

The development of offshore wind in the Northeast is in its beginning phase and the Eversource and Orsted partnership will play an active role in its development.

### **Solar Power**

Our solar program focuses on developing large-scale solar facilities on sites that offer economies of scale and cost-effective energy production.

The Massachusetts DPU has authorized Eversource to own and operate up to 70 MW of solar generation facilities. Along with the significant environmental benefits, there are substantial cost-saving benefits for Eversource customers in the Bay State. The company estimates it will produce solar power for about 18 cents per kilowatt-hour, compared to upwards of 50 cents per kilowatt-hour for some private projects currently operating within the commonwealth.



We have constructed 22 solar generation facilities totaling 70 MW of solar capacity in Massachusetts, which is estimated to save nearly 36,000 metric tonnes of carbon per year. When all the new sites are operational in 2019, total Eversource solar generation will be enough to power more than 11,000 homes, and GHG emission reductions will be equivalent to taking 7,600 cars off the road per year. Four of our solar facilities are located on landfill or brownfield sites, which have few alternative uses.

This large-scale <u>solar</u> directly contributes to Massachusetts' goal to have 15% renewable energy installed by 2020. Eversource will sell the solar energy directly into the regional energy market managed by ISO New England and customers will benefit from the proceeds. Additionally, the company will receive Renewable Energy Credits for the power it produces and will pass the savings along to customers through electricity rates.

### **Natural Gas Distribution Expansion**

Connecticut's 2013 Comprehensive Energy Strategy (CES) included recommendations in the areas of energy efficiency; industrial energy needs; and electricity supply, including renewable power, natural gas and transportation. Within the CES, Connecticut's leaders endorsed natural gas as the "fuel of choice" for the state, and recognized the emerging opportunity provided by shale gas for a lower-cost, cleaner, and domestically available fuel choice for Connecticut residents and businesses. Since 2013, the price differential between natural gas and oil has decreased, reducing demand for residential natural gas conversion; however, the updated 2018 CES reaffirms that natural gas remains a cost-effective, cleaner fuel choice, and further states that increased commercial and industrial demand is making up for most of the decreased residential demand. To learn more about natural gas expansion in Connecticut, please visit our website.

Eversource growth goals include bringing the choice of natural gas to more than 82,000 customers within its franchise areas in Connecticut. In addition, the plan will help reduce emissions by 820,000 tons, for a 7% reduction of total emissions in Connecticut. In 2018, we added 9,248 new natural gas heating customers system-wide with 4,434 customers in Connecticut. We also expanded our distribution system by 47 miles of pipe in 2018.

### **Renewable Energy Credits**

State-specific agreements facilitate development of clean and renewable projects. In Connecticut, there are several long-term contract opportunities, including the low emission/zero emission renewable credit program (LREC/ZREC), which to date has resulted in more than 1,800 behind-the-meter renewable energy projects. These 15-year REC contracts are expected to add 331.9 MW of new renewables in the state.

### **ACCOUNTABILITY**

We hold ourselves accountable for the impact our business might have on the environment, while meeting, and in many cases exceeding, all environmental laws and regulatory commitments and requirements.

### **Water Resources**

Historically, a significant amount of Eversource's risks related to water were associated with our generation, both as a source for our hydropower, and for cooling for our fossil fuel generation. We have now divested of our water-cooled fossil-fired generation, and in December 2017 added Aquarion Water Company into our Eversource family. Though this evolution affects both our risks and opportunities, our commitment to protect water resources and to deliver safe, quality drinking water is unwavering. We also strive to ensure that our system is resilient from water-based risk. Areas of concern include the impacts of climate change, water availability, water conservation, water quality and system resiliency.

### **Climate Change**

Changing weather patterns due to climate change have made it necessary to plan for more severe weather events across our service territory. Additionally, more extreme temperatures increase customer demand on our electric, gas and water systems.

More frequent intense storms may lead to:

- Increased coastal erosion and damage to infrastructure.
- Increased levels of various contaminants to our reservoirs due to high volume run-off.
- Increased operating costs due to storm damage, additional treatment of contaminants and employee resources.

Increased periods of dry weather may lead to:

• Falling groundwater levels, which could impact water availability and water quality.

The following sections highlight comprehensive programs we have in place to address risks that may impact water availability and water quality. Please also see our Reliability & Resiliency section for more details on our efforts.

### **Water Availability**

We are committed to ensure that water supply remains sufficient today and into the future for our 228,000 water customers through water conservation, energy efficiency, water system acquisitions, and sustainably managing land and natural resources. Aquarion obtains its water supply from company-owned reservoirs and wells, as well as water purchased from other water suppliers. Approximately 98% of our annual production is self-supplied and processed at ten surface water treatment plants and numerous well stations, which are all located in Connecticut, Massachusetts and New Hampshire.

Aquarion has an approved Water Supply Plan filed with the Connecticut Department of Public Health. It uses current and projected population, estimated current and future water use and available water to ensure the capacities of Aquarion's sources of supply, water treatment, pumping and distribution facilities, are sufficient to meet the present requirements of our customers under normal conditions. We also utilize annual reviews to ensure we meet Margin of Safety requirements when developing capital programs to meet future needs.

We are also concerned about the water risk related to changes to state regulations. Recent changes to existing streamflow regulations in Connecticut may result in a significant increase in required water releases to rivers and streams from company-owned surface water reservoirs. In the future, this could potentially result in Aquarion losing 15 million gallons of water supply per day, or 15% of Safe Yield. This water risk is currently managed through a carefully developed Water Conservation Plan with goals, objectives and programs for demand and supply management.

### **Water Conservation**

We strive to reduce water use in our own operations and work with customers to implement conservation programs to ensure that critical needs, such as human consumption and fire protection, are met. Longer term, we engage with the communities we serve so that development does not threaten future water supply levels.

Aquarion's Conservation Committee focuses on all phases of water conservation from production, meter accuracy, leakage testing, education and communications, to water resource planning and preparation of water conservation plans. The purpose of the committee is to:

- Monitor company conservation-related activities and programs to assure adherence to written plans and compliance with regulatory requirements.
- Improve existing conservation programs.
- Develop model conservation programs and plans.
- Provide better value for our customers by using less water to meet the same needs.
- Lower water rates by reallocation of finite capital resources from supply and distribution capacity development, to improvements related to aging infrastructure and other utility needs.
- Reduce the amount of power and chemicals used in the water treatment and distribution process.
- Minimize environmental impacts by reducing withdrawals from the environment and thereby maintaining more natural surface and groundwater flows and flow patterns.
- Ensure economic stimulus from reduced consumer and business costs for wastewater collection and treatment.
- Conserve energy through reduced usage for residential and commercial water heating.

The demand management component of Aquarion's Water Conservation Plan is designed to educate consumers on the importance of conserving water as a natural resource. It also increases awareness of the dollar savings that can be realized by using water wisely and supports consumer conservation efforts with information, and in some cases equipment, that will enable customers to reduce water waste and effect savings. Customer mailers/bill inserts, newspaper advertisements, television advertisements, public signs and social media are used to help spread information regarding the importance and the benefits of water conservation.

Aquarion has currently implemented a "Two Day Per Week" irrigation policy in Darien, Greenwich, Stamford, New Canaan and Westport, Connecticut. Compliance is actively monitored, and these restrictions are expected to:

- Save 10% to 20% of total water demand in the Southwest Fairfield County (SWFC) Region.
- Result in short-term and long-term cost savings via:
  - Reduced utility O&M; avoided energy and chemical use.
  - Downsized, delayed, or avoided infrastructure expansion/improvements.
  - Cost savings help control customers' future water bill increases.
- Be equitable Rule applies to all, from small properties to estates.
- Reduce need for restrictions during drought.

MassDEP has also implemented municipal water use restrictions with different levels per town, ranging from voluntary restrictions to one day of watering per week or less.

### **Water Delivery Infrastructure**

Aquarion has a long-term infrastructure improvement plan in place focused on lowering risk in terms of water supply reliability. A priority area has been to increase the transfer of water from the Bridgeport System to the SWFC Region. Phase 1 of the SWFC Regional Pipeline Improvements was completed in 2018 and included over 28,000 feet of water main installation work and the design of two new 2.15-million-gallon water storage tanks.

Additionally, in 2018, we surveyed all of the watermains in our service territory as part of a leak detection program to identify and reduce water loss through distribution system leaks.

### **Water Quality**

Protection of water quality is of primary concern to Eversource, and our first effort in any project is to avoid impact to waterways. Projects that intersect water resources are permitted when required and best management practices are employed to mitigate potential impacts to water quality.

Aquarion actively manages sources of supply, treatment processes, and distribution systems to maximize water quality and customer satisfaction. We also conduct extensive water testing from our sources to the customer's tap. In 2018, Aquarion

collected over 18,000 water samples and completed over 167,000 water quality tests. Results are reviewed by our health agency regulators monthly, and customers are informed through our annual water quality reports. Please see the <u>Aquarion</u> website for more details about how we provide water quality excellence to all the communities we serve.

Aquarion is actively involved in regulatory developments related to emerging contaminants such as PFAS (Per- and poly fluoroalkyl substances), a large group of man-made organic chemicals that have been widely manufactured and used worldwide for over 50 years. Public health and environmental agencies are investigating how to manage PFAS in order to minimize health risk to humans and the environment. We are working closely with state health agencies, EPA, and the American Water Works Association to determine protective drinking water standards, viable laboratory testing methods, effective water treatment technologies, and environmental cleanup standards that will be in the best interest of our customers and the environment.

### **Water Source Management**

Sustainably managing the land and natural resources is critical to protecting and enhancing water quality. We review proposed developer projects, construction proposals and other activities that might have an environmental impact on Aquarion water source areas. We perform property inspections and monitor activities to ensure our water supply systems are protected.

Aquarion's Connecticut reservoirs are surrounded by more than 15,000 acres of forest that serve as both a critical safeguard and an invaluable resource. By retaining moisture, filtering runoff and keeping streams pristine, the forest protects water supplies for hundreds of thousands of people. Its millions of trees help to clean the air and moderate the climate. It also provides intact ecosystems where a diverse range of plants and wildlife can survive and flourish, and it provides the public with places to find peace, beauty and recreation. Managing this highly sensitive land requires a keen eye on its critical functions. Today this property is managed by a partnership among the Connecticut DEEP, The Nature Conservancy and Aquarion. As a member of the partnership, Aquarion works to protect the forest's many functions and resources. Our stewardship activities range from helping our partners route and maintain recreational trails in order to prevent erosion and shield critical habitat, to enforcing usage regulations and State laws, to acting as a good neighbor to adjacent landowners.



### Water Use

Water withdrawn from our sources is distributed to our customers through our network of water pipes. "Non-revenue water" is water that does not pass through a customer meter. It consists of water used as part of our treatment process, water loss through distribution system leaks, broken fire hydrants, broken water main valves and uses such as emergency fire hydrants for fire protection, use of water main bleeders to remove air and sediments, fire flow testing, water sampling and tank draining for cleaning. We are working diligently to discover and repair leaks in our system.

Aquarion Water (Millions of Gallons)	2018
Water Withdrawal	31,377
Surface Water	26,375
Ground Water	5,002
Water Consumed (metered)	25,500
Non-Revenue Water	5,877

Eversource has been successful in lowering our municipal water use through more efficient facility operations, including facility optimization and installation of water efficiency measures.

Facility Municipal Water Use	2014	2015	2016	2017	2018
(Millions of Gallons)	29.037	26.905	26.401	24.053	21.189

<sup>\*2018</sup> Facility Municipal Water Use includes Aquarion CT facilities.

# **Waste Management and Pollution Prevention**

We are managing and reducing our waste streams through several initiatives, with waste prevention our first choice. In 2018, we kept over 10,000 tons of metal, wood, equipment and other materials out of the waste stream through this pollution prevention program, thus reducing our waste by more than 32%.

### **Investment Recovery**

The Investment Recovery program at Eversource is committed to supporting environmental sustainability through thoughtful management of unused assets. Through our redeployment, return, recycle, and resale efforts we prevent materials from needlessly entering the waste stream, in a manner which protects the integrity of both our environment and our financial resources.

Scrap metal recycling is the largest single category within our Investment Recovery program. Eversource work centers and project sites across all states serve as collection points for scrap metal. Through site visits, field training, and strong collaboration with our teams and vendors, we have successfully grown our program, supported by the tighter controls and accountability which our new investment recovery software provides. Eversource has successfully increased the volume of recycled metals by 82% over the past three years.

Our growing capability in managing surplus materials from projects and our own facilities allows us to redeploy materials to other job sites or work centers, thus limiting unnecessary purchases. Where surplus materials cannot be used, they are returned to the manufacturer to serve the needs of others in our industry. We sell or donate material and used assets as a final means of preventing waste, giving equipment, materials and a wide range of assets a second life in other businesses.

### Recycling

Eversource has a robust recycling program, featuring single-stream collection throughout our service territory. We provide ongoing communication and training to employees on the importance of recycling, including engagement with field crews. We also conduct monthly inspections to identify areas where opportunities exist to enhance recycling performance and track our performance and rate of recycling monthly.

### **Demonstration Pilots**

From 2013 to 2018 we conducted a solid waste demonstration project in Connecticut to recycle porcelain insulators that have been removed from our system. The project successfully confirmed that porcelain insulators are an acceptable form of aggregate in concrete mixes with no relevant adverse findings or issues. Based on the success of this pilot, in June 2017 DEEP approved the continuation of this program. As of the end of 2018, our practices diverted approximately 3,852 tons of material from landfills.

### **Waste Streams**

Our largest waste streams include water and solids from spill debris and manholes. Significant changes in our waste stream in 2018 are the result of reductions due to the sale of our generation assets and the inclusion of waste from Aquarion Water.

Estimated weight of waste by type and disposal method (Tons) – 2018						
	Recycled	Energy Recovery/ Incineration	Landfill	Other	Total	
Municipal	2,069	2,203	852		5,124	
Universal	54				54	
Non-Hazardous	7,303	8	7,263	4,375	18,949	
TSCA (PCB)		138		1,123	1,261	
RCRA (Hazardous)		45	1,661	1,683	3,389	
Total Waste Disposal	9,426	2,394	9,776	7,181	28,777	
Waste Avoided (Investment Recovery)	10,155					

In addition, Aquarion generates Water Treatment Residuals (WTR) as part of its water treatment process. Approximately 13.9 million gallons of WTR liquids were recycled into the facility or discharged in accordance with regulatory permits.

View previous years' waste management information.

# **Environmental Compliance**

We are committed to conducting our operations in accordance with all applicable environmental laws and regulations, and maintain operational controls, policies, and procedures to meet, and often go beyond, compliance requirements. If an issue is identified, root cause investigations are expeditiously conducted to prevent recurrence. In 2018, Aquarion received 20 Tier 3 violations for water monitoring that was not completed on time. None of the violations were due to poor water quality, and all monitoring and reporting is now up to date. Additionally, we have strengthened our internal controls to ensure future deadlines are met.

U.S. Dollars	2014	2015	2016	2017	2018
Citations	4	8	4	3	5
Penalties	\$0	\$15,000	\$166,700	\$29,478	\$0
Aquarion Notice of Violations*					20

<sup>\*</sup>All Citations, Penalties and Aquarion Notice of Violations are accurate as of June 30, 2019.

Our environmental policy is available here. Environmental awareness training is provided to all new employees.

### **STEWARDSHIP**

Eversource is committed to environmental stewardship. We value our native resources and take great care to promote conservation and manage natural and cultural resources.

# **Promoting Stewardship**

Eversource actively promotes environmental stewardship through our Eversource Land Trust and partnerships with other groups, including:

In 2012, the <u>Eversource Land Trust</u> was formed to permanently protect key open spaces owned by Eversource. We
work closely with state biologists and resource conservation professionals, and under their guidance, the Trust
completed the enhancement of 26 acres during the winter of 2017. The goal of this endeavor is to create vibrant early

successional habitat within a large block of core forest, supporting species that rely on this critical and declining specific type of habitat throughout New England.

- Eversource is renewing its commitment to partnering with the National Fish and Wildlife Foundation (NFWF) and funding
  the New England Forest and Rivers Fund through 2020. This program is committed to restoring and sustaining healthy
  forests and rivers that provide habitat for diverse bird populations, as well as freshwater and diadromous fish
  populations in New England. Previously, Eversource has also partnered with NFWF on the <u>Partners for New
  Hampshire's Fish and Wildlife</u> program. To learn more about these partnership and details on grants, please visit the
  NFWF website.
- Eversource Foundation is supporting <u>The Discover the Power of Parks Program</u>, a collaboration with the New Hampshire Department of Natural & Cultural Resources and The National Student Conservation Association (SCA) that places interpreters throughout the New Hampshire state park system with a focus on the natural resources of the state and conservation. Along with funding and providing resources for the interpretive program, Eversource actively participates by organizing employee volunteer events working side by side with SCA interns to provide stewardship and conservation work in local parks. Trail maintenance, bridge building, and wetland protection have been completed though these Eversource volunteer efforts. In 2019, Eversource volunteers will work with the SCA interns and state park staff to help remediate invasive plant species on the summit of Mt. Washington.
- Eversource continues to work and partner with the <u>Native Plant Trust</u> to conduct surveys of threatened and rare flora.
   Many of their targeted species can be found within the limits of the rights of way. The goal is to collect seeds for banking if the species continue to decline as the preferred habitats become scarce.
- The Connecticut Bird Atlas Project is a significant three-year undertaking to map all bird species within the state. Data collected on breeding, migrating and wintering birds will be used to understand current populations in comparison to a study from the early 1980s. Power line corridors provide some of the best early successional habitat for birds, and in some areas the last significant types of this specific critical environment. Eversource is committed to working with the Connecticut Bird Atlas Project and obtaining meaningful results, sharing access and information for the success of the project, and helping wildlife biologists understand current conditions in Connecticut.
- Eversource supports and participates in Connecticut Audubon Society's citizen science partnership Osprey Nation. The
  goal of Osprey Nation is to create a long-term record of data to provide information on the health of the osprey
  population to conservationists.

# **Preserving Biodiversity**

Our construction and maintenance work is planned and executed with utmost care to minimize and prevent, whenever possible, impacts to wetlands, threatened and endangered species and cultural resources. Wetlands are a vital link to the health of waterways and downstream biotic communities, as they improve water quality, retain floodwaters, recharge groundwater, provide fish and wildlife habitat and support recreation activities such as boating and fishing. We manage our lands to preserve – and in many cases to create – wildlife habitats. Maintenance practices within our rights of way aim to promote biodiversity and sustainable communities of mammals, reptiles, amphibians, birds, insects and plants. Additionally, formal Best Management Practices are in place for projects where protected species have been identified, to ensure all work is done within established guidelines.

- Ospreys: Eversource follows strict guidelines set forth by the United States Fish and Wildlife Service when it comes to
  maintaining our system around osprey nests. We do not remove nests that contain an egg or a flightless chick and work
  around active nests that contain eggs or chicks is minimized until the young have fledged. Once the nests are clear, we
  remove them from utility poles, as nests pose a risk to the electric system, people and ospreys themselves, as nests
  have a potential to cause a fire. When appropriate, we partner with the Audubon Society to install platforms for nesting
  osprey.
- Peregrine Falcons: Eversource has assisted the National Heritage Foundation as they tagged four peregrine falcon chicks living on one of our 400-foot-high transmission structures in Weymouth, Massachusetts. Our Eversource team helped the wildlife experts safely climb our structure, provided safety gear and had crews on the scene standing by. Unlike osprey, nesting peregrine falcons don't add nesting material, so they don't impact our equipment. For the wildlife experts, this was an exciting opportunity, because they don't often get the chance to tag chicks.



New England Cottontail is the only native rabbit in Connecticut and relies on early successional forests and shrublands for breeding, foraging and cover. The state of Connecticut has identified priority habitat areas for New England Cottontail and, when working in these areas, our project teams and vegetation management crews implement specialized best management practices to retain shrubs and low-growing woody vegetation. In addition, when clearing non-compatible vegetation from within the right of way we will strategically place piles of cut, woody vegetation that provide shelter for overwintering rabbits. In these areas we continue to manage for low-growing woody vegetation.



Eastern box turtles are a state-listed species in our region that tend to prefer the early successional habitat of our rights of way in Connecticut and Massachusetts. In Massachusetts, we partner with the Natural Heritage & Endangered Species Program (NHESP) to offer an annual turtle training event open to utilities and vegetation management companies, enabling staff responsible for vegetation management activities within state-listed turtle Priority Habitat to complete required turtle protection training. In Connecticut, the Wildlife Division of the DEEP requires both contractor education as well as "turtle sweeps" prior to the commencement of work within turtle habitat. Our Transmission team has also used a canine assistant to locate turtles within the rights of way, so we can ensure clear access paths and work areas for vehicles entering turtle habitat.



- Karner blue butterflies are a federally listed endangered species and protected in New Hampshire. Eversource partnered with New Hampshire Fish and Game to promote Karner blue butterfly habitat within our rights of way on Fish and Game managed lands in pine -barren habitat in Concord. Using Integrated Vegetation Management techniques, habitat for the butterfly is preserved and enhanced. The right-of-way habitat area is part of a larger study area for promotion of the butterfly by New Hampshire Fish and Game.
- Shrubland Birds: Eversource has supported a comprehensive graduate research effort through the University of New Hampshire that studies the habitat and use of transmission right of way corridors and other clear-cut areas by shrubland bird species. Forty-one species of birds in New England require shrublands as habitat, and most are experiencing significant population declines. Over the course of two years, the study documented 78 species of birds, 27 of which are considered obligate shrubland nesters. The study collected biometric and vegetation plot data to assess whether there are preferential vegetation management strategies that can be used to optimize this important habitat in transmission right of way corridors.
- Frosted Elfin is a species of butterfly which is protected in Massachusetts, Connecticut and New Hampshire. It prefers dry, upland habitats dominated by low-growing vegetation that supports communities of its host plants, wild indigo and lupine. Within many of our rights of way, we have identified stands of host plants supporting frosted elfin populations. To maintain these communities, our vegetation management crews implement best management practices to avoid impact to the frosted elfin and host plants.

# Responsible Land Management

Eversource owns and manages approximately 43,000 acres of land in Connecticut, Massachusetts and New Hampshire. The majority of these properties are associated with electric or natural gas operations, including transmission line corridors, substations and office buildings, while others are held for future utility uses or inherent conservation value. We value our role as a responsible land steward and dedicate professional resources to maintain the integrity and long-term viability of the land we manage. We have established formal plans for ensuring the careful management of the land's natural and cultural resources. Our focus is on:

- Maintaining forest health and protecting wildlife habitat.
- Soil preservation, water resource protection, and agricultural stewardship.
- Cultural resource management.
- Maintaining public recreational and educational uses.

We develop relationships with federal, state, municipal and private land-use agencies and not-for-profit land, wildlife and conservation groups to collectively coordinate management objectives.

For additional information and to join us in discovering our great outdoors, please visit the Eversource Land Management website.

### **Vegetation Management on our Rights of Way**

The goal of our vegetation management activities is to maintain a stable community of shrubs, grasses and other native, low-growing vegetation in the power line rights of way we manage. This type of vegetation provides the ideal environment for the safe and reliable operation of our electric system, as well as an increasingly rare habitat for a variety of wildlife which favors this type of growth. Eversource employs an integrated vegetation management approach to control targeted plant species through a combination of manual, mechanical and chemical methods. Please see our Reliability & Resiliency Initiative section for more information.

### **Forest Management**

We manage approximately 11,800 acres of forest land (about 120 properties) in Connecticut, New Hampshire and Massachusetts, which contain beneficial wetlands, vernal pools, water courses, critical habitats and scenic resources. Eversource promotes sound forest management under the direction of licensed professionals, resulting in the sustainable production of timber and forest health.

### Wildlife Management

Species and habitats known to be rare or of special concern are accommodated in both our operational activities and in our land management planning. A conservation easement of 25 acres in Massachusetts was established for the preservation of Eastern Box Turtle and Eastern Wormsnake habitat under the purview of the Massachusetts NHESP and Audubon Massachusetts.

We work closely with the Connecticut DEEP Wildlife Division to make 2,500 acres available to the public for regulated hunting activities. We also administer a private land hunting program on another 2,100 acres of land in Connecticut.

### **Cultural Resource Management**

Cultural resources such as historic structures and archaeological resources, including pre-contact Native American village sites and early post-contact settlement sites, are just a few examples of our amazing cultural heritage in New England. We recognize the importance of these resources and incorporate their management and protection into our operations. New construction projects as well as maintenance work within lands managed by the utility often require formal consultation and cultural resources investigations. We employ a cultural resources specialist and proactively work with the relevant State Historic Preservation Offices, Tribal Historic Preservation Offices, and other key stakeholders to identify and protect resources of significance, to the maximum extent possible.

### **Recreation Opportunities**

Many of our company lands are open to the public for passive recreational uses, including hiking, nature study, fishing and cross-country skiing. In response to public interests, Eversource Land Management is formalizing agreements for both a mountain bike trail and rustic camp sites for the Connecticut River Paddler's Trail. The mountain biking trail will partner with New England Mountain Bike Association while the camp sites are located on King's Island (Eversource Energy Land Trust property) and will partner with the Connecticut River Conservancy. Please visit our Land Management website to learn more about recreational activities on our lands.

### **Supporting Local Agriculture**

Our land holdings also include nearly 480 acres that are actively managed for agricultural purposes. Our objectives for these lands are to protect soil and water quality while maintaining long-term agricultural productivity.

We encourage local farm initiatives and currently license property to members of <a href="The Farmer's Cow">The Farmer's Cow</a> in Brooklyn, Connecticut, and to Graystone Farm, an organic farm in New Milford, Connecticut. We license these properties to interested farmers and work with the farmer, in addition to state and federal agricultural agencies, to identify best management practices that include crop selection and soil conservation.

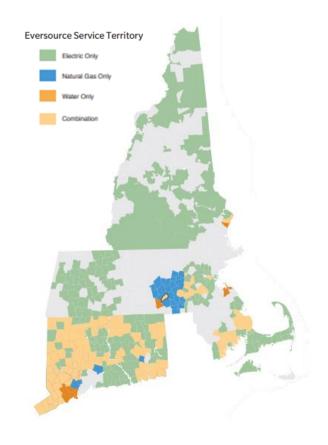
### **OUR BUSINESS**

# **About Our Company**

Eversource is a Fortune 500 and Standard & Poor's 500 energy company based in Connecticut, Massachusetts and New Hampshire. We harness the commitment of our employees to build a single, united company around the mission of safely delivering reliable energy and water for our four million customers. Sustainability is embedded into all that we do, including technology innovations, our growing renewable energy portfolio, the environmental considerations of our operations, and how we personally contribute to the vitality of our communities and grow our business in a responsible manner.

Company Profile	As of 2018 Year End
Employees <sup>1</sup>	7,998
Customers (Electric)	3,202,992
Customers (Gas)	533,295
Customers (Water)	227,632
Communities Served (Electric)	499
Communities Served (Gas)	123
Communities Served (Water)	59
Service Territory (Electric)	13,230 sq. miles
Service Territory (Gas)	3,254 sq. miles
Miles of Natural Gas Pipeline	6,697 miles
Transmission Lines	4,354 cable miles
Distribution Lines	57,995 circuit miles
Transmission and Distribution Water Mains	3,625 miles
Liquefied Natural Gas Plants	3 facilities

Generation Facts as of 2018 Year End*					
Type of Plant	Number of Units	Claimed Capability (KW)			
Solar**	20	58,100			



<sup>&</sup>lt;sup>1</sup>Includes 7,681 Eversource employees and 317 Aquarion employees.

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.

<sup>\*</sup>Solar claimed capability represents the direct current nameplate capacity of the plants. By the end of 2019 we expect to complete construction of additional solar sites, bringing our total claimed capability to 70 MW.

# 2018 Awards and Recognition

Eversource has been recognized by many organizations for our operating efforts, including:

### Corporate

- National Association of Corporate Directors (NACD): Named finalist for NACD NXT award for "outstanding commitment to strategic, forward-thinking board composition and recruitment practices".
- Associated Industries of Massachusetts (AIM): 2018 Sustainability Award for focus on Diversity of Leadership
  promotions, hiring diverse talent and the transformation of its Board of Trustees.
- Corporate Responsibility Magazine: One of the 100 Best Corporate Citizens in the United States in 2018, recognizing standout environmental, social and governance performance.
- Employer Support of the Guard and Reserve/U.S. Department of Defense: 2019 Defense Employer Support Freedom Award for supporting employees who participate in the U.S. National Guard and Reserves.
- Institutional Investor. Best Investor Relations Professional (Utilities Sector), Eversource tied for second in Utilities Sector for "Best ESG/SRI Metrics".
- Business New Hampshire magazine: Business of the Year in New Hampshire for business services.
- RIMS Risk Maturity Model (RMM): 2018 RMM Recognition Award. Eversource's Enterprise Risk Management team was one of 14 teams across the nation recognized for excellence.

### Community

- Boston Business Journal (BBJ): Top Corporate Contributor: one of 100 companies qualified for the distinction by paying out at least \$100,000 in cash contributions to Massachusetts-based charities.
- Salvation Army: Outstanding Service Award for employee volunteer efforts.

### **Operations**

- Edison Electric Institute (EEI): EEI Emergency Recovery Awards for outstanding power restoration efforts after three consecutive nor'easters in March 2018 hit Connecticut, Massachusetts and New Hampshire and for efforts following a severe storm in Connecticut in May 2018.
- National Arbor Day Foundation and Massachusetts Department of Conservation and Recreation: Eversource Vegetation
  Management in Massachusetts presented with a Tree Line USA award for investments in tree care, education,
  professional staff, tree planting, and community involvement.

### Clean Energy / Energy Efficiency / Sustainability

- Newsweek Green Rankings placed Eversource 20<sup>th</sup> among the 500 largest publicly traded companies in the U.S. in 2017 (the latest year for which rankings were published).
- <u>Ceres</u> number one ranking in energy efficiency among investor-owned utilities in their 2016 report Benchmarking Clean Energy Deployment (the latest year for which rankings were published).
- American Council for an Energy-Efficient Economy (ACEEE): 2017 Utility Energy Efficiency Scorecard (the most recent rankings) ranked Eversource first in Massachusetts and fourth in Connecticut among the 51 largest U.S. electric utilities.
- American Council for an Energy-Efficient Economy (ACEEE): 2018 State Energy Efficiency Scorecard ranked Massachusetts first and Connecticut third among the U.S. states.
- American Council for an Energy-Efficient Economy (ACEEE): Exemplary Program Awards in Connecticut, Massachusetts and New Hampshire.
- New Hampshire: Eversource awarded for sponsoring NHSaves' income-eligible Home Energy Assistance and Home Performance with Energy Star programs, and Mass Save's Commercial and Industrial Water Heater initiative.
- Environmental Business Council of New England: Eversource and its partner, the National Fish & Wildlife Foundation, recognized for Leadership by a Non-Profit Organization for dedication to the restoration and sustainability of healthy forests and rivers in New Hampshire.
- Globalcycle: Sustainability Award for leadership in recycling wastewater in Massachusetts.
- ENERGY STAR Partner of the Year Sustained Excellence Awards in Connecticut, Massachusetts and New Hampshire.

# **Corporate Governance**

Ensuring that we operate and act each day with transparency, honesty and integrity, accountability to all stakeholders, and responsibility, is something that starts at the top with our Board of Trustees.

Our Board ensures that the company has a clear and acceptable purpose, strategic and operational direction, and that the business of the company is managed effectively, taking into consideration economic circumstances along with regulatory and legal requirements. The Corporate Governance section of our website contains the various policies, charters, guidelines and information relating to our Board of Trustees, including our Corporate Governance Guidelines, the Charters of each of the Board of Trustees' Committees, and biographical information on our Board Members. These documents, together with those described in the following section on Compliance, provide the framework for the governance and compliance culture of our company, with the goal of enhancing long-term value for shareholders while also fulfilling customer, commercial, community and public service needs and obligations.

We maintain effective corporate governance standards through our Corporate Governance Guidelines and other programs and policies, which include the following:

- All trustees are elected annually and by a majority vote of the common shares issued and outstanding.
- Ten of our 11 Trustees are independent, as are all Audit, Compensation, Corporate Governance, and Finance Committee members.
- We have adopted a proxy access provision.
- We maintain an effective enterprise risk oversight function, with substantial focus on cyber and system security, through our Audit and Finance Committees.
- We require that Trustees retire at age 75.
- We have a Lead Trustee and hold at least three independent trustee meetings every year.
- We have an ongoing shareholder engagement program.
- Our executive compensation policies include share ownership and holding guidelines, a clawback policy that includes clawback of incentive compensation in the event of inappropriate personal behavior or treatment of co-workers, and double trigger change in control vesting provisions.
- We do not provide gross-up payments in new or materially amended executive compensation agreements, prohibit any
  types of hedging, pledging or similar transactions by officers or trustees, and do not pay dividends on equity awards
  before vesting.

We also have a strong commitment to diversity at both the Board and employee level, which contributes greatly to the success or our Company. Our 11-person Board of Trustees is comprised of three women, two of whom are African American, and an African American male, and an Asian American male. This puts us in the top tier of the Boards of the companies that comprise the Edison Electric Institute, the electric industry's most prominent industry trade group.

Further information can be found in our Proxy Statement.

### **Ensuring Compliance**

Doing what's right – ethically, fairly and honestly – is the cornerstone of our corporate governance and corporate compliance culture. In that respect, all of Eversource's trustees, officers, and employees must abide by the principals of Eversource's <a href="Code of Business Conduct">Code of Business Conduct</a>. Additionally, the Board of Trustees (the "Board") has adopted a <a href="Code of Ethics for Senior Financial Officers">Code of Ethics for Senior Financial Officers</a>, a <a href="Related Party Transactions Policy">Related Party Transactions Policy</a> and a <a href="Policity Policy">Policy</a>. The company also has a Conflict of Interest Policy, Insider Trading Policy and <a href="Financial Disclosure Policy">Financial Disclosure Policy</a> in place. These policies collectively address day-to-day activities and reflect our commitment to conduct ourselves ethically, respectfully and honestly.

All officers and employees receive communication on the Code of Business Conduct and corporate policies, such as Conflict of Interest, Fraud Prevention and Detection, Prevention of Discriminatory Harassment, and Fitness for Work, which together outline the need to demonstrate inclusive, respectful, honest and ethical behavior as they perform job-related tasks and interact with each other, customers and the public. Throughout employees' careers, training is provided to ensure ongoing awareness and understanding of the Code of Business Conduct and company policies and procedures.

Eversource also maintains a Corporate Compliance Hotline that is available to anyone as a simple way to report known or suspected compliance and/or ethics violations on an anonymous or identified basis. The hotline, which can be accessed by phone or via a secure website, is operated and administered by an outside vendor (NAVEX Global) and available 24 hours a day, seven days a week. Eversource's hotline is intended to complement in-person, phone or email reporting to managers, supervisors, the Corporate Compliance Officer or Human Resources.

Eversource's Compliance and Ethics Committee, which is chaired by the Chief Compliance Officer, provides guidance and assistance to management to ensure adherence to applicable laws, regulations, industry standards, and the Code of Business Conduct by the company and its employees. The Committee provides oversight for the development and implementation of the Eversource Corporate Compliance Program; reviews key compliance topics and issues that could materially impact Eversource; interfaces with the Legal, Internal Audit, Human Resources and Enterprise Risk Management Departments; and Enterprise-level compliance committees to thoroughly monitor and assess, and ensures the effective mitigation of compliance risks, and periodically reports to the Audit Committee of the Eversource Board of Trustees to assist it in fulfilling its compliance oversight responsibilities.

# **Ethics and Risk Management**

The Board of Trustees, both as a whole and through its committees, is responsible for the oversight of the company's risk management processes and programs. Our Enterprise Risk Management (ERM) program applies a well-defined enterprise-wide methodology to allow our Risk Committee, comprised of senior officers, 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, and has high management visibility.

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, climate change and the current environment to identify risks. Risks identified during the ERM process have formal, actionable, measurable mitigation plans, are monitored on a regular basis, and are reported to the Risk Committee and Executive management quarterly and semi-annually, respectively. Risks are also periodically discussed with the Board Committees or the full Board of Trustees, as appropriate, including reporting on how these issues are being measured and managed. Additionally, a comprehensive annual report on ERM is made to the Finance Committee, which is also provided to and reported on to the full Board. Major risks are also disclosed in our annual report and 10-K.

### **Financial Performance**

In 2018, Eversource represented another year of attractive earnings, dividend and share price growth. We reported earnings per share of \$3.25, compared to \$3.11 in 2017, an increase of 14 cents or nearly 5%. We grew our common dividend by 6.3% to an annualized rate of \$2.02 per share. In February 2019, we announced a common dividend increase of another 6% to an annualized rate of \$2.14 per share.





Our total return to shareholders – the combination of the common dividend and share price appreciation – was 6.4% in 2018, a level of return that was significantly better than the 3.7% return for the EEI Index of 42 companies and the 4.4% decline in the S&P 500 over the same period. We consider total shareholder return to be our report card to shareholders and are very proud to report that our return over the short and long-term has outperformed the industry and the broader market.

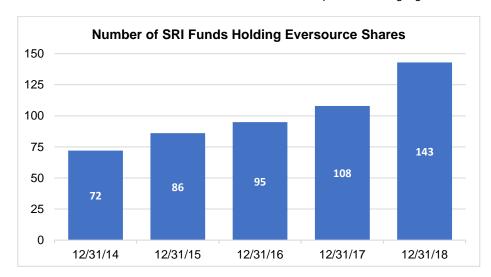
### **Total Shareholder Return**

	1	6.4%	40.1%	80.4%	279.4%
Eversource		0.470	40.170	00.470	275.470
EEI Index		3.7%	36.0%	68.5%	176.4%
S&P 500		-4.4%	30.4%	50.3%	243.0%
		2018	3-Year	5-Year	10-Year

We also maintained our A+ corporate credit rating at Standard & Poor's throughout 2018. Despite a downgrade of that rating in mid-2019, no electric utility peers currently have a higher rating than Eversource. Strong credit ratings enable better access to capital markets and lower interest costs, benefitting our customers in the form of lower prices.

Eversource has aggressively courted socially responsible investment (SRI) funds for the past several years. As of the end of 2018, Eversource shares were in 143 funds based in North America or Europe that were either dedicated socially responsible funds or were part of a family of funds that screen stocks for ESG attributes before certifying them as investable. Many of those funds exclude a number of U.S. electric utilities from their portfolios, particularly if coal represents a significant source of generation. As a result, our sustainability profile is a competitive advantage in attracting equity capital.

The number of SRI funds with Eversource shares in their portfolios is highlighted below.



We have been a leader within our trade groups, the Edison Electric Institute and the American Gas Association, in standardizing ESG disclosures. In 2017, the nation's electric companies became the first industry in the country to adopt a common set of ESG disclosures. In December 2018, natural gas companies similarly adopted a common set of ESG disclosures. Eversource was one of the first companies to post such disclosures for both our electric and gas operations; they can be found on our website at ESG Initiatives.

More recently, we completed our first ever issuance of "Green Bonds" on May 17, 2019, with proceeds used to support our industry-leading, low-carbon, clean energy initiatives. The proceeds from the \$400 million, 3.25% debentures that mature on

May 15, 2029, were used to fund various "green" initiatives including investments to help make our customers' homes and businesses more efficient and new solar projects. The favorable rate reflects extremely high investor demand and our strong credit rating profile.

Historical and detailed financial information is available in Eversource's Annual Reports.

# **Sustainable Supply Chain**

Eversource is committed to sustainability in its supply chain and recognizes the importance of ethical behavior in both business relationships and in the workplace. To clearly set out our expectations for suppliers, Eversource requires all vendors to adhere to our Supplier Code of Business Conduct.

We actively support industry-wide expansion of supply chain sustainability through participation in the <a href="Electric Utility Industry Sustainable Supply Chain Alliance">Electric Utility Industry Sustainable Supply Chain Alliance</a> ("EUISSCA"). EUISSCA is a collaboration of utilities working together to advance sustainability best practices in utility supply chain activities and supplier networks. Focusing on non-fuel suppliers, EUISSCA's goal is to work with industry suppliers and other interested parties to improve environmental performance and advance sustainable business. The Eversource Vice President of Supply Chain, Environmental Affairs, and Property Management serves on their Executive Committee.

### **Supplier Sustainability Program**

In 2018, we enhanced our supply chain sustainability program by scoring ESG efforts during our procurement process. Scores for all awarded vendors will be tracked on an ongoing basis to monitor progress and ensure supplier compliance with laws and regulations. The program seeks to:

- Understand supplier sustainability efforts.
- Communicate our commitment to sustainability.
- Screen to differentiate supplier choice if all else is equal.
- Establish a baseline of supplier sustainability performance.
- · Enable future trending.
- Start conversations on sustainability opportunities in our supply chain.

View Questions and baseline 2018 performance from key suppliers.

### **Environmental Management of Suppliers**

We expect our suppliers to comply with applicable environmental laws and regulations and to operate in an environmentally responsible manner. Suppliers engaged in environmental work are monitored by experienced internal Environmental Coordinators (ECs) and Environmental Specialists to ensure projects meet contractual and regulatory obligations. Environmental staff also provide performance and spending feedback to vendors and company management, maintain compliance records, and interface with regulatory and community stakeholders.

Eversource utilizes pollution vendors to pick up, transport, and dispose of regulated wastes from company facilities. The vendors also provide 24/7 emergency response support to releases of oil and hazardous materials from company equipment. In 2018, Eversource revised the spill contract to allow ECs to hire pollution vendors based on geographic proximity to spill sites. This provision will reduce vendor travel mileage, reducing vehicle emissions, and facilitate faster responses to mitigate environmental impacts from active spills.

We engage environmental permitting vendors to identify and implement the most environmentally conscious construction methods in coordination with trade vendors. Trade vendors are required to comply with environmental best management practices and receive project-specific environmental training regarding wetlands, endangered species and cultural resources. Professional services vendors are selected on a "most qualified" basis and include engineers, geologists, hydrologists, chemists, toxicologists, environmental scientists and licensed environmental professionals.

Through internal audits we ensure that vendors are in compliance with federal and state hazardous waste management rules applicable to cleanups, waste transport and waste disposal.

#### **Commitment to Supplier Diversity**

Eversource provides all suppliers with equal access to procurement opportunities, promoting supplier participation reflective of the diverse business community. Together with our diverse suppliers, we are expanding business opportunities, advancing suppliers' visibility and growth goals, and creating valued business relationships.

We are committed to the active inclusion of diverse businesses in our supply base, including:

Small Disadvantaged Business, Woman Owned Small Business, Veteran Owned Small Business, Service Disabled Veteran Owned Small Business, Hub Zone Certified Small Business, Minority Owned Business Enterprise, Woman Owned Business Enterprise, Veteran Owned Business Enterprise, Disadvantaged Business Enterprise, Disabled Owned Business Enterprise, and LGBTQ Owned Business Enterprise.

In 2018, Eversource spent \$585.2 million with Small & Diverse Businesses, up from \$470.9 million in 2017.

Eversource actively participates in the direction of Supplier Diversity in the New England region by supporting the Greater New England Minority Supplier Development Council (GNEMSDC) as a Gold Sponsor, and as a member of the GNEMSDC Board of Directors. In 2018, Eversource became a corporate member of the Center for Women's Excellence, which is the Women Owned Business Enterprise National Council's regional affiliate.

Eversource employees have been recognized for their D&I leadership including a 2018 Top 30 Champion of Supplier Diversity by Diversity Plus Magazine and the Disability: IN "Advocate of the Year-Supply Chain Inclusion" Award, given to a leader who has demonstrated outstanding commitment to the utilization and growth of disability-owned businesses.

#### **Supplier Relationship Management Program**

Eversource is committed to working collaboratively with our strategic suppliers to drive value, reduce risk, and strengthen our competitive position through regular performance management meetings with our top vendors. We have formalized our Supplier Relationship Management (SRM) activities into a formal SRM Program with a critical subset of our top-spend suppliers.

Eversource's SRM Program includes:

- Templated scorecards, including standardized Key Performance Indicator (KPI) scoring methodology and consistent Safety, Diversity, and Sustainability KPIs across all supplier scorecards.
- Quarterly Performance & Development review meetings facilitated by a procurement agent with business partners and suppliers.
- Annual Review & Strategic Planning meetings facilitated by a procurement agent with Eversource and supplier seniorlevel management.
- Vendor Risk Profile comprised of IT Security, Physical Security, and Safety incorporated into the Vendor Review Calendar.

As our SRM Program develops, we will continue to improve and expand the program to partner with additional suppliers and further incorporate Vendor Risk into our Supplier Scorecards.

#### SERVING OUR CUSTOMERS

#### **Customer Experience**

At Eversource, we're always working to serve our customers better, delivering new customer service solutions and enhancing the ways our customers interact with us to make doing business quick and easy.

#### 2018 Customer-Focused Highlights:

- Our new, one-company <u>outage map</u> provides customers more detailed outage information than ever before, including
  the information our customers have told us they value most start time, number of customers affected, outage cause
  and estimated time of restoration for a one-stop resource during an electric outage.
- A new <u>Payment Plan Portal</u> on Eversource.com enables eligible customers to create a payment arrangement on the
  web without having to call to speak to a customer service representative. Upon completion, customers receive a
  confirmation email documenting the details of the arrangement, in addition to being sent a payment letter via mail.
- Enhanced analytics on Eversource.com are providing insight into how customers use our website and help identify any pain-points within their online journey. Surveys are used to solicit feedback on specific interactions as well as a user's entire online experience. The new toolset also includes behavioral insights that score the interaction based on frustration, engagement and navigation, to show the amount of customer effort required.

#### **New Opportunities**

- We continue to build on our self-service tools and digital capabilities for customers, including the launch of a new mobile app for Apple and Android phones to make Eversource account management easier and more convenient. Features include the ability to view and pay a bill, manage paperless billing, report or check an electric outage, as well as fast access to our outage map and customer service contact information.
- Enhancements to our online Start Service process enable customers to easily set up their gas and electric service in a
  single, online transaction. New features include the ability to future schedule move-in orders and a confirmation email
  with additional, helpful information following each transaction. We'll continue to improve this process by providing
  immediate access to account numbers to facilitate paperless billing and customer preference enrollment at move-in.

The voice of our customers is a key driver of our customer experience transformation. Eversource is proud to be the first energy company to engage Stella Connect, a system to deliver near real-time customer feedback right to our Customer Service Representatives following a phone interaction. Hearing in real-time directly from our customers about their interaction will help to identify areas of strength and opportunity in our customer service calls.

For more information on the many ways in which we are investing in energy efficiency tools and programs for our customers, please visit the <u>Energy Efficiency section</u> of this report.

#### **Protection of Customer Information**

Eversource understands the importance of protecting our customers' personal information. We maintain a comprehensive program to help ensure delivery of services and to protect against the loss, misuse and alteration of customer data. Safeguards used to protect this data include:

- Comprehensive information security policies and procedures.
- Risk assessments to identify and address new and changing risks to protect systems and sensitive data.
- Implementation of security solutions and standards based on industry best practices to prevent unauthorized access.
- Reviewing all safeguards on a regular basis.
- Training employees in the proper handling of personal information.

Further information on data we collect, how we safeguard customer information, and how customers can protect their information can be found in our <u>Privacy Policy</u> published on Eversource.com.

#### **Customer Assistance Programs**

We understand that there are times when our customers need additional assistance. That's why we offer payment assistance programs, services and partnerships to help our customers stay warm when the temperature dips – and beat the heat during the summer. We also have bi-lingual representatives available at our call centers and offer language interpreter services. These comprehensive assistance programs ensure that we're there when our customers need us the most. More information can be found in the Help Pay My Bill section under My Account at Eversource.com.

Eversource programs to help customers manage their energy costs include:

#### **Financial Assistance**

- We offer "New Start," an arrearage forgiveness program, to eligible Connecticut and Massachusetts residential limited income customers who need help in paying down their past-due balance. With every on-time monthly utility bill payment, one-twelfth of the customer's past-due balance is forgiven. New Start helps participants develop financial management skills by reinforcing and rewarding consistent bill payment habits. In 2018, almost 52,000 customers were enrolled in the program and approximately \$22.5 million dollars in customer debt was forgiven. Approximately 80% of New Start participants made at least one budget payment during the program.
- For qualifying, limited-income customers in New Hampshire and Massachusetts, rate discounts are available to reduce the customer's cost per kilowatt-hour for electricity.
- We will work with customers who are struggling to pay their bill by creating a reasonable payment plan that is tailored to their needs.

#### **Shut-off Protection**

- The Winter Protection Plan protects eligible customers from utility service disconnection for non-payment from November 1 to May 1 in Connecticut, and from November 15 to March 15 in Massachusetts. Eligible New Hampshire customers are protected from utility service disconnection from November 15 to March 31 if at least 10% of the balance is paid.
- The Medical Protection Plan provides qualified customers with service protection during a serious or life-threatening illness.

#### Assistance for Customers with a Medical Condition or Disability

- Eversource notifies customers who depend on electricity for life-support equipment prior to planned power outages, and when there is a potential for weather-related outages due to major storms.
- Eversource offers a specialized TTY teletype and contact number for hearing-impaired and deaf customers.

#### **Customer Outreach**

- We keep customers informed about our programs to manage their energy costs through monthly bill inserts, other print
  media and digital media. We've also partnered with local, state, and federal agencies to provide customers with the help
  and energy they need for every moment of their life.
- Eversource has longstanding partnerships with Operation Fuel in Connecticut, Good Neighbor Energy Fund in Massachusetts and Neighbor Helping Neighbor in New Hampshire. In 2018, Eversource donated more than \$265,000 to these programs, with an additional \$842,253 donated from customers through our Add-A-Dollar program and other contributions.

#### Reliability & Resiliency Initiatives

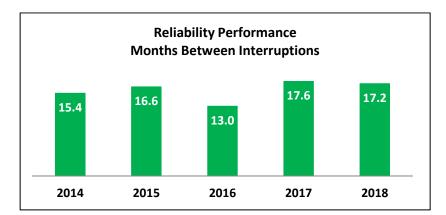
We invested a record \$2.83 billion in our core businesses in 2018. The result was that our electric customers experienced service interruptions on average only about once every year-and-a-half, placing Eversource in the top quartile for electric reliability among our peers. On the natural gas side, the rate of pipeline replacements is increasing and will continue to increase over the next several years, thereby improving system safety and environmental performance. We also continued

to support the reliability of the regional electric system with enhanced vegetation management and resiliency work, and with the completion of regional transmission projects, such as the Merrimack Valley project in New Hampshire.

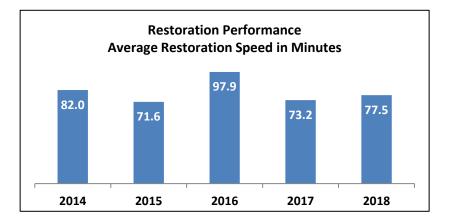
As many customers noted during storms in March and May 2018 that created historic damage, our investments in automating our system are paying off. Many customers were complimentary of restoration times, the work of our crews, and our communications infrastructure, which provided accurate updates of our progress that allowed them to plan and prepare. We continue to focus on projects designed to increase the capability and dependability of our system. Learn more on our website at "Reliable Energy For Every Moment of Your Life".

#### **Reliability Performance**

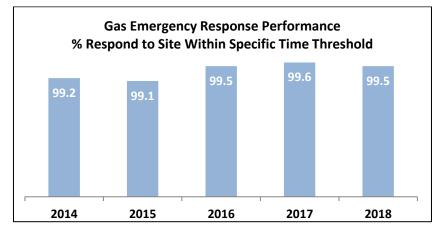
To ensure that we are responding proactively to our customers' needs for reliable energy, we establish challenging targets at the start of each year and track specific monthly operating performance measures. Each month, operating performance results are communicated to employees.













Historical reliability targets and performance results are available in our appendix.

Examples of some of our key initiatives follow, and further information about planned projects to improve reliability are available on our <u>website</u>.

#### **Eversource Energy Center**

The <u>Eversource Energy Center</u> at the University of Connecticut (UConn) is an innovative energy company and university partnership. Our state-of-the-art research, technology and software are solving real-world challenges for our customers where weather, climate and energy intersect.

The Eversource Energy Center is establishing strategic partnerships nationally in the areas of grid resilience, security and modernization. With the Electric Power Research Institute, we are developing a collaboration on storm damage recovery and situational awareness. With the Gas Technology Institute, we are formulating research topics on remote sensing—based monitoring of natural gas and electrical infrastructure, electrical power line systems safety and automated detection algorithms, and post-event evaluations of natural force threats. Within UConn, we work with the Connecticut Institute for Resilience and Climate Adaptation to address the "Sustainability and Resilience" theme of the university's academic plan.

Our Center's breakthroughs in science and technology, combined with our field operations and engineering expertise, are delivering significant benefits for our customers and region with greater reliability and superior customer service.

- Weather-induced blackouts on U.S. distribution grids have cost over \$1 trillion in damage since the 1980s, with weather
  events like Storm Irene (2011) and Hurricane Sandy (2012) highlighting the need for improved disaster preparedness,
  response, and mitigation strategies. The Outage Prediction Model developed by the Eversource Energy Center uses
  geographical data, data on attributes of the electrical system, and, especially, numerical weather prediction information
  to predict the impact of storms many days before they happen.
- <u>Stormwise</u> is an innovative and multifaceted forest management and public education initiative that aims to reduce the risk of power outages and other damage caused by wind-related tree failure, especially along wooded roadsides and electricity distribution lines. Stormwise provides management strategies to create storm-resistant roadside woodlands that maintain the functions and beauty of forest ecosystems, while reducing or at least shortening tree-related outages and extending intervals between trimming or management treatments.
- The goal of the flood vulnerability project is to develop a real-time early warning system that integrates existing
  meteorological, hydrological, and hydraulic models to estimate potential flood damage and risk posed by incoming
  storms to Eversource substations in Connecticut and Massachusetts.

#### **Vegetation Management**

Eversource's <u>Vegetation Management</u> program balances the needs of customers and communities, with the goal of providing safe, reliable electric service while monitoring growth of trees around power lines. <u>Tree trimming</u> and removal activities reduce both the number and duration of outages and are the most effective means of improving service reliability. Tree trimming also benefits the communities we serve by removing dead or diseased branches and trees that not only threaten power lines and rights of way, but also public roads. Tree trimming is done in accordance with the standards of the International Society of Arboriculture (ISA), and the American National Standard Institute (ANSI).

We have constructed three utility arboreta that serve as educational landscape demonstrations where the "Right Tree in the Right Place" is shown in a natural setting. Sites at the Urban Forestry Center in Portsmouth, New Hampshire, our facility at Legends Drive in Hooksett, New Hampshire and in partnership with the University of Massachusetts at the Agricultural Learning Center at the UMass Amherst campus illustrate proper vegetation to plant underneath, near, and further away from power lines to help prevent tree-related power outages. Trees are planted adjacent to and underneath our distribution lines for the benefit of tree wardens, urban planners, landscape architects, green industry professionals, garden clubs, regulatory staff, municipal and state officials and students. Each arboretum is open to the public year-round to display the growth of each species and characteristics such as flowers, fruiting, and fall color.

Additionally, Eversource recently collaborated with Michael A. Dirr, Ph.D., an internationally known author and tree expert, to develop "30 Trees Under 30 Feet" recommendations for low-growing trees that are compatible for planting near overhead

utility lines. Posters have been sent to over 500 municipalities and more than 1,200 garden centers and nurseries across the Eversource service area.

#### **Automation Programs**

Eversource employs a large amount of distribution automation on its overhead and underground circuits. When a fault occurs, this equipment automatically isolates the faulted portion of the circuit and restores service to customers in the unaffected portion. Our distribution automation effectively reduces the impact of outage events by over 25% on average, and we are piloting new technologies to provide even more benefits to customers and the electric system.

Eversource is piloting overhead reclosers that can enhance distribution outage mitigation with single-pole switching, which can significantly reduce the impact of objects such as tree limbs that come into contact with utility lines. This faster automatic service restoration will improve reliability and minimize the number of customers impacted from a fault.

We are continually improving and benchmarking our ability to integrate renewable energy onto our distribution system, including a pilot program utilizing cellular technology to seamlessly integrate renewable energy, such as solar farms and fuel cell projects.

#### **Distribution System Hardening**

Eversource regularly reviews the performance of our system and performs upgrades to bring new construction or retrofit construction to our enhanced design criteria, meeting or exceeding requirements of the National Electrical Safety Code. Investments typically target upgrades that will improve the ability of the system to withstand the impacts of wind, lightning, snow, ice and animals.

One example of a system investment is the Seafood Way Substation on the South Boston waterfront. Eversource constructed the substation to meet the growing demand for power on the waterfront, and to support energy needs in the Greater Boston region. The substation is built on a platform 15 feet above street level on pilings that are sunk some 80 feet below ground. The substation is built at this height to withstand storms and tidal surges.

#### **Approved Regulatory Programs**

In addition to infrastructure improvements to strengthen the reliability of our system, we are continually working with our regulators to identify and approve new programs that will help to improve our system resiliency.

In Connecticut, Eversource's "System Resiliency Plan," a five-year, \$300 million infrastructure hardening plan, was approved by the Connecticut Public Utilities Regulatory Authority (PURA) in 2013. In June of 2015, PURA approved an additional \$137 million of spending on the plan, which is designed to improve the system's ability to withstand damage when extreme weather strikes, reducing frequency and duration of power outages from severe weather and improving day-to-day system reliability.

In New Hampshire, Eversource has a Reliability Enhancement Program (REP), developed in conjunction with the New Hampshire Public Utilities Commission (NHPUC). The 2018 program has a revenue stream which supports \$2.3 million in specific O&M programs and \$9 million in specific capital programs for the year. A filing was completed and approved for Vegetation Management expense at \$16.8 million for hazard tree removal, right-of-way clearing and enhanced tree trimming. The program has produced measurable improvements in customer reliability.

#### **Transmission Reliability Initiatives**

Eversource continually assesses the transmission system to assure that its operation meets regional and national reliability standards. Working in conjunction with ISO-NE, Eversource conducts periodic 10-year look-ahead transmission system studies so that system concerns are anticipated and resolved prior to being experienced in real-time operations.

The most recent ISO-NE study that has been approved addresses reliability needs in the Southeastern Massachusetts/
Rhode Island area of the regional transmission grid. ISO-NE identified a suite of 27 individual projects totaling \$305.8 million, of which Eversource has 14. In addition, over the next five years, Eversource will continue to implement a series of new transmission initiatives as part of the Greater Boston Reliability, Greater Hartford-Central Connecticut, Southwest

Connecticut and New Hampshire major project initiatives. These initiatives are the result of continued analysis of transmission needs to enhance system reliability and improve capacity and reliability in Eversource's operating territory. In addition to these major projects, there are several smaller line and substation projects that address the reliability and capacity needs identified in these geographic areas.

Major transmission projects are highlighted on our website under "Leadership In Transmission."

#### **Gas Business Reliability Initiatives**

Reliability, safety and the sustainability of our natural resources are key components in the daily operation of our natural gas systems in Connecticut and Massachusetts. In 2018, we invested close to \$390 million in our gas delivery infrastructure. This investment involves a combination of upgrading existing distribution mains and liquid natural gas (LNG) storage facilities as we continue to meet the increasing demand for natural gas in our communities.

Our natural gas business plans directly align with federal regulations, which require all U.S. natural gas companies to identify and address the greatest risks affecting the reliability of their distribution systems.

In 2019, Eversource will continue a class 3 leak repair program to reduce methane emissions in Connecticut. The program will systematically reduce the number of leaks over the next several years, reducing the total number of class 3 leaks on state-of-the-art facilities by more than 60%. These repairs, well above any federal code, will be prioritized based on facility type. In Massachusetts, Eversource began a program to eliminate high-emitter leaks (leaks that are considered to be environmentally significant). High-emitter leaks currently on the system will be repaired within two years. All future high-emitter leaks will be repaired within two years from the date of discovery.

In Connecticut, Eversource was first in the state to implement an accelerated replacement and reliability program; and in 2019, the pace of pipe replacement will be further accelerated. In Massachusetts, the company developed its Gas System Enhancement Plan to prioritize and accelerate the replacement of pipe with new, state-of-the-art plastic piping. This program is approved annually by the Massachusetts Department of Public Utilities (DPU). As a result, Eversource is helping the environment, improving system reliability, and creating the springboard to drive natural gas expansion within its service territories.

#### **Gas Quality Assurance/Quality Control Program**

The natural gas explosions that occurred in another utility's territory on September 13, 2018, in Massachusetts' Merrimack Valley served as a wake-up call for many regional natural gas companies to the importance of implementing safety protocols when installing and servicing natural gas equipment. For many at Eversource, however, it served as reassurance that the company's natural gas Quality Assurance/Quality Control (QA/QC) program, run by the Policy and Compliance unit in Gas Engineering, has been proceeding in the right direction for some time.

Eversource's gas QA/QC program was implemented more than three years ago and is comprised of five employees who inspect natural gas installations in the field using various audit methods. One such method is a re-dig program. The teams excavate newly-installed gas lines to make sure installations are done correctly and in accordance with building codes. Non-compliance observations, which were close to 40% when the program began, have dropped below 5% — largely due to these inspections. When installers realize the cost of a complete reinstallation, they have a renewed focus on following the rules and doing it right the first time.

#### **Grid Modernization**

Our grid modernization program supports investments in new technologies that will increase the capacity of our distribution system to incorporate solar generation and other clean distributed energy resources (DER) while continuously improving customer engagement and the safety, security, resiliency and cost effectiveness of the distribution grid.

On May 10, 2018, the Massachusetts DPU authorized Eversource's three-year \$133 million grid modernization plan (GMP). The three-year preauthorization includes a suite of investments that will modernize our electric distribution infrastructure to improve reliability and facilitate integration of DER. The three-year GMP includes investment in tools to better manage the

grid; increase the automation and flexibility of the system; and improve our communications and advanced sensing capabilities across the distribution system.

As a part of our GMP implementation, we will deploy Volt VAR optimization (VVO) technology on a portion of our western Massachusetts distribution system to demonstrate benefits such as increased system efficiency and reduction in line losses; lower peak demand; reduced GHG emissions; and improved integration of solar generation. Initial results from the VVO program will be available by the end of 2020.

On October 4, 2017, Connecticut PURA approved Eversource's proposal for investments designed to improve the process to interconnect distributed generation. The approved investments included an online portal to improve the application and tracking process for interconnecting customers and developers. The portal was completed and has been in service as of May 2, 2018. The approved investments also included hosting capacity analysis and mapping tools for developers of solar or other DER facilities to gain more visibility into the relative challenges of interconnecting in specific locations in Eversource's Connecticut service territory. Connecticut hosting capacity maps developed as a result of this program are currently available to customers at Eversource.com.

In November 2018, Eversource filed a brief as a part of the Connecticut PURA Investigation into Distribution System Planning of the Electric Distribution Companies. Our brief includes a recommendation for Eversource to file a grid modernization plan with Connecticut PURA outlining investments required to support the optimized use of DER in planning and operation of the distribution system.

In May 2019, we announced a proposal to develop the Oyster River Clean Innovation Project, a community microgrid serving the University of New Hampshire campus and critical infrastructure in the surrounding town of Durham. The microgrid will enable the grid to act as an island during extreme weather, ensuring that power serving the campus and critical town facilities is not interrupted. The microgrid proposal includes provisions for us to add solar generation and energy storage as clean energy solutions to improve system resiliency and provide other benefits such as peak load reduction. A decision on the Oyster River project is pending with the NHPUC.

#### **Energy Storage**

Eversource has commenced development of two battery storage projects in Massachusetts — the Outer Cape and Martha's Vineyard Community Battery Projects — after receiving a \$55 million pre-authorization in the 2018 rate case. We have also proposed a project in Westmoreland, New Hampshire, subject to regulatory approval.

#### The Outer Cape Community Battery Project

This project will provide an innovative battery storage solution for one of the most vulnerable areas of our service territory from a storm perspective: the Towns of Wellfleet, Truro and Provincetown. These towns have experienced more than 15 major outage events over the last five years, representing over 45,000 customer outage hours. To address the system reliability needs of the area, we are preparing to construct a 25 MW/38 MWh lithium-ion battery storage facility at the tip of the Outer Cape in Provincetown. The battery will improve reliability by more than 50% for customers in Wellfleet, Truro and Provincetown, based on historic data. The battery will be capable of providing 1.5 to 3 hours of backup power in summer "peak" conditions and up to 10 hours in the winter, spring and fall (when most of the major outages have historically occurred). Pending all necessary approvals, our goal is to commission the project by the end of 2020.

#### The Martha's Vineyard Community Battery Project

Martha's Vineyard is served by four underground cables from Falmouth, Massachusetts. Due to continued development on the Island, the cables come under heavy use in summer peak conditions. Currently, when one of these cables fails or becomes heavily loaded, the Island relies on five diesel-fired generators that date back to the 1950s. The Martha's Vineyard Community Battery Project will enable the demonstration of reduced reliance on two of the five diesel generators. A 5 MW/20 MWh lithium-ion battery will shave peak to relieve loading on the underground cables and reduce transmission and power costs for customers. Additionally, it will contribute to power quality on the Island and support increased solar photovoltaic hosting capacity. Pending all necessary approvals, our goal is to commission the project by the end of 2020.

#### The Westmoreland Clean Innovation Project

As part of its efforts to make the electric system more resilient and advance clean energy in New Hampshire, Eversource has proposed the Westmoreland Clean Innovation Project in its 2019 Rate filing. The project includes a 1.7 MW/7.1 MWh grid-connected battery, energy efficiency efforts, and a program to provide incentives for customer-owned batteries, electric vehicle chargers and smart thermostats. This portfolio of coordinated clean energy applications will reduce the frequency and duration of power outages in Westmoreland, New Hampshire, avoid construction of a new overhead power line, help reduce GHG emissions in the region and provide important lessons to enable a more reliable and affordable clean energy future for New Hampshire customers. We plan to complete the project in 2021 once approval is received.

#### **Emergency Preparedness**

Eversource is committed to emergency preparedness and business continuity, and strategically coordinates preparation and response efforts for storms and other major emergencies across our service territory. Our executive-led program is reviewed regularly to ensure it is being implemented effectively and maintained at the highest level of excellence.

Eversource takes a comprehensive "All Hazards" view to address business risks, including preparing for and responding to threats to continuity of services.

- We train consistent with the Federal Emergency Management Agency (FEMA) training standards, modules, classroom instruction, drills and exercises, and e-learning modules within a formal, ongoing training and exercise program.
- Major events and preparedness exercises are fully debriefed, after-action reports compiled, and follow-up actions tracked to completion, consistent with continuous improvement and the path to excellence.
- Partnering with our communities, we have pre-identified critical facilities such as hospitals, nursing homes, police and
  fire departments, to prioritize initial life and safety emergency response actions. Residents with life-sustaining medical
  equipment in their homes receive proactive outbound calls from us with storm readiness and awareness tips.
- Our common Outage Management System manages electric emergency response and restoration across all three
  states and includes technology for our customers to receive outage and restoration updates for their electric service by
  text, email or phone. Updates include time of restoration, outage cause, status updates, and restoration completion. To
  improve the timeliness and accuracy of restoration data, we deployed mobile technology to our Electric First Responder
  Field Personnel in 2017. Plans are in place to provide mobile technology to all gas and electric personnel in the next two
  years.
- In 2018, our training and exercise program included training scenarios involving all operational and support
  organizations and focused on response and recovery mission capabilities associated with decision-making and
  communication processes and integration and coordination within and between organizational units.
- The company will be participating in the National Exercise GRIDEX V in November 2019. GRIDEX is an unclassified, large-scale, electricity and gas security and crisis response exercise conducted by the North American Electric Reliability Corporation (NERC) every two years. GRIDEX IV provided the utility industry the voluntary opportunity to exercise their response to simulated severe cyber and physical security attacks. The exercise provided opportunities to coordinate response with other entities including law enforcement, government, suppliers, and interdependent critical infrastructure sectors such as telecommunications and natural gas.
- Our business response plans provide a standardized approach to emergency response, with integrated plans that are scalable to respond to an isolated incident, a regional or state-level event, or to address an incident affecting our entire three-state service area simultaneously.

All our preparedness and response plans emphasize our partnerships and timely communications with key stakeholders in each state. Working with communities, states, and federal agencies, we have established protocols to ensure a coordinated and integrated emergency response. For each state in our service area, we have an extensive communications and liaison team responsible for two-way communication with key stakeholders prior to and throughout an event to ensure up-to-date information is shared.

Our <u>website</u> provides customers with key information during severe events, such as outage reporting, a detailed outage map, real-time updates of crew and restoration status and the ability to stay connected through social media.

#### **Distributed Generation**

Distributed Generation (DG) involves the production of electricity from many small energy sources, including solar, wind, fuel cells, and micro turbines. DG can lower customer costs, reduce emissions, and expand energy options for our customers. More information on how Eversource is modernizing our grid for the integration of renewable energy is available in our Reliability & Resiliency section. As of December 31, 2018, Eversource has nearly 2,200 megawatts (MW) of DG interconnected with our facilities as shown in the following table.

kW of Interconnected DG (As of Dec. 2018)	Solar	Wind	Hydro	Other	Combined Heat & Power	Total
СТ	393,859	5,091	114,294	37,193¹	175,549	725,986
MA Eastern Electric	524,236	56,075	0	4,315	165,563	750,189
NH	60,862	38,549	131,330	89,684 <sup>2</sup> 19,865 <sup>3</sup>	15,056	355,346
MA Western Electric	170,672	17,121	38,740	123,8514	N/A <sup>5</sup>	350,384
Total	1,149,629	116,836	284,364	274,908	356,168	2,181,905

<sup>&</sup>lt;sup>1</sup> Fuel Cell, <sup>2</sup> Biomass, <sup>3</sup> Landfill Gas, <sup>4</sup> Bio Gas/Digester Gas, Trash Burner, Other, <sup>5</sup> CHP is not separately tracked at MA Western Electric.

Generating facilities using renewable forms of energy may be eligible to receive incentives and grants. To learn more about these incentives and how customers can safely interconnect with our system, please refer to the generator interconnection guidelines available on our website.

#### In the Community

Eversource is committed to the health and economic well-being of the residents, businesses and institutions in Connecticut, Massachusetts and New Hampshire, and values its role as a responsible corporate citizen.

#### **Charitable Giving**

In 2018, through our foundation and corporate giving, Eversource provided nearly \$18 million in financial donations to local and regional organizations, including \$11 million in Connecticut housing donations, to support economic and community development, the environment, and initiatives that address local, high-priority concerns and needs. We target our giving to ensure the greatest community benefit.

#### 2018 Highlights

- Over \$6 million in charitable investments across New England.
- More than 170 volunteer days and charitable events.
- More than 5,500 employees and their family members participating.
- Nearly 30,000 hours serving the neighborhoods where we work and live.
- More than \$515,000 donated in support of employee personal giving and commitment through matching grants, Dollars for Doers grants and other giving programs that support community involvement.

In addition to grants to local nonprofit groups, Eversource is the signature or major sponsor of charitable events including:

• <u>Special Olympics Connecticut Winter Games</u>, hosted at our facility in Windsor, Connecticut, was another successful event. Over 600 athletes competed, with the support of 200 coaches and 500 volunteers, including 180 from Eversource. Eversource has been hosting the Games for more than thirty years.

- Eversource Walk for Boston Children's Hospital along the Esplanade in Boston, annually attracts more than 5,000 walkers and in 2018 raised \$1.64 million to support the hospital's critical research, patient care and community health programs.
- <u>Eversource Walk & 5K Run for Easterseals</u> in New Hampshire raises hundreds of thousands of dollars to support the important programs and services provided by Easterseals. More than 2,500 participants and volunteers supported the 2018 event.
- Eversource Hartford Marathon and Half Marathon, which promotes health, fitness, and enjoyment for athletes of varying ages, experience levels and abilities, and generates more than \$14 million of economic value annually to the region with 75,000 spectators, participants and volunteers including 250 runners and more than 150 volunteers from Eversource.
- PGA Tour Experience for Junior Golfers at Travelers Championship is an Eversource sponsored event for young
  golfers, prior to the Travelers Championship Golf Tournament. In 2018, the Travelers Championship raised \$2 million for
  nonprofit organizations throughout New England.
- Mass General Cancer Center Eversource Everyday Amazing Race is a 5K run, walk and 100-yard kids' dash along the
  Charles River in Boston. More than 1,000 runners and walkers participated in 2018, raising over \$500,000 to support the
  personalized medicine, early-detection technologies and innovative support care provided by the Center.

Additional information about our community involvement, including environmental stewardship, school programs and the signature sponsorships noted above, can be found by visiting Eversource's <u>Community</u> page.

#### **Volunteer Programs and Employee Giving**

Eversource is proud to offer corporate volunteer programs, which give our employees the opportunity to support nonprofit programs with their time and service. Meet some of our employees who are <u>"Part of Our Community"</u> and see the many ways Eversource encourages employees to <u>"Build Healthier, Stronger Communities."</u> Each year through our United Way Campaign, Eversource and our employees, together, donate more than \$2 million to make a positive difference in the lives of our customers served by United Way agencies in New England.

Additionally, Aquarion offers Environmental Champions Awards that recognize adults, students, small and large businesses, and non-profits whose volunteer efforts have protected or improved Connecticut's natural resources — its air, water, soils or plant and wildlife communities.

#### **Community Outreach**

Communications and open dialogue with customers and key stakeholders are a vital component of the work we perform every day. Eversource regularly works with community leaders, public officials, health and human service administrators and educators on critical issues facing the community.

For transmission construction, natural gas expansion and certain electric distribution reliability projects that impact our communities, Eversource supplements these efforts by keeping our customers, communities, and state and local leaders informed through a variety of mechanisms. These supplemental communication measures include meetings with local and other elected officials; mailings; door-to-door outreach; project webpages; dedicated toll-free numbers and email addresses; and public open houses.

To support our communities and to help make a positive difference in the lives of our customers, our Community Relations group awards non-profit organizations with grants to support their important programs. In 2018, over \$450,000 was given to organizations across our service territory. We also provide school outreach programs, offering third through sixth grade teachers the option to receive free activity books and lesson plans about electric and gas safety and energy efficiency.

#### **Positive Economic Impact**

Eversource contributes to the success of our region and actively partners with New England leaders to recruit new businesses and boost our area economies. In 2018, we were an active participant in multiple economic development initiatives in Connecticut, Massachusetts and New Hampshire. These initiatives included extensive construction projects that allowed major companies to expand, sponsorships of organizations that support economic development, and the purchase of tax credits, all benefiting the communities we serve.

We support dozens of Chambers of Commerce throughout New England and in 2018 provided nearly \$3 million in funding to various economic development groups who share a goal of helping to boost the economies of New England.

Eversource's Community Relations team participates in Municipal Economic Development Training sessions led by the Connecticut Economic Resource Center. Community Relations also contributes material to the Connecticut Economic Resource Center's *Economic Review* publication. We are actively involved in organizations such as the Connecticut Economic Resource Center, Connecticut Main Street Center Inc., and the Connecticut Business and Industry Association.

We presently participate in four different tax credit programs in Connecticut, offering an incentive for businesses to support community programs. In 2018 alone, Eversource invested over \$66 million in tax credits for affordable and historic preservation. The State of Connecticut Housing Trust Fund estimates that a \$10 million investment would create 1,290 jobs, 750 housing units, \$120 million in additional housing development, and nearly \$42 million in wages paid on an annual basis. Over the last five years we have purchased credits for 77 eligible rehabilitation projects under the Historic Rehabilitation Tax Credit Program. This amounted to a total of \$99,383,291 in tax credits for total qualified rehabilitation expenditures of \$354,456,211. These projects in many cases were abandoned properties that have now been returned to city and town tax rolls throughout the State of Connecticut. Since 2014 under the Historic Homes Rehabilitation Tax Credit Program, Eversource purchased \$6.7 million credits for 275 homeowners. This represented over \$22.3 million in local rehab expenditures and has helped revitalize local neighborhoods. Since 2014 under the Housing Tax Credit Contribution (HTCC) Program, which is designed to develop low-income and supportive housing throughout the state, Eversource has purchased \$38,118,318 in HTCC credits, which have assisted on 114 separate projects throughout the state of Connecticut.

In New Hampshire, Eversource supports over 30 Chambers of Commerce associations, along with business groups such as the New Hampshire Business and Industry Association, New Hampshire Travel Council, New Hampshire Grocers Association, New Hampshire High Tech Council, Small Business Development Corporation and the New Hampshire Economic Development Association. We partner with organizations such as Jobs for America's Graduates and "Stay, Work, Play" to support workforce development and retention. Community Relations also works closely with state agencies such as the New Hampshire Department of Business and Economic Affairs and the Department of Natural and Cultural Resources to support economic initiatives.

In Massachusetts, Eversource is a member of, and has strong partnerships, with over 30 Chambers of Commerce, Rotary Clubs and other business and economic development organizations such as the Massachusetts Alliance for Economic Development, Economic Development Council of Western Massachusetts, Massachusetts Taxpayers Foundation, 495 MetroWest Partnership and the Associated Industries of Massachusetts.

Eversource Economic Benefit									
2014 2015 2016 2017 2018									
Donations	\$4.8 Million	\$4.7 Million	\$5.1 Million	\$5.3 Million	\$6.3 Million				
Employees*	8,248	7,943	7,762	8,084	7,998				
Taxes Paid	\$616 Million	\$643 Million	\$646 Million	\$698 Million	\$697 Million				

<sup>\*</sup>Employee numbers are approximate as of end of year, excluding temporary employees, and reflect efficiencies achieved over time.

#### **OUR PEOPLE**

#### Safety

At Eversource, our shared commitment to "Safety First and Always" is a principle and a mindset we weave into the fabric of every job and every task — whether in the field, office or at home. A consistent theme at Eversource is continuous improvement and Safety is at the forefront as we continue to build a strong safety culture, embrace new technologies, and learn with our industry and community partners to improve safety performance.

#### **Building a Strong Safety Culture**

In a continuing effort to enhance our safety culture, we provided Safety Leadership training to all levels of management that established the foundation of compliance and further emphasized our commitment to safety as a core value. Key topics included: human performance, job planning and briefings, safety observations, Significant Injury and Fatality (SIF) prevention, incident analysis and injury management.

Building upon our momentum to create an environment of transparency, in 2018 we utilized an industry expert to train close to 700 employees (management and hourly) in Human Performance (HP). This training provided an understanding of key HP principles and how they are connected to safety improvement opportunities. Applying these HP principles into the way we work and the tools we use prevented poor outcomes involving injuries, vehicle driving, and switching throughout the business.

#### **Embracing New Technologies**

In January 2018, we installed a new comprehensive safety information management system which allows us to report, track and trend safety related information in one integrated system. The new system incorporates event reporting, incident analysis, safety observations, inspections and more. The system also has an action tracking feature that allows us to track and report on commitments from all modules. Using this new tool, in 2018 we've seen an 11% increase (over 4,000 additional observations) in the number of field safety observations conducted versus 2017.

We continue to manage a sizable electric, gas and vegetation management contractor workforce. Late in 2018, we implemented a contractor safety management system (ISNet World) which has enabled us to formalize our contractor safety program and standardize our method for pre-screening prospective contractors prior to awarding contracts. The system also provides company-specific safety performance tracking which has helped drive contractor performance, accountability and regulatory compliance. Leveraging this new tool, we have vetted all of our major contractors and expanded our education and sharing efforts as we strive to improve the safety performance of not only Eversource employees, but of our contractors as well.

#### **Industry and Community Partnerships**

Eversource continues our leadership role within the Edison Electric Institute (EEI) to improve contractor safety performance, including membership on the executive board of the Electrical Transmission and Distribution (ET&D) OSHA partnership. This team meets semi-annually and hosts Contractor Safety Summits with electrical contractors from around the country to improve industry-wide safety standards.

Internally, in 2018 we also conducted spring and fall Safety Summits with over 50 of our major contractors, where we reinforced our safety expectations, discussed and learned from events, and encouraged the contractors to exchange safety information and best practices among their peers.

We are committed to keeping the public safe near our lines and equipment. We utilize a variety of resources to conduct electrical safety presentations for first responders, emergency management personnel and other groups throughout our service territory. This training is highlighted by our "Live Line Demonstration" trailer, which allows participants to see first-hand demonstrations of the risks inherent in working on or near electrical equipment.

For more than 20 years, Eversource's Safety Department has been providing semi-annual electrical hazard awareness training to the new-recruit firefighter training classes at fire and police academies. This program is designed to ensure a safe

and effective response by first responders to electrical system emergencies. The recruits review information about basic electricity, potential hazards, the electric transmission and distribution system, the Eversource Emergency 911 (E911) Priority Level System and more.

Also, for the second straight year, in 2018 we issued a public safety communication targeted at private contractors and public safety officials whose work may bring them in proximity to our lines and equipment. Over 40,000 private contractors across our three-state territory received the publication. In addition to providing key safety information to keep their employees safe, the brochure also included links to our Eversource website where private contractors can access online safety videos to train their employees. Please visit our website to learn more about our residential safety programs and to view important safety videos.

Eversource Safety continues to partner with OSHA to offer electrical safety presentations at their larger regional safety events, which are typically attended by companies not working directly for us but may be working near our facilities daily.

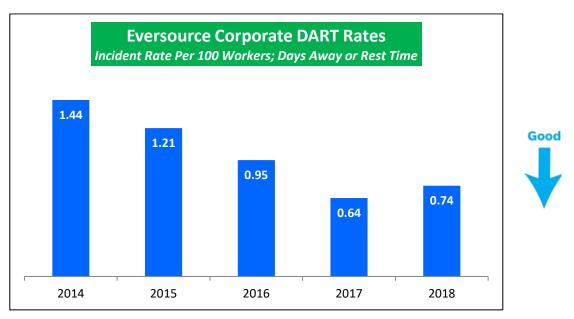
#### **Safety Performance**

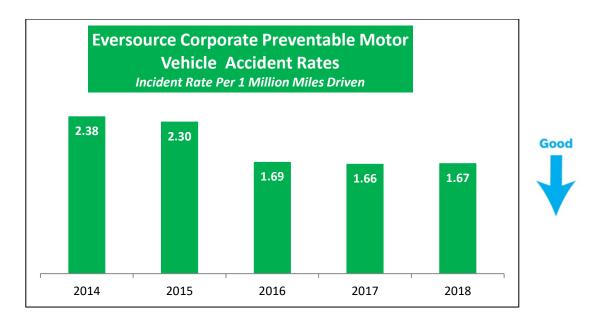
The year 2018 was an especially challenging one regarding storm response. We endured 28 straight days of restoration in our three-state territory due to three successive winter nor'easters in March. A total of 414,176 outages were reported and about 1.75 million customers had their power restored. This was followed by severe weather in western Connecticut where several tornadoes touched down in May, resulting in another seven days of restoration. As part of this process, over 1,000 contractor personnel were oriented to our safety expectations prior to performing work on our system and well over 800 safety observations were conducted in the field. We're proud to report that there were no significant injuries to employees or contractors throughout our 2018 restoration efforts.

We partnered with the Edison Electric Institute member companies to develop an industry method to better identify precursors to these significant events. As we continue to integrate the precursors into the way we work, we continued to work on preventing SIFs by enhancing metric analysis, job briefings and field safety observations; utilizing a more robust and rigorous approach to switching; and correcting other precursors of high-risk activities. As a result of these activities, we reduced our SIF injuries in 2018 by 30% versus 2017.

Due to our efforts, we have reduced Eversource Corporate Days Away Restricted or Transferred (DART) rate by 49% since 2014. We also have seen a 30% reduction in Preventable Motor Vehicle events during that same time frame.

This performance was achieved by continuously improving our safety program, our safety culture, and the way we work. With our union partners, we are cultivating an environment of improved transparency, trust, accountability and shared responsibility. We're proud of our Safety journey and continue to live by our core value of Safety First and Always.





#### **Workforce Investment**

Eversource recognizes that an engaged workforce is critical to our mission of delivering reliable energy and superior customer experience. Leaders at all levels strive to create a workplace where our employees advocate for the customer, work collaboratively, raise ideas for improvement and focus on delivering a superior customer experience. We build employee engagement through continuous communication, developing talent, fostering teamwork and creating a diverse, inclusive workplace.

To support these efforts and measure our progress, we conduct a bi-annual Employee Engagement Survey to identify areas of high performance and areas of opportunity for the organization, employees and work. Our 2018 survey showed significant positive momentum in our overall favorability with a 6-point improvement over the last survey, including an 11-point increase in employee confidence in the future of Eversource. Employees continued to tell us they like their work, believe we take "safety first and always" seriously and that there is a high level of awareness and behavior concerning our Code of Business Conduct. They also told us they have a clear understanding of our customer needs and what they can do to improve the customer experience.

Our survey also provided insight to how we can continue to build engagement and a performance culture. Key employee engagement action items include efforts to improve the employee and customer experience, seek employee input and thinking, and work collaboratively. Leaders communicated results and developed action plans in response to their team's survey results.

We have provided improved tools and resources for employees to do their work, such as new technology and mobile devices. Those included a redesigned, informative intranet for quick and easy access to important information and resources; technology that enables real-time collaboration across the organization; an enhanced onboarding process for new hires and managers; and a self-service, online total rewards statement.

We introduced an employee online community consisting of hundreds of employees and have engaged that group for input on several business topics. We will be introducing more frequent pulse employee surveys to seek continuous feedback and make further improvements to the business, customer service, and the employee experience. We also included hundreds of employees in redesigning processes or "customer journeys," to improve the experience for customers in how they interact with Eversource, including billing and payment, outage communications and initiating service.

We introduced a new, "Plus One" customer service initiative that focuses on improving the customer experience, and leaders' efforts to sustain a culture of delivering a superior, "plus one" customer experience. Approximately 1,500 customer-facing employees and managers participated in this program in 2018. This included leader-led training with their teams,

additional culture surveys, and follow-up discussion forums about progress and opportunities. We also introduced recognition for those employees who deliver exceptional, "plus one" customer service.

We continued to recognize employees who provide great customer experience through our Customer Excellence Award, which recognizes employees who demonstrate a commitment to go "above and beyond" their job requirements for our customers. In 2018, there were 15 Customer Excellence Award ceremonies for 31 recipients across all three states. As part of the award, winners may designate a charity to receive a company donation on their behalf.

We enhanced opportunities for two-way communication with leaders, including increasing executive visibility throughout the organization, holding multiple town hall and skip-level meetings, and implementing the "Walk in My Shoes" program for employees to learn about other departments.

In 2018, we maintained our supervisor effectiveness programs, which are designed to develop new and current supervisors so that they can lead and deliver the performance necessary to achieve our organizational goals. These programs include:

- SuperVISION An education program open to newly hired supervisors consisting of three modules: Business and Leadership, Technical and Field Visits. Ninety-four attendees participated in 2018.
- Supervisor and Manager Forums Open to all Eversource supervisors and managers, quarterly forums provide
  opportunities to stay updated on company-wide initiatives and learn about topics important to employees. In 2018, 589
  supervisors and 230 managers participated.
- Electric & Gas Supervisor Cohort Programs This two-year comprehensive development program is designed to attract, develop and retain future leaders to ensure a pipeline of qualified supervisors to meet our future talent requirements. This program consists of three primary modules: business and leadership development, technical training, field observations, rotational assignments and final apprenticeship.
- Based on survey results, we are continuing the "Our Business, Our Future" training program, which provides business-specific knowledge and information to our entire organization. In 2018, 246 employees participated in this program.

#### **Workforce Planning**

Strategic workforce plans are developed every year as part of the annual business planning process to identify long-range needs to ensure that we acquire, develop and retain diverse, capable talent. This includes leveraging educational partnerships in critical craft and technical areas and developing proactive sourcing strategies to attract experienced professionals in highly technical roles in engineering, electric and gas operations, and energy efficiency. As part of this process, we identify critical roles and develop succession plans to ensure we have a capable supply of talent for the future.

#### **Professional Development**

Eversource provides employees with a variety of field and classroom training opportunities throughout their career to support their ongoing success on the job, including:

- A talent management process to identify high potential and emerging talent and ensure their development. We have retained close to 100% of our key talent over the past few years.
- A successful, rotational associate engineering program where engineers rotate through various departments in Engineering, giving them a foundation before selecting a discipline of engineering in which to continue their career.
- GOLD (Growth Opportunity Leadership Development) Program. We have 41 current participants in this program, which provides educational and professional development opportunities for employees who are recent college graduates.
- Through our tuition assistance program, Eversource shares the costs of continuing education for professional development and career growth.
- We offer paid internships and co-ops, partnering with local educational institutions to provide on-the-job learning opportunities. In 2018, we hired more than 100 interns and expect to do the same in 2019. Our goal is to provide learning opportunities and introduce the students to our industry, so we can hire top talent upon graduation.
- We offered the Leadership Excellence and Development (LEAD) program in 2018 with four courses focusing on communicating effectively, employee engagement, fostering an inclusive and respectful workplace, and coaching for success.

To learn more, please visit the <u>Careers</u> section of our website.

#### Military and Veteran Support

As a long-time supporter of military and veteran employees, we are committed to hiring veterans who can make an important contribution to the success of our organization. Eversource has been selected as a winner of the 2019 Defense Employer Support Freedom Award, the government's highest honor for a company for its support of employees who participate in the U.S. National Guard and Reserves. Eversource is one of only 15 companies nationwide that were selected among more than 2,400 nominations. The award is administered by the Department of Defense.

We support "<u>Troops To Energy Jobs</u>," through our membership with the Center for Energy Workforce Development, and are also partners with Recruit Military/Bradley Morris. We also have programs devoted specifically to veterans transitioning into the civilian workforce. We continuously focus on enhancing the experience for veterans joining our organization. To find out more, please visit our website.

#### **Diversity and Inclusion**

At Eversource, our commitment to Diversity & Inclusion (D&I) is critical to building a diverse, empowered and engaged team that delivers great service safely to our customers. A diverse workforce and inclusive culture contributes to our success and sustainability by driving innovation and creating trusted relationships with our employees, customers, suppliers and community partners. We must tap into the talent, unique perspectives, and cultural and life experiences of every employee to ensure our continued success.

D&I at Eversource is directly aligned with our corporate mission and business objectives to:

- Attract, develop and retain a diverse workforce that enables us to work together to meet the changing needs of the customers we serve, to deliver reliable energy and superior customer service.
- Create one inclusive workplace, where all employees, customers and stakeholders are respected and valued.
- Leverage the talent, unique perspectives, cultural and life experiences of every employee to ensure our continued success.

#### **Putting our D&I Strategic Plan into Action**

Eversource is executing its D&I strategic plan and achieving real business results in all four of its focus areas.



#### **Leadership Commitment**

- Diverse Board
- Executive Sponsors
- Leadership D&I Metrics on Corporate Scorecard
- Leaders taking the D&I "I Act On" Pledge

#### **Diverse Workforce**

- Attracting, Retaining and Developing Diverse Talent
- Measuring Diversity Progress

#### **Diverse Workplace**

- 7% Increase in D&I on Employee Engagement Survey
- Six Active Business Resource Groups
- Identifying and Implementing Key Projects In Support of Eversource Mission
- 24.5% increase in spend with Diverse Suppliers

#### Community

 Making Economic and Social Impact with D&I Community Impact Grants and Volunteerism Eversource's executive leadership team, led by the CEO, promotes and supports D&I by building diverse, inclusive work teams with high engagement — growing a pipeline of diverse talent, leveraging multiple perspectives to improve customer service, using diverse suppliers, engaging with multicultural organizations in our communities and supporting the work of the D&I state councils and BRGs. Human Resources works closely with Eversource's executive leadership team to develop and implement D&I goals and drive accountability for D&I progress throughout the company. Eversource's Board of Trustees is committed to diversity and inclusion and receives regular monthly progress updates.

A few highlights of Eversource's advancement toward a diverse workforce and inclusive culture:

#### • Leadership Commitment

Jim Judge signed the CEO Action for Diversity and Inclusion pledge, which is the largest CEO-driven business commitment to advance D&I in the workplace. More than 600 CEOs and presidents have signed the pledge.

#### • Edison Electric Institute (EEI) D&I Commitment

Eversource continues its collaboration with EEI in working to build the next-generation energy workforce — one with diverse, highly skilled, and qualified employees capable of delivering on the responsibility to meet customers' evolving energy needs. Eversource supports the EEI D&I Commitment and is executing its three-year diversity and inclusion plan, which incorporates initiatives and metrics to improve our overall D&I results and engage in specific D&I actions.

#### • Executive Compensation Tied to D&I

Eversource links executive compensation to meeting its D&I goals and has made progress over the years. For example, the company links its executives' annual incentive program to meeting its goal: women and people of color will comprise 40% of total leadership promotions and hires, a 3% increased commitment from 2018.

#### Board Composition

Eversource was acknowledged for outstanding commitment to strategic, forward-thinking board composition and recruitment practices at the 2018 National Association of Corporate Directors (NACD) NXT Gala. The Corporate Governance Committee and the Board of Trustees seek diversity in gender, ethnicity and personal background when considering Trustee candidates. Diverse thoughts and views emanating from different backgrounds, life experiences, gender and race, career experiences and skills are critical to a well-functioning Board and essential to embracing opportunities and confronting challenges in the future.

#### • Diverse Workforce

Eversource continues to work toward a diverse workforce with a focus on women and minorities in leadership. We set aggressive D&I goals and exceeded our expectations in 2018:

- Diversity of Leadership Promotions and Hires
- Diverse Slate of Candidates
- Diverse Hires
- o Diversity of Key Talent
- o Workforce Representation of Females
- Workforce Representation of Minorities
- Workforce Representation of Veterans
- Supplier Diversity Spend

#### Diverse and Inclusive Workplace

In 2018, D&I increased by seven percentage points over the previous (2016) survey, demonstrating significant progress in D&I. Our survey tells us that Eversource employees feel:

- Input and diverse perspectives are valued
- Effort is made to understand diverse thoughts and opinions
- o Involved in decisions that affect their work
- Differences, including age, race, gender, family status, veteran status, national origin, disability or sexual orientation, are valued
- Treated with respect
- o There is a business value of D&I

#### Community

We know that a workforce that more closely mirrors our customer base gives us insight to understanding our customer preferences and expectations so that we can better serve them. Equally important is being a leading partner in the communities we serve. It allows us to reach a broad segment of our customer and employee population. Please visit the <a href="In the Community">In the Community</a> section to learn about our efforts.

Eversource will continue to focus on hiring diverse talent and doing business with local, small and diverse-owned businesses from the communities where we live and serve our customers.

To learn more about our Supplier Diversity efforts, please visit our Sustainable Supply Chain section.

#### **Diversity & Inclusion Councils and Business Resource Groups**

Eversource's D&I state councils and Business Resource Groups (BRGs) are comprised of employees based in Connecticut, Massachusetts and New Hampshire who serve as change agents and champions of D&I. Our D&I Councils and Executive Sponsors have been actively engaged and leading the direction toward a diverse and inclusive workplace. Our Executive Sponsors include our Senior Vice President and Chief Information Officer; Vice President, Connecticut Stations; and Vice President, New Hampshire Electric Operations.

The State D&I councils are cross-level, cross-functional teams of employees representing the operating companies, business areas, departments and key functions. Team members help to identify and prioritize initiatives and promote events to support the company mission and vision with the goal of building an engaged, inclusive workplace and improving customer service. The teams seek employee feedback, bring forward key D&I issues and recommend solutions. Our team members are dedicated, involved, passionate, proactive and responsive employees who act as champions of D&I. These diverse groups play an important role in supporting Eversource's mission as they represent the unique needs and perspectives of our customers and stakeholders across the geographic areas we serve.

Members of the councils and BRGs help to identify and recommend strategies and actions to build an inclusive workplace, diversify the workforce, improve customer service, increase supplier diversity and provide support to our diverse communities. Members of these groups reflect and represent the diverse needs and perspectives of our customers and stakeholders. Currently more than 800 employees across all three states are involved in our state councils and BRGs. and we continue to evolve and expand these groups.

Eversource's Business Resource Groups span across Connecticut, Massachusetts and New Hampshire:

- Multicultural BRG
- Women's BRG
- New Hire BRG
- Veteran's BRG
- Young Professionals BRG

Membership across BRGs grew by 35% in 2018 and plans are also in place to launch two new BRGs in 2019: an LGBTQ BRG and a Differently-Abled BRG.

#### **Diversity Recognition**

In 2018, Eversource received the Associated Industries of Massachusetts (AIM) Sustainability Award. The driver behind the recognition was the leadership commitment to D&I. Additionally, in January 2019, Eversource was selected as one of 230 companies worldwide for the 2019 Bloomberg Gender-Equality Index, which distinguishes companies committed to transparency in gender reporting and advancing women's equality.

#### **Eversource Green Team**

Eversource's Commitment to Environmental Sustainability is not only a corporate priority, it is a mindset of our employees. Early in 2019, we formed the Eversource Green Team to engage employees across our service territory. We are proud that this is an employee-driven group to develop and implement initiatives that are most important to us.

Initial Green Team focus areas that we are working on include:

- Enhancing recycling opportunities
- Greening our campus
- Community partnerships
- Reducing emissions

We're excited to work together and report on future progress.

#### **Employee Wellness**

Eversource Wellness & Fitness Services is a comprehensive initiative to encourage employees and their families to adopt and maintain healthy lifestyle habits. Services available to all Eversource employees include:

- Resources to learn about making and maintaining positive changes through a health risk assessment, fitness activities, on-site programs, events and screenings, disease management programs and self-guided activities.
- An online wellness portal to track personal health and wellness data, cheer on and even compete with friends.
- Incentives to help keep participants motivated. Cash and non-cash incentives such as gift cards, fitness and wellness gadgets, are awarded to participants throughout the year.
- Support to help make changes and maintain a healthy lifestyle in an encouraging environment.
- Fitness Centers located onsite at three Eversource locations open 24 hours a day, seven days a week. All members enjoy free personalized workout programs and classes delivered by highly qualified personal trainers.

In 2018, participation in the company-wide online wellness portal increased 2% over 2017 and portal enrollment and incentive program completion increased 8%. The Wellness Team delivered 268 health education programs and events at Eversource locations throughout Connecticut, Massachusetts and New Hampshire with just over 7,400 participants. They also held 32 flu shot clinics with over 1,300 participants and performed 143 workstation ergonomic assessments.

# MATERIAL ISSUES AND ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In 2018, Eversource completed a comprehensive review of material topics identified through existing processes that have potential environmental, social or economic impact related to our business practices. Additionally, we validated who our key stakeholders are, and how we engage with them and consider their expectations in our strategic planning processes. In 2019, we verified that all risk factors identified in Eversource's 2018 Annual Report are addressed in our material issues and verified that topic scopes and boundaries are still accurate.

We have robust processes in place to regularly assess risks and opportunities, emerging issues and stakeholder concerns. These include topics that our Disclosure Committee determines are material to investors for inclusion in our financial reports, significant issues identified through our Enterprise Risk Management process, as well as our senior team priorities and key performance indicators. Our sustainability team reviewed all of these sources to define our material topics and their scope through a sustainability lens to facilitate reporting.

Continuous engagement with external stakeholders is vital to the success of our business. These important relationships inform internal discussions and guide our planning and anticipation for stakeholder expectations. From shareholder meetings, community outreach, and customer satisfaction surveys to social media, project partnerships and regulatory proceedings, we hear the voice of our stakeholders and incorporate their concerns into our planning and decision processes.

In 2015, United Nations member countries established the 2030 Agenda for Sustainable Development, and committed to 17 Sustainable Development Goals (SDGs) with 169 targets to advance the environmental, social and economic pillars of sustainability. Throughout our sustainability report and in our Commitment to Environmental Sustainability and Carbon Neutrality you can see how Eversource's business activities support achievement of the following key SDG goals:

- Ensuring Affordable and Clean Energy (Goal 7)
- Climate Action (Goal 13)
- Clean Water and Sanitation (Goal 6)

Following is a list of our material sustainability topics, their scope and boundary, and mapping to the UN SDGs. Additionally, Eversource supports UN SDGs by contributing to the economic, environmental and social well-being of our region through our core business of providing reliable energy and water to our region, and our care for the well-being of our employees and the communities we serve.

We determined that ranking of our material sustainability topics is not pertinent, as their relative importance can change based on current events, and all are addressed in our business processes and in our sustainability report.

The use of the term "materiality" in this report differs from financial materiality, which is a term that describes matters or facts that would have a substantial likelihood to be deemed important to a reasonable investor making an investment decision.

# SUSTAINABLE GALS DEVELOPMENT GALS





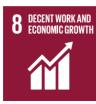






























Material Topics	Topic Description and Scope (Including, but not limited to)	Topic Boundary	Relevant SDGs
Community Engagement	Activities benefitting the communities we serve	<ul> <li>Entire company focus</li> <li>Service territory communities</li> <li>Select external stakeholder groups</li> </ul>	3, 4, 9
Customer Satisfaction	Meeting customer expectations for delivering reliable energy and superior customer service  Customer communications  Problem resolution mechanisms  Outage restoration Billing options Energy affordability	<ul><li>Entire company focus</li><li>Customers, regulators</li></ul>	7, 16
Cyber Security & Data Protection	Ensuring the security of customer and employee data, computer systems, grid infrastructure, and physical assets. Includes protection against:  • Disclosure of confidential information • Cyber breaches • Grid disturbances • Acts of war or terrorism	Entire company focus     Customers, service territory communities, investors, regulators, legislators	9, 16

Emergency Preparedness	Ensuring comprehensive emergency preparedness and response     Preparation for all hazards     Storm response     Outage management     Stakeholder communications/partnerships	<ul> <li>Entire company focus</li> <li>Customers, service territory communities, regulators, legislators</li> </ul>	13
Energy Efficiency	Providing energy efficient solutions for our customers and maximizing energy efficiency in our own operations  • Electric and gas programs offered to residential and business customers and communities  • State partnerships  • Facility improvements	<ul> <li>Entire company focus</li> <li>Customers, service territory communities, regulators, legislators</li> </ul>	7, 13
Environmental Accountability	Conducting business in a manner that protects and enhances the environment and fosters environmental stewardship  • Environmental compliance  • Air quality  • Waste management  • Remediation programs	<ul> <li>Entire company focus</li> <li>Regulators</li> <li>Service territory communities</li> <li>Select external stakeholder groups</li> </ul>	6, 12, 15
Ethics	Demonstrating inclusive, respectful, honest and ethical behavior  • Principles that govern our business  • Corporate compliance  • Diversity and Inclusion	<ul><li>Entire company focus</li><li>Investors, regulators</li></ul>	5, 10, 16
Finance	Meeting and exceeding performance targets while driving efficiency and managing costs	Entire company focus     Investors	8, 10
Fuel Diversity	Integrating diverse power supply into our delivery system	Entire company focus     Customers, service     territory communities,     regulators, legislators,     investors	7, 11, 13
Greenhouse Gas Emissions	Supporting regional initiatives to reduce GHG emissions  • Facilitating integration of renewable and low-carbon energy in the region  • Expanding natural gas capacity  • Actions to reduce GHG emissions in our operations	<ul> <li>Entire company focus</li> <li>Customers, service territory communities, investors, regulators, legislators</li> </ul>	7, 13

Innovation & Technology	Transforming to the utility of the future by implementing emerging technologies      Grid modernization     Alternative fuel vehicles     Reliability     Process management systems     Customer engagement and energy management	<ul> <li>Entire company focus</li> <li>Customers, service territory communities, regulators, legislators</li> </ul>	7, 9, 11, 13
Regulatory Policy	Adhering to regulatory requirements and driving energy policy  Regulatory compliance  Project development and approval  Cost recovery	Entire company focus     Customers, service territory communities, regulators, legislators	9, 13
Reliability	Delivering reliable energy	Entire company focus     Customers, service territory communities, regulators, legislators	7, 9, 15
Renewables	Supporting renewable energy investments  Renewable power development and procurement Transmission projects to bring cleaner energy to the region System improvements to enable integration of renewable power	<ul> <li>Entire company focus</li> <li>Customers, service territory communities, regulators, legislators</li> </ul>	7, 13
Safety	Safety first and always  Employee, contractor and public safety  Electric and magnetic fields	<ul> <li>Entire company focus</li> <li>Customers, service territory communities, regulators</li> </ul>	3, 8
Supply Chain	Managing our supply chain	<ul> <li>Entire company focus</li> <li>Service territory communities</li> <li>Select external stakeholder groups</li> </ul>	5, 8, 12
Water	Maintaining water quality and availability  • Water conservation  • Maintaining water quality	Aquarion focus     Customers, service territory communities, regulators, legislators	6, 9
Workforce Development & Employee Engagement	Maintaining an engaged and skilled workforce  Attract and retain high-quality employees  Employee training and development programs  Succession planning  Labor relations	<ul> <li>Entire company focus</li> <li>Service territory communities</li> <li>Select external stakeholder groups</li> </ul>	3, 4, 5, 8

The use of the term "materiality" in this report differs from financial materiality, which is a term that describes matters or facts that would have a substantial likelihood to be deemed important to a reasonable investor making an investment decision.

#### **APPENDIX**

### **Energy Efficiency Information**

Eversource – Energy Efficiency Electric Data				
	2018 Actual			
Participating Customers*	2,232,910			
Spend (US\$)	\$385,734,841			
Annual kWh Saved	1,074,019,768			
Lifetime kWh Saved	11,233,892,612			
Summer Peak Annual kW Saved	152,596			
Winter Peak Annual kW Saved	168,376			
Annual CO <sub>2</sub> reduced in Metric Tons**	301,226			
Lifetime CO <sub>2</sub> reduced in Metric Tons**	3,543,239			
Customer \$\$ Saved Annually	\$205,250,711			
Customer \$\$ Saved Lifetime *Includes customers who purchased energy efficient light bulbs	\$2,131,653,227			

Eversource – Energy Efficiency Natural Gas Data				
	2018 Actual			
Participating Customers	178,525			
Spend (US\$)	\$68,715,394			
Annual Therms Saved	10,013,219			
Lifetime Therms Saved	140,020,733			
Annual CO <sub>2</sub> reduced in Metric Tons**	48,424			
Lifetime CO <sub>2</sub> reduced in Metric Tons**	683,036			
Customer \$\$ Saved Annually	\$10,044,916			
Customer \$\$ Saved Lifetime	\$143,046,371			

<sup>\*\*</sup>The calculations for Annual and Lifetime reductions for electric customers for 2018 are based on the <u>eGrid Regional</u> <u>Factors for NPCC New England</u> for electricity and are CO<sub>2</sub>e. This is a new source used in 2017 to be consistent across all EDCs. Fossil fuel reductions are based on <u>EIA emissions coefficients</u> and are CO<sub>2</sub>.

Electric Energy Efficiency Data	2014 Actual	2015 Actual	2016 Actual	2017 Actual
Participating Customers	2,687,960	3,219,086	2,597,504	2,978,797
Spend (US\$)	385,588,510	\$406,696,422	\$415,575,696	\$379,191,872
Annual kWh Saved	1,024,653,044	1,115,926,628	1,141,801,634	1,140,027,169
Lifetime kWh Saved	11,069,251,098	13,611,899,491	11,813,245,632	12,028,074,468
Summer Peak Annual kW Saved	133,084	172,573	185,575	161,635
Winter Peak Annual kW Saved	157,564	173,613	176,776	167,702
Annual CO <sub>2</sub> reduced in Tons*	439,998	465,735	450,649	304,223
Lifetime CO <sub>2</sub> reduced in Tons*	4,883,948	5,474,796	4,964,856	3,375,969
Customer \$\$ Saved Annually	\$171,746,386	\$208,216,211	\$189,623,209	\$195,347,969
Customer \$\$ Saved Lifetime	\$1,874,948,790	\$2,492,803,967	\$1,974,725,141	\$1,940,673,184

<sup>\*</sup>The historical electric emission factors for Connecticut and New Hampshire were based on ISO New England Marginal Emissions, <a href="https://www.iso-ne.com/system-planning/system-plans-studies/emissions">https://www.iso-ne.com/system-planning/system-plans-studies/emissions</a>. Massachusetts historical electric emissions factors were based on MassDEP, <a href="http://www.masssavedata.com/Public/GHGReductions">https://www.masssavedata.com/Public/GHGReductions</a>. The use of a common emissions factor in 2018 (see footnote on page 18) results in relatively lower emissions in 2018 and 2017 compared to 2014-2016.

Gas Energy Efficiency Data	2014 Actual	2015 Actual	2016 Actual	2017 Actual
Participating Customers	124,960	135,599	129,658	231,539
Spend (US\$)	\$51,334,824	\$52,530,182	\$58,503,718	\$59,762,584
opona (cot)	φοι,σοι,σοι.	<b>40</b> 2,000,102	ψου,σου, 110	ψ00,702,004
Annual Therms Saved	9,264,038	9,328,143	9,552,587	10,279,692
Lifetime Therms Saved	131,731,516	141,734,701	122,782,996	134,852,787
Annual CO <sub>2</sub> reduced in Tons	55,150	55,467	60,477	54,905
Lifetime CO <sub>2</sub> reduced in Tons	788,237	847,203	774,356	722,690
Customer \$\$ Saved	\$9,043,024	\$9,222,935	\$8,054,362	\$9,387,496
Annually				
Customer \$\$ Saved Lifetime	\$131,766,772	\$143,879,594	\$107,394,450	\$131,763,536

## **Reliability Performance Historical Targets and Results**

Performance Measure	2014 Actual	2014 Target	2015 Actual	2015 Target	2016 Actual	2016 Target	2017 Actual	2017 Target	2018 Actual	2018 Target
Electric Reliability (1)	15.4	13.1	16.6	14.4	13.0	15.4	17.6	15.4	17.2	15.6
Electric Restoration (2)	82.0	96.1	71.6	85.2	97.9	76.6	73.2	76.1	77.5	80.0
Gas Emergency Response (3)	99.2%	99.1%	99.1%	99.1%	99.5%	99.1%	99.6%	99.1%	99.5%	99.2%

<sup>1.</sup> Average Number of Months Between Interruptions (12 ÷ SAIFI)

## Waste Management and Pollution Prevention Historical Information

Estimated weight of waste by type and disposal method (Tons) – 2017									
	Recycled	Energy Recovery/ Incineration	Landfill	Other	Total				
Municipal	3,427	2,835	1,980	-	8,24				
Jniversal	38	-	-	-	3				
Non-Hazardous	21,100	8	8,206	8,156	37,46				
rsca (PCB)	188	-	500	846	1,53				
RCRA (Hazardous)	19	87	1,148	1,404	2,65				
Total Waste Disposal	24,771	2,930	11,834	10,406	49,94				
Waste Avoided Investment Recovery)	8,943								
Estimated weight of v	waste by type a	nd disposal mot	had (Tans) - 20	14.0					
	racio by typo a	nu uisposai mei	.110u (10115) – 20	716					
	Recycled	Energy Recovery/ Incineration	Landfill	Other	Total				
Municipal		Energy Recovery/							
Municipal Jniversal	Recycled	Energy Recovery/ Incineration	Landfill		<b>Total</b>				
Jniversal	Recycled 2.753	Energy Recovery/ Incineration	Landfill		10.2				
-	<b>Recycled</b> 2.753 35	Energy Recovery/ Incineration 3.787	Landfill 3.733	Other - -	10.27				
Jniversal Non-Hazardous	2.753 35 14,043	Energy Recovery/ Incineration  3.787  1  531	3.733 - 6,719	Other - -	10.27				
Jniversal Non-Hazardous FSCA (PCB)	2.753 35 14,043 76	Energy Recovery/ Incineration  3.787  1  531  97	3.733 - 6,719 677	Other 12,448 -	10.27 33,74				

<sup>2.</sup> System Average Time in Minutes to Restore Service to Customers (SAIDI)

<sup>3.</sup> Respond to Site Within Specific Time Threshold (set by state regulators)

<sup>\*</sup>IEEE-1366 2.5 Beta Method, Excluding Planned Outages is used for electric reliability calculations.

Estimated weight of waste by type and disposal method (Tons) – 2015									
	Reuse	Recycled	Energy Recovery/ Incineration	Landfill	Other	Total			
Prevented	8,553	-	-	-	-	-			
Municipal	-	3,162	4,869	1,194	-	9,225			
Universal	-	21	-	-	-	21			
Non-Hazardous	-	9,474	226	2,683	11,208	23,591			
TSCA (PCB)	-	43	183	670	-	896			
RCRA (Hazardous)	-	1	56	1,382	894	2,333			
Total	8,553	12,701	5,334	5,929	12,102	36,066 <sup>1</sup>			

<sup>\*</sup>This total does not include waste prevented.

Estimated weight of waste by type and disposal method (Tons) – 2014						
	Reuse	Recycled	Energy Recovery/ Incineration	Landfill	Other	Total
Prevented	42,360	-	-	-		-
Municipal	-	2,249	3,485	1,487	-	7,221
Universal	-	24	1	-	-	25
Non-Hazardous	-	606	48	28,333	1,137	30,124
TSCA (PCB)	-	-	216	652	109	977
RCRA (Hazardous)	-	1	15	2,764	11	2,791
Total	42,360	2,880	3,765	33,236	1,257	41,138*

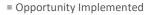
<sup>\*</sup>This total does not include waste prevented.

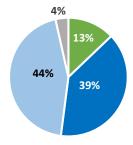
## 2018 RFP Questions and Baseline 2018 Performance From Key Suppliers

Does the supplier offer customers environmental improvement opportunities?



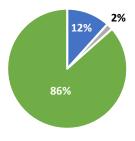
- No environmental improvement opportunities
- Offers improvement opportunities but none that benefit this project



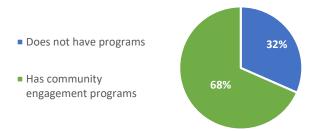


Has this supplier been cited for non-compliance of an environmental and/or labor issue in the last 5 years?

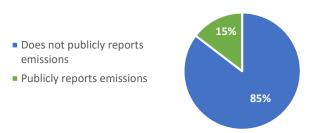
- 3 or fewer Notice of Violations within 5 years with corrective actions taken
- More then 3 Notice of Violations and/or fines
- No Violations or fines



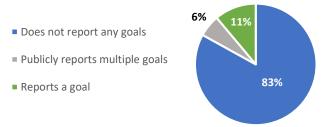
## Does this supplier have any community engagement programs?



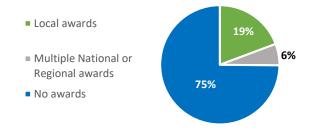
## Does this supplier publicly report greenhouse gas emissions?



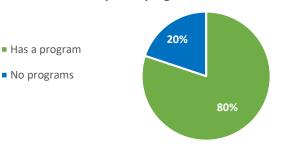
# Does this supplier publicly report voluntary goals to reduce energy consumption, emissions, waste or water in your operations?



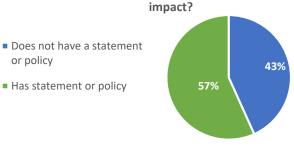
# Has this supplier received any sustainability awards and/or recognition?



## Does this supplier have any workforce development programs?



Does this supplier have a current statement or policy related to sustainability and/or reducing environmental



## Is this supplier compliant with the D&I language in the Supplier Code of Business Conduct?



#### **GLOBAL REPORTING INITIATIVE INDEX**

Eversource utilizes the Global Reporting Initiative (GRI) Standards in our sustainability reporting. This index provides a brief narrative for aspects where feasible, and also includes links to sources of additional information. This report has been prepared in accordance with the GRI Standards' Core option for our material aspects. In some instances, we also include non-material information that may be of interest to our stakeholders. Electric Utility Sector Supplement aspects are prefaced with "EU".

#### **General Standard Disclosures**

GRI Standard	Description	Response - Links to Information
Organizatio	onal Profile	
102-1	Name of organization	Eversource Energy
102-2	Activities, brands, products, and services	Eversource is primarily engaged in the energy delivery business, serving residential, business and industrial customers through our regulated electric, natural gas, and water utilities in Connecticut, Massachusetts and New Hampshire.  About Our Company Also see page 2 of our Form 10-K within our Annual Report
102-3	Location of organization's headquarters	Eversource is headquartered in Harford, Connecticut, and Boston, Massachusetts, with significant offices in Berlin, Connecticut; Westwood, Massachusetts; and Manchester, New Hampshire. Aquarion has a corporate office in Bridgeport, Connecticut.
102-4	Location of operations	All operations are in the United States.
102-5	Ownership and legal form	Eversource Energy is an investor-owned corporation operating on the New York Stock Exchange under the trading symbol ES.
102-6	Markets served, including geographic locations, sectors served, types of customers	About Our Company Service Territory Communities We Serve
102-7	Scale of organization, including # of employees, # of operations, sales/revenues, capitalization, quantity of products/services	About Our Company Financial Performance Also see our Annual Report
102-8	Information on employees and other workers, including by contract, gender, region	At the end 2018, Eversource had 7,681 employees, excluding temporary employees, of which 26.3% were female and 17% were minority. Of the additional 317 full-time employees who work for Aquarion, 30% were female and 19% were minority. Also see page 15 of our Form 10-K within our Annual Report
102-9	Describe organization's supply chain	Sustainable Supply Chain Doing Business With Us
102-10	Significant changes to the organization and its supply chain	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. Also see our Annual Report
102-11	Precautionary Principle or approach	Ethics and Risk Management Also see pages 18-19 of our Proxy Statement
102-12	Externally developed charters and principles or initiatives subscribed/endorsed	These are referenced throughout our 2018 Sustainability Report. Also see our CDP Climate Change Response (C12.3)
102-13	Membership in associations	Trade Association Participation

		Eversource proudly participates in a wide variety of associations including:
		American Gas Association     Associated Industries of Massachusetts     Avian Power Line Interaction Committee     Business and Industry Association of New Hampshire     Call Before You Dig Inc. (CBYD)     Connecticut Business and Industry Association     Connecticut Council of Philanthropy     Dig Safe System Inc.     Edison Electric Institute (EEI)     Electric Power Research Institute (EPRI)     Electric Utility Industry Sustainable Supply Chain Alliance     Environmental Business Council of New England     Equal Employment Advisory Council     Greater New England Minority Supplier Development Council     New England Clean Energy Council     New England Council     New Hampshire Economic Development Association     New Hampshire Manufacturing Extension Partnership     New Hampshire Small Business Development Center     Northeast Energy Efficiency Partnership     Northeast Gas Association     Stay-Work-Play New Hampshire     Utility Solid Waste Activities Group
EU1	Installed capacity, broken down by primary energy source and by regulatory regime	About Our Company Also see page 5 of our Form 10-K within our Annual Report
EU2	Net energy output broken down by primary energy source and by regulatory regime	Energy Labels are provided for our customers in Massachusetts and New Hampshire and are available in Customer Communications  EEI ESG Initiative Quantitative Report
EU3	Number of residential, industrial and institutional and commercial accounts	About Our Company Also see pages 4-10 of our Form 10-K within our Annual Report
EU4	Length of above and underground transmission and distribution lines by regulatory regime	About Our Company Also see page 17 of our Form 10-K within our Annual Report
EU5	Allocation of CO <sub>2</sub> e emissions allowance or equivalent, broken down by carbon trading framework	Clean Energy
Strategy		
102-14	Statement from senior decision maker	CEO Message Also see our Shareholder Letter on pages 2-4 of our Annual Report
102-15	Key impacts, risks and opportunities	Ethics and Risk Management Also see pages 16-19 of our Form 10-K within our Annual Report

Ethics an	d Integrity	
102-16	Values, principles, standards and norms of behavior	CEO Message Sustainability At Eversource Corporate Governance Ethics and Risk Management Code of Business Conduct In addition to the Code of Business Conduct, our corporate policies outline the workplace behaviors that all employees are expected to follow. Throughout employees' careers, training is provided to ensure ongoing awareness and understanding of our company's policies and procedures. Employees are encouraged to speak with their managers if they have any questions. Corporate Policies cover the following topics:  Citizenship & Charitable Giving Compensation Conflict of Interest Critical Infrastructure Protection Delegation of Authority Environmental Fitness for Work Fleet Use Fraud Prevention and Detection Hiring Intellectual Property Internal Controls and the Safeguard of Company Assets Major Emergency Event Procurement Reimbursable Expenses Record and Information Management Safety Discriminatory Harassment Prevention Termination of Employment Workplace Behavior
102-17	Internal and external mechanisms for seeking advice and reporting concerns on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Code of Business Conduct Corporate Governance
Governar	nce	
102-18	Governance structure of organization, including committees of highest governance body	Corporate Governance Corporate Governance Guidelines Eversource Proxy Statement Pages 12-19
102-21	Processes for consultation between stake- holders and the highest governance body on economic, environmental and social topics	Pages 24 and 26 of our Proxy Statement
102-22	Composition of the highest governance body and its committees	Board of Trustee Information Corporate Governance Eversource Proxy Statement Pages 12-19
102-23	Whether the Chair of the highest governance body is also an executive officer	Eversource's Board of Trustees consists of 11 trustees, only one of whom, James J. Judge, our Chairman, President and Chief Executive Officer, is a member of management.  Eversource Proxy Statement Pages 12-19
102-24	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	Corporate Governance Guidelines Eversource Proxy Statement Pages 12-19

102-25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Code of Business Conduct Corporate Governance Guidelines
102-26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Corporate Governance Pages 20-24 of our Proxy Statement
102-30	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Ethics and Risk Management Pages 20-24 of our Proxy Statement
102-32	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	Our entire report is reviewed by our Sustainability Steering Committee, which consists of our Senior Vice President Regulatory Affairs & Chief Communications Officer; our Senior Vice President Engineering, Electric Operations; our Vice President, Supply Chain, Environmental Affairs & Property Management; our Vice President, Investor Relations, our Vice President Energy Strategy and Policy; and our Vice President Aquarion Water Quality and Environmental Management. Additional senior level executives review and approve sustainability report sections as appropriate. Our report is also reviewed by Internal Audit – see Report Assurance.
102-33	Process for communicating critical concerns to the highest governance body	Page 26 of our Proxy Statement
102-35	Remuneration policies for the highest governance body and senior executives	Pages 35-50 of our Proxy Statement Compensation Committee
102-36	Process for determining remuneration	Pages 35-50 of our Proxy Statement
Stakeholo	ler Engagement	
102-40	List of stakeholder groups engaged by organization	Material Issues Page 24 of our Proxy Statement Eversource engages with a variety of stakeholder groups, including customers, community groups, shareholders, potential investors, regulators, environmental stakeholders, employees, retirees, labor unions, contractors and others in our supply chain, as well as various professionals in academia, industry and government. Details on our engagement related to climate change is also available on our CDP response.
102-41	% of employees covered by collective bargaining agreements	As of the end of 2018, approximately 50% 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 eight collective bargaining agreements. At Aquarion, 13.8% of employees are represented by trade unions.
102-42	Basis for identification and selection of stakeholders	Material Issues Page 24 of our Proxy Statement Most Eversource stakeholder groups are the result of longstanding relationships. New relationships are built on mutual interests and common goals.
102-43	Approach to stakeholder engagement, including frequency by type and group	Eversource actively seeks opportunities to engage with our internal and external stakeholders. We offer extensive resources on our website, as well as contact options for our sustainability report, investor relations, customer feedback, operating companies and key departments. Monthly customer communications are offered to customers in bill inserts and on our website, and each operating company has a community relations team that manages local stakeholder relationships. Approaches to engage with different stakeholder groups are also addressed in our sustainability report and on our website at the links below. Details on our engagement related to climate change are available in our <a href="CDP response.">CDP response.</a> <a href="Page 24">Page 24</a> of our Proxy Statement <a href="Customer Experience">Customer Experience</a>

		<u></u>
		Emergency Preparedness
		Material Issues
		Workforce Investment
		Safety In the Community
		Energy Efficiency Programs
		Monthly Customer Communications
		Page 24 of our Proxy Statement
		Contact Us
		Investor Relations Sustainability Presentation
		Edison Electric Institute (EEI) ESG Initiative
		Material Issues
	Key topics raised through stakeholder	Customer Experience
102-44	engagement (by group), and how the	<u>Leadership in Transmission</u>
102 11	organization responded	Eversource Energy Rates
	organization responded	Also see our Shareholder Letter on pages 2-4 of our Annual Report
		CDP response
Reporting	g Practice	
102-45	Entities included in consolidated financial statements	See page 2 of our Form 10-K within our Annual Report
		Material Issues
102-46	Process for defining report content and topic	Our sustainability report also includes information that may be of interest to
	boundaries	stakeholders that Eversource does not consider to be material.
102-47	List all material aspects	Material Issues
102-48	Effect of any restatements and reason	In 2018, we made a change to our line loss calculations and in this report include recalculated values for historical line loss data.
102-49	Significant changes in material topics and boundaries from previous reporting periods	In our 2018 Sustainability Report, Aquarion Water Company is integrated into our reporting except as noted.
102-50	Reporting period	Calendar year 2018
102-51	Date of previous report	July 2018, focused on calendar year 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions	Contact Us
100.51	Claims for reporting in accordance with GRI	This report has been prepared in accordance with the GRI Standards' Core
102-54	Standards	Option.
102-55	GRI Content Index	GRI Index
	Current practice for external assurance for	Eversource has not sought external assurance for our sustainability report.
102-56	the report	Please see Assurance Statement on the review of our current report by our
	the report	Internal Audit team.
103-1	Explanation of material topics and their boundaries	Material Issues
		Material Issues
103-2	Management approach	Sustainability at Eversource
100 2	Managomont approach	Corporate Governance
		Also see references under material topics
102.2	Management approach – Grievance	Investor Relations - Eversource Website
103-2	Mechanisms	Billing Rights Corporate Governance
		Evaluations of our management approach are highlighted throughout our
103-3	Evaluation of management approach	sustainability report, including goals and our progress against them.
		Sastamasing report, including goals and our progress against them.

**G4 Specific Standard Disclosures** 

GRI			
Standard	Topic	Description	Response - Links to Information

#### **Economic Standard Disclosures**

		1	T
400.0		Management Approach GRI 201:	Workforce Investment
103-2		Economic Performance	In the Community
			Financial Performance
201-1		Direct economic value generated and	Annual Report - Shareholder Letter and Form 10-K
	Economic	distributed	beginning on page 22
201-2	Performance	Financial implications and other risks and opportunities for the organization's activities due to climate change	CDP 2019 Climate Change Response Section C2
201-3		Defined benefit plan obligations and other retirement plans	See pages 65 and 78-86 of our Form 10-K within our Annual Report
103-2		Management Approach GRI 203: Indirect Economic Impacts	In the Community Customer Assistance Programs Emergency Preparedness
203-1	Indirect Economic Impacts	Development and impact of infrastructure investments and services supported	Reliability & Resiliency Initiatives  Major Projects & Infrastructure
203-2		Significant indirect economic impacts, including the extent of impacts	Clean Energy New Hampshire Energy Jobs Partnership
103.2	Procurement	Management Approach GRI 204: Procurement Practices	Sustainable Supply Chain About Procurement Services
204-1	Practices	Proportion of spending on local suppliers at significant locations of operation	Eversource does not report spending on local suppliers.
103-2	Availability and	Management Approach GRI EU Sector: Availability and Reliability	Reliability & Resiliency Initiatives Distributed Generation Clean Energy Major Projects & Infrastructure Leadership in Transmission
EU10	Reliability	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	Clean Energy Annual Report - Shareholder Letter and Form 10-K
103.2	Demand-Side Management	Management Approach GRI EU Sector: Demand-Side Management	Energy Efficiency Programs Energy SmartPrep
103.2 EU Sector	Research and Development	Management Approach GRI EU Sector: Research and Development	Reliability & Resiliency Initiatives Electric Vehicles CDP 2019 Climate Change Response Sections C2, C3 and C9
103.2		Management Approach GRI EU Sector: System Efficiency	Our Footprint
EU11	System Efficiency	Average generation efficiency of thermal plants by energy source and by regulatory regime	Our Footprint
EU12		Transmission and distribution losses as a percentage of total energy	2018 transmission and distribution losses equal 4.2% of total energy
	•		•

GRI Standard	Topic	Description	Response - Links to Information
103-2	Anti-corruption	Management Approach GRI 205: Anti- corruption	Ethics and Risk Management Corporate Governance
205-2	Anti-corruption	Communication and training on anti- corruption policies and procedures	Code of Business Conduct Code of Ethics for Senior Financial Officers
103-2	Anti-competitive Behavior  Competitive Behavior  Anti-competitive Behavior  Total number of legal actions for anti- accompatitive behavior anti- competitive behavior anti- trust and regulations that ensure the subsidiaries receive no unfair competing as a result of being affiliated with our utilities. See Affiliates.	Management Approach GRI 206: Anti- competitive Behavior	Eversource is subject to and in full compliance with all laws and regulations that ensure the non-utility subsidiaries receive no unfair competitive advantage
206-1		as a result of being affiliated with our electric and gas utilities. See Affiliates. Anti-competitive behavior prohibited as stated in our	

#### **Environmental Standard Disclosures**

103-2		Management Approach GRI 302: Energy	
302-1		Energy consumption within the organization	Our Footprint Electric Vehicles
302-2	Energy	Energy consumption outside of the organization	Operations Optimization CDP 2019 Climate Change Response Section C8 Energy Efficiency Programs
302-4		Reduction of energy consumption	Clean Energy Distributed Generation
302-5		Reductions in energy requirements of products and services	
103-2		Management Approach GRI 303: Water	Water Resources
303-1	Water	Total water withdrawal by source	Water Resources
303-2		Water sources significantly affected by withdrawal of water	Water Resources
103.2		Management Approach GRI 304: Biodiversity	
304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Land Management Biodiversity
304-2	Biodiversity	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Water Resources Why Eversource Trims Trees Eversource Rights-Of-Way Guidelines
304-3		Biodiversity of offset habitats compared to biodiversity of the affected areas	

GRI Standard	Topic	Description	Response - Links to Information
103-2		Management Approach GRI 305: Emissions	Our Footprint Clean Energy CDP 2019 Climate Change Response
305-1		Direct GHG emissions (Scope 1)	
305-2	Emissions	Energy indirect GHG emissions (Scope 2)	
305-3		Other indirect GHG emissions (Scope 3)	CDP 2019 Climate Change Response
305-4		GHG emissions intensity	
305-5		Reduction of GHG emissions	
103.2	Effluents and	Management Approach GRI 306: Effluents and Waste	Waste Management and Pollution Prevention
306.2	Waste	Total weight of waste by type and disposal method	vaste management and i olidion i revention
103-2	Environmental Compliance	Management Approach GRI 307: Environmental Compliance	Eversource's Environmental Management System (based on ISO-14001) is dedicated to ensuring we meet our commitment to preserve and respect the environment and communities in which we conduct business every day through compliance with environmental laws, continual evaluation of work practices that improve environmental performance and implementation of environmentally beneficial strategies whenever practicable. We utilize a robust cloud-based environmental data management system and standards library for document control and records retention and have formalized procedures in place to minimize risks. Communication of environmental performance, goals, and completion of objectives and targets is conducted at monthly and quarterly organizational work plan meetings. Progress toward completion of environmental goals is tracked by Eversource's Corporate Performance Management team on a monthly basis and reported to management. Key environmental performance indicators are also communicated monthly to all employees.  We perform formal project assessments to determine air, water, waste, chemical and natural resource management options, ensuring environmental compliance and best practices. The Legal and Environmental groups meet quarterly to review and address compliance issues. Our project management and community relations teams pro-actively meet with local and other stakeholders to review planned work and communicate our commitment to environmental stewardship.  Our Enterprise Risk Management program has effectively identified potential risks, which we mitigate with operational controls. We further ensure environmental best practices by rigorously auditing our facilities and corporate processes (e.g., inspections, chemical management). An environmental auditor certified by the Institute of Internal Auditors regularly audits Eversource-owned facilities, vendors, and processes. Corrective actions are tracked to ensure continual improvement.

GRI Standard	Topic	Description	Response - Links to Information
307-1	Environmental Compliance	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental Compliance
103-2		Management Approach GRI 308: Supplier Environmental Assessment	Sustainable Supply Chain
308-1	Supplier Environmental Assessment	Percentage of new suppliers that were screened using environmental criteria	All Requests for Proposals require potential suppliers to provide information regarding the environmental impact of their products or services. We expect all of our suppliers to be familiar with and to adhere to Eversource's Environmental Policy, to comply with all applicable environmental laws and regulations, and to conduct operations in an environmentally responsible manner that respects both the natural and human environment.  Sustainable Supply Chain

#### **Social Standard Disclosures**

103-2	Employment	Management Approach GRI 401: Employment	Workforce Investment Eversource Careers
401-1		Total number and rate of new employee hires and employee turnover by age group, gender, and region	At the end of 2018, Eversource had 7,681 employees, excluding temporary employees; 26.3% female; 17% minority, 50% represented by trade unions. Eversource has a very stable workforce; staff turnover for most areas of the company was 6.41% in 2018. Statistics for an additional 317 full-time Aquarion employees were tracked separately in 2018 and are 33% female, 19% minority, 13.8% represented by trade unions, staff turnover 6.8%.
401-2		Benefits which are standard for full-time employees but are not provided to temporary or part-time employees, by significant locations of operations	All full-time Eversource employees at all locations of operations are entitled to comprehensive benefits as outlined on our <u>Careers website</u> . Part-time employees who work over 20 hours per week are also eligible for these benefits with some proration based on work schedule.
EU15		Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Eversource does not publicly report these statistics. We have developed strategic workforce plans to identify key functions and proactively implement plans to assure a ready and qualified workforce, utilizing trainee programs in electric and gas operations as well as engineering. Cohorts who successfully complete the program are placed in supervisory job roles in operations where the company is losing qualified supervisors due to workforce retirements, skill shortages and lack of qualified candidates in the market.
EU17		Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	Eversource does not publicly report these statistics.
103-2	Occupational Health and Safety	Management Approach GRI 403: Occupational Health and Safety	Safety Safety section of our website Builders & Contractors section of our website
403-2		Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Safety As specified in our Supplier Code of Business Conduct, all suppliers must adhere to Eversource's Safety Policy and procedures, safety laws and maintain industry-appropriate safety and occupational

			health standards and practices in the performance of their work.
EU18		Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	Specific safety information for builders and contractors doing business with Eversource is available on our website. To ensure the safety of businesses and contractors in our community that may work on or around our electric and gas distribution systems, we conduct comprehensive outreach and provide safety communications directing contractors to Eversource resources and information including direct mail, social media, and web-based videos.
103.2	Training and Education Training and Education	DMA Training and Education	Workforce Investment The company offers training opportunities for all of its
404-1		Average hours of training per year per employee by gender, and by employee category	employees with programs tailored to the individual's responsibilities, organizational and personal development needs. There is an emphasis on training for new supervisors throughout the initial first two years in their positions. For other members of our leadership team, including supervisors, managers and above, we offer approximately 3-5 days of annual training. Supervisor and Manager Forums are offered quarterly to all supervisors and managers with business updates from senior leadership and discussions of company business, community and customer priorities. Training is provided to all employees through e-learning, face-to-face, job-aids, and videos. We ensure all employees receive environmental training in accordance with all federal and state environmental regulatory requirements.
404-2		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Workforce Investment Student Programs Eversource Careers Learning opportunities are provided to key talent each quarter, based upon individual development plans prepared as part of the performance assessment process, with other focused opportunities for individuals offered throughout the year. Our company has a strong commitment to continue to develop our talent, including planning for broader or promotional opportunities as part of succession planning. Talent development is documented via corporate metrics and presented to the senior team each month as part of the company's "scorecard review."
103-2	Diversity and Equal Opportunity	Management Approach GRI 405: Diversity and Equal Opportunity	Board of Trustee Information Diversity & Inclusion Eversource Careers
405-1		Composition of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity	The current Board consists of 11 Trustees of which three are women, three are African-American, and one is Asian-American. This puts us in the top decile of the Boards of the companies that comprise the Edison Electric Institute, the electric industry's most prominent industry trade group. At the end of 2018, Eversource had 7,681 employees, excluding temporary employees: 26.3% female; 17% minority, 50% represented by trade unions, 9.13% under age 30, 39.50% age 30-50, and 51.37% over the age of 50. Statistics for an additional 317 full-time Aquarion employees were tracked separately in 2018 and are 33% female, 19% minority, 13.8% represented by trade unions, 8.87% under age 30, 32.42% age 30-50, and 58.72% over the age of 50.

#### **Human Rights**

GRI Standard	Topic	Description	Response - Links to Information
103-2	Non-discrimination	Management Approach GRI 406: Non- discrimination	Eversource is committed to providing equal employment opportunities for all of our employees and to maintaining a workplace that is free from harassment and discrimination. All employees are expected to uphold the legal requirements of our Equal Employment Opportunity Policy and we require our vendors, partners and independent contractors to comply with company policy and the federal law.  Equal Opportunity Employer Supplier Code of Business Conduct Eversource Careers
	Human Rights Topics	Management Approach: Human Rights Topics GRI 406-412 do not meet Eversource's threshold for materiality as our company operates exclusively in the United States	Eversource respects human rights and, as a company operating in the United States, adheres to all laws and regulations that protect our employees and people in the communities that we serve. Please see the following links to learn about relevant policies, procedures, and initiatives.  Corporate Governance  Ethics and Risk Management  Workforce Investment  Supplier Code of Business Conduct

#### Society

103-2	Local Communities	Management Approach GRI 413: Local Communities  Percentage of operations with implemented local community engagement, impact assessments, and development programs	Eversource Community Major Projects & Infrastructure Diversity & Inclusion Customer Experience In the Community Emergency Preparedness New Hampshire Energy Jobs Partnership Reliability & Resiliency Initiatives
413-2		Operations with significant actual or potential negative impacts on local communities.	
103-2	Supplier Social Assessment	Management Approach GRI 414: Supplier Social Assessment	Sustainable Supply Chain
414-1		Percentage of new suppliers that were screened using social criteria	Supplier Code of Business Conduct
103-2	- Public Policy	Management Approach GRI 415: Public Policy	Political Activity Policy
415-1		Total value of political contributions by country and recipient/beneficiary	Political Activity Policy
103-2	Disaster / Emergency Planning and Response	Management Approach GRI EU Sector: Disaster/Emergency Planning and Response	Emergency Preparedness Ethics and Risk Management Outages

#### **Product Responsibility**

GRI Standard	Topic	Description	Response - Links to Information
103-2	Customer Health and Safety	Management Approach GRI 416: Customer Health and Safety	Safety Eversource Safety Transmission Safety Emergency Preparedness 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.
416-1		Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	
EU25		Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases	Eversource does not publicly report this information.
		Management Approach GRI 418: Customer	
103-2		Privacy	Privacy Statement
418-1	Customer Privacy	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Eversource does not publicly report this information.
103-2	Access	Management Approach GRI EU Sector: Access	Customer Assistance Programs
EU28		Power outage frequency	Eversource Billing Rights Reliability & Resiliency Initiatives
EU29		Average power outage duration	
103-2	Provision of Information	Practices to address language, cultural, low literacy	Customer Assistance Programs Eversource Billing Rights