

EVERSOURCE
2014 SUSTAINABILITY
REPORT

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SUSTAINABILITY IN ACTION

Chairman's Message

Eversource Energy's mission is to safely deliver reliable energy and superior customer service. We are always improving, and looking for new ways to deliver better service for our customers, and that includes a steadfast commitment to sustainable business practices and operational excellence.

As a regional leader in the energy marketplace, and the largest utility in New England, we are acutely aware of our responsibility to the communities we serve in Connecticut, Massachusetts and New Hampshire. We recognize and embrace our obligation to develop innovative and meaningful solutions to the energy challenges that face our region.

Eversource has carefully and thoughtfully implemented best practices consistently across our operations, while meeting and exceeding our customers' high expectations. Our over 8,000 dedicated employees truly embody our customer service mission, and perform their work with integrity, honesty and a commitment to safety each and every day.

We will continue to provide the highest levels of customer service and environmental stewardship for the people and communities we serve across New England, now and into the future.

Thomas J. May

Chairman of the Board,
President and Chief Executive Officer

About Eversource's Sustainability Report

We are proud to introduce Eversource Energy. Over the past three years, our company has carefully and thoughtfully built a stronger, more aligned organization. On February 2, 2015, Northeast Utilities and all of our operating companies officially began doing business as Eversource Energy. Together we are one company with a shared responsibility to safely deliver reliable energy and superior customer service all day, every day.

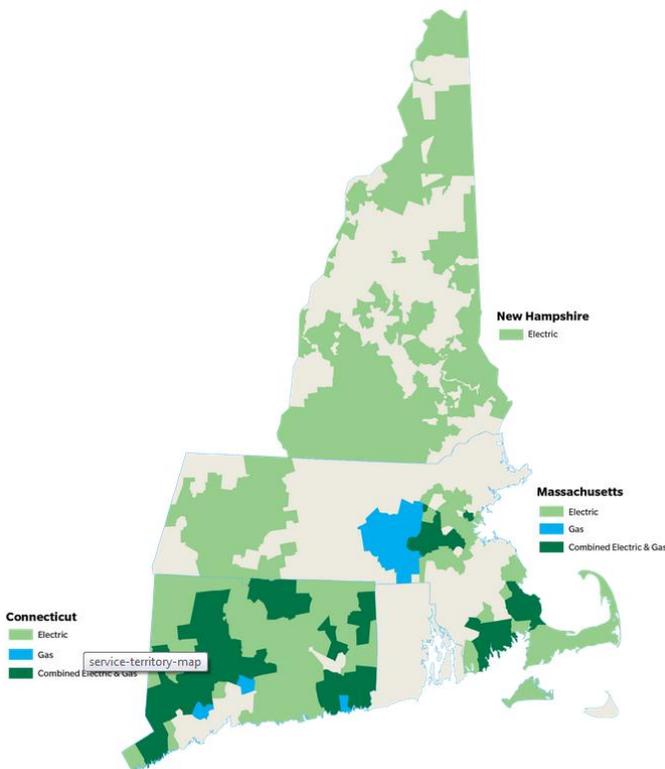
In our report, you will see our progress in important areas including technology innovations, our growing renewable energy portfolio, the environmental considerations of our operations, and how we personally contribute to the vitality of our communities and grow our business in a responsible manner.

Please note that the information presented in this 2015 update reflects the most updated data available at this time, with a focus on 2014 activities. The Global Reporting Initiative principles continue to strongly influence the content found in this report. Eversource's corporate sustainability report was originally published in 2008 and has been updated regularly since that time.

Please click here to view our [2013 Responsible Energy Report](#) with an emphasis on 2013 activities.

Fast Facts

| Eversource At A Glance | |
|---|--------------------------------|
| Customers | 3.6 Million |
| Employees | 8,265 |
| Tri-State Service Territory (Electric) | 13,220 sq. miles electric |
| Tri-State Service Territory (Gas) | 3,408 sq. miles gas |
| Miles of Natural Gas Pipeline | 6,459 miles |
| Transmission Lines | 4,270 miles |
| Distribution Lines | 72,000 pole miles |
| Generation Capability | 1,157 MW |
| 2014 CO2e Emissions | 2,436,764 metric tonnes |
| 2014 Energy Efficiency (Electric Customers) | 1,107,027,220 Annual kWh Saved |
| 2014 Energy Efficiency (Gas Customers) | 9,080,493 Annual Therms Saved |
| 2014 Donations | \$4.8 million |



| Key Highlights | |
|--|---|
| (Click on the below Links for Details) | |
| 1. | Safety First and Always |
| 2. | Best-Ever Reliability On Record |
| 3. | Best-In-Industry Credit Rating |
| 4. | 2015 Newsweek Green Ranking #1 Utility |
| 5. | Double Digit Returns for Shareholders |
| 6. | Taking Emergency Preparedness to the Next Level |
| 7. | State-of-the-Art Technology Advancements |
| 8. | Expanding Natural Gas Opportunities |
| 9. | Philanthropy in Action |
| 10. | 41% Decline in Greenhouse Gas Emissions |
| 11. | Leaders in Energy Efficiency |
| 12. | Bringing Low Carbon Energy to Region |

| 2014 Financial Highlights | |
|---------------------------|--------------|
| (Thousands of Dollars) | |
| Operating Revenue | \$7,741,856 |
| Net Income | \$819,546 |
| Total Assets | \$29,777,975 |
| Market Capitalization | \$16,696,948 |
| Total Shareholder Return | 30.5% |

Sustainability Governance

Sustainability reporting at Eversource is managed by a Sustainability Core Team that engages more than 100 subject matter experts representing all operational and business disciplines. Our Core Team is overseen by an executive level Steering Committee, including officers in Corporate Strategy, Supply Chain, Environmental Affairs, Property Management, Corporate Communications, Regulatory Affairs, Community Relations and Investor Relations.

Our Core Team meets regularly throughout the year to evaluate our current work and performance and to provide updates to external sustainability reporting agencies. We update our Steering Committee throughout the year to report on our progress and to refine our strategy moving forward.

2009-2014 Awards and Recognition

Eversource and its affiliates have been recognized by many organizations for our operating efforts, including:

Excellence Awards

- For the second time in the last four years, the company has been recognized as the top-ranked “green” utility in the U.S. by *Newsweek* in the magazine’s Green Rankings, a comprehensive assessment of the environmental performance and corporate sustainability of the 500 largest public traded American companies. The score was based on environmental impact, management and disclosure. Eversource was ranked No. 1 in the 2015 survey among utilities and No. 22 overall. The company was also *Newsweek*’s top-ranked utility in 2012.
- In 2015, Eversource was recognized by [*Business Insider*](#) as a Best Company to Work for in America. Our employees are our greatest asset and we’re proud that they find our company a satisfying place to work. *Business Insider* recognized U.S. companies that stand out in pay, happiness, and more. To create this list, companies in the 2014 Fortune 500 list were ranked using a salary and survey database. Final scores were determined by multiplying six criteria: high job satisfaction, low job stress, ability to telecommute, high job meaning, experienced median pay, and salary delta. On the basis of our scores, Eversource was ranked number 21.
- In March 2015, Eversource was awarded the [*Edison Electric Institute's*](#) Emergency Recovery Award for its power restoration efforts following a 2014 Thanksgiving weekend Nor’easter in New Hampshire, as well as the Emergency Assistance Award in 2014 for its outstanding efforts to aid utilities in New York, Pennsylvania and Maine after storms caused significant power outages.
- In March 2014, Northeast Utilities subsidiary NSTAR was awarded the *Edison Electric Institute's* Emergency Recovery Award for its exceptional power restoration efforts after a major winter storm. Extensive preparation and planning enabled the company to restore power within 72 hours to over 90 percent of the 320,000 customers who were left without power after a blizzard in February 2013.
- NU subsidiary Connecticut Light and Power (CL&P) was recognized with the *Edison Electric Institute's* Emergency Recovery Award in 2013 for its outstanding efforts to restore power to customers in Connecticut following Superstorm Sandy in October 2012. The storm impacted all 149 cities and towns served by the company, and crews restored power to more than 850,000 customers. In some areas, entire portions of the electric system were rebuilt with more than 1,700 new poles set, and more than 100 miles of wire restrung.
- Northeast Utilities won *Edison Electric Institute's* Emergency Assistance Award in 2013 for its outstanding efforts to aid utilities in New York State and New Jersey in restoring power after Hurricane Sandy. Employees from Connecticut assisted Con Edison while company employees from western Massachusetts and New Hampshire assisted Jersey Central Power & Light in restoring service. Substation and overhead workers from eastern Massachusetts went to assist Long Island Power Authority while some underground employees were deployed to help Con Edison.
- In 2014, Engineering News-Record (ENR) recognized the company's Greater Springfield Reliability Project (GSRP) as the Best Overall Construction Project in New England. The award came on the heels of GSRP also being named Best Energy/Industrial Project in New England by ENR, and being recognized by The *Edison Electric Institute* for accomplishments in safety, innovation and teamwork. The project spanned 100 circuit miles and included the installation of 600 new transmission structures and 13 new or rebuilt substations
- NU received two *Edison Electric Institute's* Emergency Assistance Awards in 2009 for the outstanding efforts of its operating companies in restoring power to 417,000 customers in three states following the devastation of the historic ice storm of December 2008. NU was also recognized for providing mutual aid to electric utilities in Ohio and New York following the massive damage and outages caused by the remnants of Hurricane Ike in September 2008.

Investor Awards

- The company's Investor Relations team has been recognized as having among the best (and, in some cases, the best) investor relations program among U.S. utilities. They have been recognized with many awards over the past several years by *Institutional Investor* (2009-14) and *Investor Relations* (2006-09) magazines.
- *Corporate Knights* ranked Northeast Utilities at No. 13 in its inaugural Standard & Poors (S&P) 500 Clean Capital Ranking in 2012, which rated companies on a suite of 11 transparent quantitative indicators. Companies were ranked relative to their industry peers and all companies on the S&P 500, regardless of their industry, were included.
- Three times, the company has been named to *Corporate Responsibility* magazine's 100 Best Corporate Citizens list in 2013, 2012 and 2009. The list ranks U.S. companies that excel at serving a variety of stakeholders and operate with a high level of transparency.
- Northeast Utilities received an award from the *Edison Electric Institute* (EEI) for having the best total shareholder return among all EEI companies for the period of October 1, 2005, through September 30, 2010.
- The company is included in the *Maplecroft* Climate Innovation Index (CII). The index provides investors with insight into climate-related innovation, management, mitigation and adaptation. CII's have been live on Bloomberg since January 2010 and continue to outperform competitors.
- NU was recognized as one of *Intelligent Utility* magazine's top 25 utilities for 2010 for its commitment to renewable energy and energy efficiency, and its investments in smart grid and information technology.
- *Target Rock Advisors* ranked the company at No. 20 overall and included Eversource in its High Environmental Index; High Social Index; High Environmental, Social and Governance (ESG) Index; and Medium Sustainability Index.
- *Investor Relations* magazine recognized Northeast Utilities for the best 2006 annual report among all U.S. small and mid-cap companies, whose stock market value was up to \$10 billion.

Energy Efficiency Awards

- The American Council for an Energy-Efficient Economy (ACEEE) released its 2014 State Scorecard naming Massachusetts the No. 1 state in energy efficiency for the fourth year in a row. Connecticut was ranked sixth in the nation. Our operating companies take great pride in their contributions toward helping our states retain their leadership positions.
- In 2014, ENERGY STAR recognized New England's ENERGY STAR Products Program with its Sustained Excellence Award. This included all the New England electric utilities working with the Northeast Energy Efficiency Partnership (NEEP), including the company's electric utility companies in Connecticut, western Massachusetts, eastern Massachusetts and New Hampshire.
- In 2014, ENERGY STAR recognized New Hampshire's ENERGY STAR Homes Program with its Partner of the Year Award.
- In 2015, EPA recognized the CT Home Energy Solutions weatherization program with its Partner of the Year Award.
- Many organizations continue to recognize our companies for the success of the energy efficiency programs that Eversource has implemented. In 2014, the New Hampshire Core Utilities, including Public Service Company of New Hampshire (PSNH), won the ENERGY STAR Partner of the Year Award for the ENERGY STAR Homes program implementation in New Hampshire. Also in 2014, the sponsors of the Mass Save® Lighting and Consumer Products Initiative, including NSTAR Electric and Western Massachusetts Electric Company

(WMECo), received the Association of Energy Services Professionals' Marketing & Communications in Social Media Award for using new channels of sales driving to help meet aggressive program goals.

- In 2013, Northeast Utilities, NSTAR, PSNH, and WMECo, along with several other utilities that comprise NEEP, were honored with the ENERGY STAR Partner of the Year - Sustained Excellence Award. This award was given by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE) for the Northeast Retail Products Initiative, which promotes energy efficiency in homes and businesses throughout the Northeast, through regionally coordinated programs.
- NSTAR, WMECo and six other Massachusetts electric and natural gas utilities were recognized with an award of excellence from the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE) for their work with the Joint Management Committee in Massachusetts, sponsor of Massachusetts New Homes with ENERGY STAR, a multi-utility and energy efficiency service provider. Additionally in 2013, the EPA awarded Energy Star Partner of the Year Awards to PSNH and the NH CORE Utilities, and also to Northeast Utilities in partnership with United Illuminating and the Connecticut Energy Efficiency Fund, for their contributions to reducing greenhouse gas emissions by delivering energy efficiency information and services to their customers.
- In November 2013, the American Council for an Energy-Efficient Economy (ACEEE) released its 2013 State Scorecard naming Massachusetts the number one state in energy efficiency for the third year in a row and Connecticut ranked fifth in the nation. Additionally, in 2013 the ACEEE released its third National Review of Exemplary Energy Efficiency Programs. Seven programs administered by our operating companies were recognized by the ACEEE as "models for emulation by other utilities and organizations."

Safety Awards

- In 2014, the company's Greater Springfield Reliability Transmission Project received Engineering News-Record's "Best Overall Construction Project in New England" award, the Best Energy Project/Industrial Project in New England award (also from ENR) and recognition from the *Edison Electric Institute* for accomplishments in safety, innovation and teamwork. The project spanned 100 circuit miles and included installing 600 new transmission structures and 13 new or rebuilt substations.
- The company received an *American Gas Association* (AGA) Safety Achievement Award for having one of the lowest motor vehicle accident rates for companies of our type. The award recognizes the employees from our natural gas business in Connecticut and Massachusetts for driving more than 6.2 million miles in 2014 with a minimal number of accidents. In 2013, the company was honored by Liberty Mutual with Gold Awards for its 2012 performance, recognizing the company's impressive reductions from the prior year in preventable motor vehicle accidents. Gold Awards recognize our leadership in safe driving—in the utility industry and across all business sectors. In 2012, CL&P, Yankee Gas, PSNH, WMECo and NU's Transmission business saw reductions in accidents ranging from 40 to 63 percent.
- In 2011, WMECo and PSNH received a Gold Safe Driver Award from Liberty Mutual. Both areas also received gold level awards in 2010. PSNH, WMECo and Yankee Gas received Gold Safe Driving Awards in 2009. CL&P and Yankee Gas were recognized in 2008.
- The *Northeast Gas Association* (NGA) awarded Yankee Gas an Excellence in Safety Recognition Program Award in 2011 for initiatives that resulted in significantly reducing injuries.
- In 2011, Northeast Utilities was recognized with 17 Telly Awards for safety-focused videos on distracted driving and electrical hazards, "Safe Not Sorry", environmentally-focused videos on a solar array on NU's main campus, a Zero Energy Award contest about energy efficiency and a community-focused video about heroes being honored by the Red Cross for their help within the community.
- The company established a Tri-State Ergonomics Team in 2011, which conducted a careful two-year review of injury reports and feedback from employees. This cross-functional team wrapped up its work in 2013, implementing a series of safety action items which successfully resulted in reductions in ergonomic-related

injuries at our company. Since the team began in 2011, we have seen a roughly 50 percent drop in these types of injuries.

Environmental Initiatives Awards

- The *American Council of Engineering Companies* recognized Northeast Utilities with the 2014 Bronze Award for outstanding professional design excellence Award for the remediation of a former manufactured gas plant site in Keene, NH citing our commitment to protecting and restoring the environment.
- The *Environmental Business Council of New England* recognized PSNH in 2013 with an Outstanding Environmental-Energy Technology Application Achievement Award for its initiative to reduce mercury and sulfur emissions from the coal-fired generation facility at Merrimack Station in Bow, NH.
- The United Kingdom-based *Green Organisation* named PSNH's Clean Air Project to reduce mercury and sulfur emissions from Merrimack Station in Bow as the winner of its 2013 Environmental Best Practice Award. They also awarded the project its prestigious Green Apple Award. The independent nonprofit environmental organization honors international environmental best practices.
- In 2013, NSTAR and several other organizations were recognized by the *Environmental Business Council of New England* with the Nicholas Humber Environmental Energy Award for outstanding collaboration on a project to upgrade an underwater electric cable and a communications cable from the mainland to Martha's Vineyard. Two projects were merged into one to reduce the impact to the environment, and save time and money.
- The *Environmental Business Council of New England* recognized NSTAR and a number of organizations in 2012 for their successful collaboration and work to remediate a boat slip site in New Bedford, MA. Coal tar, from a former manufactured gas plant that operated at the site from the 1880s through the 1960s, was removed.
- In 2012, the *Environmental Business Council* (EBC) recognized WMECo with the James D.P. Farrell Brownfields Project of the Year Award for its work to construct the Indian Orchard solar generation facility in Springfield, MA. The facility was built on a brownfield. WMECo, the city of Springfield and the Springfield Redevelopment Authority were recognized.
- Merrimack Station in Bow, NH, PSNH's largest power plant, was one of six power plants in the world to receive a Top Plants Award from *Power Magazine* in 2012 because PSNH was able to build its mercury and sulfur emissions reduction system two years ahead of schedule and 7.5 percent under budget.
- WMECo was honored by the *Environmental Business Council of New England* in 2011 with the John A.S. McGlennon Environmental Award for Corporate Leadership in recognition of outstanding comprehensive corporate-wide environmental leadership and development of the Silver Lake solar generation facility in Pittsfield, MA.
- WMECo was recognized with a 2011 Photovoltaic Project of Distinction Award for its work in developing the Silver Lake solar generation facility in Pittsfield. The *Solar Energies Industry Association* and the *Solar Electric Power Association* sponsored the award, which celebrates major achievements in the U.S. solar energy market.
- In 2011, PSNH was recognized by the *New Hampshire Preservation Alliance* for its renovation of Energy Park in Manchester, NH to serve as its corporate headquarters. The Alliance said the project was the greatest preservation achievement in the state in the last 25 years. Energy Park is inside an old PSNH generation facility on the banks of the Merrimack River in downtown Manchester.
- The Clean Air Project at PSNH's Merrimack Station in Bow, NH, was honored in 2011 by *Old Republic Insurance* for its overall safety performance. Employees worked more than one million hours without a lost time accident.

- PSNH was recognized with an Outstanding Support Award from the *Environmental Business Council of New England* in 2009 for the company's service, leadership and dedication to the development of the environmental and energy industry in New England.

Customer Service Awards

- The company's Customer Experience team was recognized in May 2011 with an Expanding Excellence Award for innovation in customer service at the *CS Week Conference* in Florida. Northeast Utilities was the first utility in the nation to develop and implement "Call Logic" software that analyzes the way the company completes customer transactions and interactions to find ways to improve processes, use technology more effectively and help its customer service representatives serve customers easier and faster.

Diversity Awards

- 2014 award for "Buyer of the Year" by the *Greater New England Minority Supplier Development Council*.
- The *Greater New England Minority Supplier Development Council* named Northeast Utilities as its Local Corporate Member of the Year in 2013 and 2012.
- Northeast Utilities received the Council's 2012 Advocate of the Year Award.
- In 2012, our company was honored by *Summit International* with a Creative Excellence Bronze Award for its workplace diversity and inclusion report.
- Northeast Utilities was recognized for creating the Supplier Development Academy with the University of Connecticut in 2011 and establishing a mentor/protégé program for minority business owners.

Education Awards

- Northeast Utilities and Yankee Gas were recognized by the *Connecticut Department of Labor's Business Enterprise Unit* with a 2011 Champions Award for their ongoing commitment and support of education and workforce development across Connecticut.
- In 2010, the *Connecticut Department of Public Utility Control (DPUC)* recognized the company's Customer Experience (CE) team for its website designed for social agencies and CE's effort to train 121 employees at 15 agencies. CE launched a new website to provide its social agency partners in Connecticut, Massachusetts and New Hampshire with secure, real-time access to customer usage and billing information needed to verify customers' eligibility for energy assistance. With the information online, the social agencies were able to process applications and payments more quickly and efficiently. (Note: The DPUC is now known as the Public Utilities Regulatory Authority or PURA.)

Community Support Awards

- In 2013, PSNH was awarded the Dewey O'Neil Award by *Easter Seals of New Hampshire* for 33 years of outstanding support from the company and its employees. In 2012, PSNH employees raised \$81,000 for Easter Seals and have raised more than \$2.9 million over the past three decades.
- In 2010, Northeast Utilities was one of 10 companies in the nation recognized by *The Business Committee of the Arts* for their exceptional involvement with the arts that enrich the workplace, education and the community.

Employee Support Awards

- In 2015, Eversource was recognized by [Business Insider](#) as a Best Company to Work for in America. Our employees are our greatest asset and we're proud that they find our company a satisfying place to work. Business Insider recognized U.S. companies that stand out in pay, happiness, and more. To create this list, companies in the 2014 Fortune 500 list were ranked using a salary and survey database. Final scores were

determined by multiplying six criteria: high job satisfaction, low job stress, ability to telecommute, high job meaning, experienced median pay, and salary delta. On the basis of our scores, Eversource was ranked number 21.

- The *American Legion of Massachusetts* recognized NSTAR Electric with a certificate of appreciation in 2013 for their support to veterans.
- *The American Legion's* National Economic Commission presented NSTAR with its Recognition for Outstanding Achievement Award in 2012 for outstanding recruiting, hiring and support of veterans.
- In 2010, *Military Times EDGE* magazine ranked Northeast Utilities among the 50 best corporate employers for military veterans for recognizing the benefits of military experience in potential employees. Our company received high marks for its policies that support and accommodate activated reservists.
- PSNH was recognized with the Patriotic Employer Recognition from the *Air National Guard* in 2008.

Health Awards

- The *New England Employee Benefits Council* awarded the company with a 2010 Best Benefits Practices Award for its "Healthy, Wealthy and Wise" employee education program.

Operations Awards

- *TRC Companies* in Lowell, MA, honored PSNH with a Top Project of the Decade Award for the upgrade project at its Saco Valley substation. The Saco Valley substation upgrade is significant for improving the electric reliability in central New England without adding additional generating capacity.

Communications Awards

- The company's Communications team was honored with a Silver Bell Ringer Merit Award for the company's 2009 annual report, "Strength. Stability. Sustainability." The Bell Ringer Awards, sponsored by the *Publicity Club of New England*, honor excellence and achievement in the communications and public relations professions. Northeast Utilities also won a Silver Bell for its 2008 annual report, "Creating an Environment for Growth."

OUR BUSINESS

About Our Company

"Committed to delivering reliable energy and superior customer service."

[Eversource](#) has a long and proud history in the energy industry. Our mission to deliver reliable energy and superior customer service is woven into the fabric of all that we do for customers in Connecticut, Massachusetts and New Hampshire.

Through our regulated utilities we deliver safe, reliable and affordable energy-related products and services to 3.6 million customers. Eversource is committed to safety, reliability, environmental stewardship and expanding energy options for our region.

In March 2015, after months of negotiations with key state officials, Eversource Energy agreed to sell its Public Service Company of New Hampshire (PSNH) power plants pursuant to an agreement in principle reflected in a settlement term sheet. The fleet totals approximately 1,200 MW, including 540 MW of coal generation, 400 MW of

dual-fuel oil/natural gas generation, 70 MW of run-of-the river hydroelectric units, 50 MW of generation fueled with wood chips and 100 MW of oil and jet fuel fired peaking units, all located in New Hampshire.

A formal divestiture agreement was filed with New Hampshire regulators in June 2015 and a decision is expected by the end of 2015. If approved, Eversource expects that the sale will close by the end of 2016, with any shortfall between the sale price of the units and our total investment in these units being securitized in 2017. Eversource owns no other generation, other than 8 MW of solar in Massachusetts. All currently owned generation is listed below.

Transmission and Distribution System

Eversource operates New England's largest energy delivery system with regulated electric utilities serving approximately 3.1 million customers and regulated natural gas utilities serving approximately 500,000 customers. We operate more than 4,270 miles of transmission lines, 72,000 miles of distribution lines, 578 substations, 449,737 distribution transformers and 6,533 miles of natural gas distribution pipelines across our service territory.

| Company Profile As Of December 2014 | | | | |
|--|----------------------------------|-------------------------------|------------------------|--------------------------------------|
| Operating Company | Territory in Square Miles | Communities Served | Customers | |
| CT Electric | 4,400 | 149 | 1.2 million | |
| CT Gas | 2,341 | 71 | 222,000 | |
| MA Electric | 3,192 | 140 | 1.4 million | |
| MA Gas | 1,067 | 51 | 282,000 | |
| NH Electric | 5,628 | 211 | 504,000 | |
| Natural Gas | | | | |
| Type | | CT Gas | MA Gas | |
| Natural Gas Pipelines | | 3,302 miles | 3,231 miles | |
| Liquid Natural Gas Plants | | 1 | 2 | |
| Generation Facts Hydroelectric | | | | |
| Station | River | Capability (Kilowatts) | Number of Units | Location |
| Amoskeag | Merrimack | 17,500 | 3 | Manchester, NH |
| Ayers Island | Pemigewasset | 9,100 | 3 | Bristol and New Hampton, NH |
| Canaan | Connecticut | 1,000 | 1 | Canaan, VT and West Stewartstown, NH |
| Eastman Falls | Pemigewasset | 6,500 | 2 | Franklin, NH |
| Garvins Falls | Merrimack | 12,400 | 4 | Bow, NH |
| Gorham | Androscoggin | 2,100 | 4 | Gorham, NH |
| Hooksett | Merrimack | 1,600 | 1 | Hooksett, NH |
| Jackman | North Branch | 3,600 | 1 | Hillsborough, NH |
| Smith | Androscoggin | 15,200 | 1 | Berlin, NH |
| Fossil and Biomass Generation | | | | |
| Station | Fuel Type | Capability (Megawatts) | Number of Units | Location |
| Merrimack | Coal | 439.0 | 2 | Bow, NH |

| Schiller | Coal/Biomass/Oil | 139.2 | 3 | Portsmouth, NH |
|----------------------------|------------------|------------------------|------------------|-----------------|
| Newington | Oil/Gas | 400.2 | 1 | Portsmouth, NH |
| | | | | |
| Combustion Turbines | | | | |
| Station | Fuel Type | Capability (Kilowatts) | Number of Units | Location |
| Lost Nation | No. 2 Oil | 18,000 | 1 | Groveton, NH |
| Merrimack | Jet Fuel | 43,000 | 2 | Bow, NH |
| Schiller | Jet Fuel | 18,500 | 1 | Portsmouth, NH |
| White Lake | Jet Fuel | 22,400 | 1 | Tamworth, NH |
| | | | | |
| Solar Generation | | | | |
| Location | Fuel Type | Capability (Kilowatts) | Number of Panels | Location |
| Energy Park | Photovoltaic | 51 | 183 | Manchester, NH |
| Silver Lake | Photovoltaic | 1,800 | 6,534 | Pittsfield, MA |
| Indian Orchard | Photovoltaic | 2,300 | 8,290 | Springfield, MA |
| Cottage Street | Photovoltaic | 3,900 | 12,980 | Springfield, MA |

Corporate Governance

"Eversource has a long-standing commitment to the highest standards of integrity, accountability and independence."

Employees of Eversource, in conducting the day-to-day business of our company, strive to enhance long-term value for shareholders and to fulfill Eversource's commercial, community and public service obligations. It is the responsibility of Eversource's [Board of Trustees](#) (the "Board") to oversee these efforts. Doing what's right – ethically, fairly and honestly – is the cornerstone of both good corporate governance and corporate compliance. In that respect, all of Eversource's trustees, officers, employees, contractors and agents must abide by Eversource's [Code of Business Conduct](#). The Board has also adopted a [Code of Ethics for Senior Financial Officers](#) and a [Related Party Transactions Policy](#) that underscore the company's commitment to the highest standards of integrity, accountability and independence.

The Board seeks to ensure that the company has a clear and acceptable purpose, strategic and operational direction and plan, and that the business of the company is managed effectively, taking into consideration economic circumstances along with regulatory and legal requirements. The [Corporate Governance Guidelines](#), along with the [Charters of each of the Board of Trustees' Committees](#), provide the framework for the governance of the company. Further information regarding the structure of the Board can be found in our [Proxy Statement](#) for the Annual Meeting of Shareholders and on our website under "[Corporate Governance](#)" in the Investors section.

Ethics and Risk Management

Our strong commitment to corporate governance and compliance is at the heart of our Eversource culture. Energy companies like Eversource comprise one of the nation's most heavily regulated industries, and the laws and regulations that apply to our company can be complex. We strive to maintain the trust and confidence of all customers, shareholders and regulators. We are committed to sustaining a work culture that promotes accountability, transparency, high performance and a sense of pride and service among all employees.

Eversource's Board of Trustees (the "Board") upholds this trust by overseeing corporate governance on the Board level and by overseeing compliance to make certain that company objectives align with a common purpose. The Board also ensures the objectives are achieved effectively, are part of the overall strategic plan, and that every action is acceptable with regulators and satisfies legal obligations.

Our workforce is our most valued resource. Employees of Eversource carry out many roles in the office and in the field with the objective of delivering reliable energy and superior customer service. Our employees understand the responsibilities of working for an energy company that continuously affects the lives of millions of people. To ensure accountability in functions at every level, our [Code of Business Conduct](#) outlines the values and ethics expected of all employees. Eversource's Code of Business Conduct is comprised of the shared principles that govern our business, and underscores the importance of ethical business practices. Regardless of their role, all employees have a responsibility to abide by the spirit and letter of the Code. Employees are required to report any situation that violates any law, regulation, rule or this Code. Reports can be made anonymously if desired, unless disclosure is required by law. Anonymous complaints by employees can be made through Eversource's Corporate Compliance Hotline online or by phone.

New employee orientation is conducted and includes communication of the *Code of Business Conduct* and all Corporate Policies, such as, *Conflict of Interest, Fraud Prevention and Detention, Prevention of Sexual Harassment and Fitness for Work*. Supervisors and managers receive either interactive training or face-to-face training on these subjects, or have taken online programs.

Eversource's Board oversees the Enterprise Risk Management (ERM) program for identifying the principal risks of the company. Our ERM program involves the application of a well-defined, enterprise-wide methodology designed to allow our Risk Committee, comprised of our senior officers and directors, to oversee the identification, prioritization, mitigation and reporting of principal business risks. The ERM program is integrated with other assurance functions throughout the Company including Compliance, Auditing, and Insurance to ensure appropriate coverage of risks that could impact the Company. In addition to known risks, ERM identifies emerging risks to the Company, through participation in industry groups, discussions with management and in consultation with outside advisers. Our management analyzes the risks to determine materiality and other attributes such as likelihood, impact, and mitigation strategies. Management broadly considers our business model, the utility industry, the global economy and the current environment to identify risks. The findings of this process are periodically discussed with the Finance Committee of our Board, as well as with other Board Committees or the full Board, as appropriate, including reporting on how these issues are being measured and managed. Eversource's risk factors are identified in our Annual Report on Form 10-K.

Delivering Reliable Energy & Superior Customer Service

Of all the things that contribute to the success of our company, none are as essential as the integrity of our actions. We are committed to meeting the highest expectations of our customers, shareholders and regulators. Our shared principles govern our business and underscore the importance of ethical business practices. We are all responsible to:

- Maintain and adhere to the highest ethical standards.
- Comply with all federal, state and local laws and regulations, as well as all company policies and procedures, including the Code.
- Embed safety in every aspect of our work.
- Foster a diverse and inclusive work environment that ensures everyone is treated with respect and dignity.
- Avoid any and all conflicts of interest, and the appearance of such.
- Keep property, resources and information secure, including non-public customer, shareholder and employee information.

Financial Performance

Our company truly established itself as a leader in the New England energy marketplace and the overall industry in 2014, as we enhanced our high levels of customer service, operational reliability and financial strength. We are a

company committed to always improving and always evaluating how we can do things better for our customers, employees and shareholders.

In 2014, we reported recurring earnings of \$2.65 per share, compared with recurring earnings of \$2.53 in 2013. This trajectory is consistent with our goal of increasing earnings per share over the long term at a rate of six to eight percent annually. This projected long-term growth rate is among the most attractive across electric utilities in the United States. Consistent with our financial success, our share price hit all-time highs multiple times during 2014 before ending the year at \$53.52, an increase of \$11.13, or 26 percent, compared to the 2013 closing price of \$42.39. This is the largest absolute annual price increase in our history.

We also raised our annual common dividend by 6.8 percent in 2014 to an annualized rate of \$1.57 per share. The combination of share price appreciation and dividends paid during the year provided shareholders with a total return of 30.5 percent in 2014, a performance that exceeded the 28.9 percent return for the EEI Index of our peers and is more than double the 13.7 percent return achieved by the S&P 500 in 2014.

Our total 2014 return represents the sixth consecutive year of double-digit returns for shareholders, an achievement earned by just three other companies in the EEI Index. In addition, Eversource began 2015 on a positive note with the announcement of another dividend increase, effective March 31, 2015, making the annualized common dividend level \$1.67 per share. This is our sixteenth dividend increase over the past fifteen years.

In April 2015, Standard & Poor's upgraded Eversource Energy and our subsidiaries' corporate credit rating to A. With this A rating and stable outlook, S&P now rates Eversource Energy at the very top of its list of utility holding companies that comprise the EEI Index.

As in previous years, our continued growth in earnings, solid credit ratings and compelling share price performance are a direct result of our operational success and future outlook. We have been diligently integrating our business, creating efficiencies that generate cost savings, while also improving service to customers.

We also take seriously our role in the regional energy marketplace as an active, committed advocate for our customers. There has been a clear regional shift to natural gas as the fuel of choice for heating and power production. Unfortunately, no substantial pipeline capacity has been built into New England from domestic supply regions since the 1990s, while gas demand continues to grow and non-gas fired generation capacity in our region continues to retire. About 1,400 megawatts came off line in 2014 alone, and more than 1,500 additional megawatts of non-gas fired generation are slated to retire in 2017, further stripping the region of electric generation capacity and diversity.

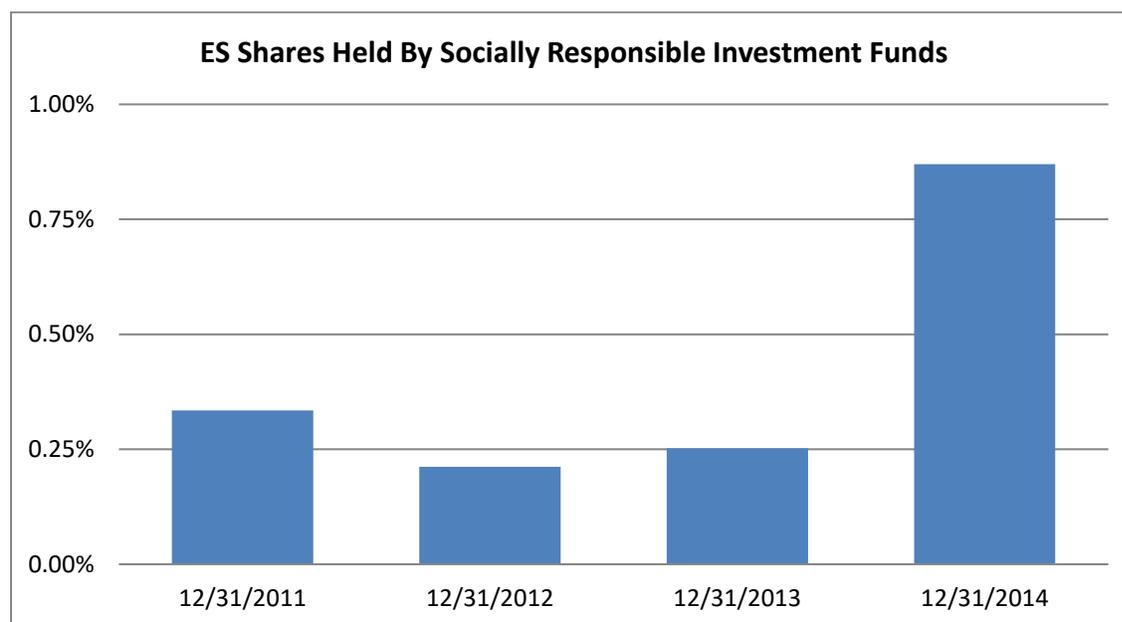
As New England's leading utility, we have an obligation to develop innovative and meaningful solutions to these challenges. That is why we have forged an important partnership with Spectra Energy and National Grid on a new and unique project, Access Northeast, which will meet New England's current challenges head on. Through Access Northeast, Spectra will upgrade its existing natural gas transmission pipelines in New England and expand gas capacity to our region to deliver an additional one billion cubic feet of natural gas to generators and retail customers per day. This will help meet regional demands for additional natural gas for heating, while reducing costs for electricity customers throughout New England. In a typical winter, we project that Access Northeast will save New England's customers approximately \$1 billion a year, while reducing emissions significantly by replacing older oil and coal generated power with the output from newer, cleaner natural gas fired plants.

Access Northeast is one of two major projects that could provide significant, long-term diversity and cost savings to New England's energy customers. Our Northern Pass Transmission Project is another one of those important solutions: a \$1.4 billion transmission line that will bring clean hydropower from Canada to customers in our region. We continue to make solid progress with Northern Pass, working to obtain all federal and state permits needed to begin construction. We anticipate the projects will begin serving New England customers in 2018 and 2019. These projects will provide needed relief to the region, and our investment in them, which could approach \$3 billion in total, should provide us with very attractive earnings growth through the end of the decade. We estimate that Northern Pass will reduce New England electric bills by more than \$300 million a year, while lowering the region's carbon emissions by three to five million tons annually.

Additionally, natural gas expansion for heating customers remains a key growth area for our business. In tandem with our work to expand capacity, we continue to answer our customers' demand to convert to natural gas. In 2014 we added another 10,600 natural gas heating customers and we expect to exceed this level over the next several years, as legislation in Connecticut and Massachusetts encourages conversions. Replacing oil furnaces with modern natural gas heating reduces heating bills considerably, while also reducing carbon emissions by an estimated 27 percent. In conjunction with expansion, we are accelerating pipeline replacement, which will result in a more modern natural gas delivery system that is less costly to maintain.

Eversource is committed to offering opportunities that benefit our customers and the environment we live in through energy efficiency programs and renewable energy investments. In 2014, we invested approximately \$475 million in a variety of energy efficiency programs. In the last two years we have also received regulatory approval for long-term contracts to purchase approximately 750 megawatts of energy from wind, solar and other renewable facilities in New England.

We are pleased that an increasing number of portfolio managers in both the United States and abroad are recognizing Eversource as an attractive, sustainable investment and are including our shares in their funds as indicated below:



We continue to meet regularly with socially responsible institutional investors with a goal of increasing the percentage of ES shares held in their portfolios.

Selected Financial Data

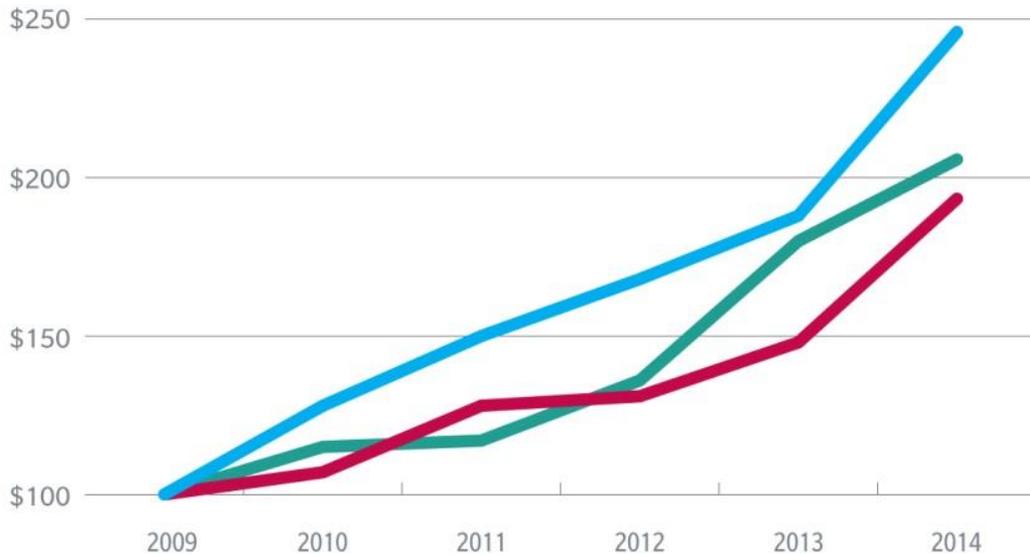
(Thousands of dollars, except share information and statistical data)

| | 2014 | 2013 |
|---|---------------|---------------|
| Operating Revenues | \$ 7,741,856 | \$ 7,301,204 |
| Operating Income | \$ 1,632,849 | \$ 1,529,435 |
| Net Income Attributable to NU Common Shares | \$ 819,546 | \$ 786,007 |
| Diluted Earnings per Common Share (GAAP) | \$ 2.58 | \$ 2.49 |
| Diluted Earnings per Common Share (Non-GAAP) (1) | \$ 2.65 | \$ 2.53 |
| Diluted Common Shares Outstanding (Weighted Average) | 317,417,414 | 316,211,160 |
| Dividends Paid per Share | \$ 1.57 | \$ 1.47 |
| Sales of Electricity (Regulated Retail, KWH-millions) | 54,442 | 55,331 |
| Electric Customers (As of Year End) | 3,119,675 | 3,103,642 |
| Firm Sales of Natural Gas (million cubic feet) | 99,500 | 94,083 |
| Natural Gas Customers (As of Year End) | 500,703 | 495,267 |
| Investments in Property, Plant & Equipment | \$ 1,603,744 | \$ 1,456,787 |
| Property, Plant and Equipment, Net (As of Year End) | \$ 18,647,041 | \$ 17,576,186 |
| Market Capitalization (As of Year End) | \$ 16,964,948 | \$ 13,364,446 |
| Share Price (As of Year End) | \$ 53.52 | \$ 42.39 |

(1) Diluted Earnings per Common Share (Non-GAAP) was adjusted to exclude integration-and merger-related costs. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the accompanying Form 10-K for a reconciliation to GAAP.

Total Shareholder Return

(Assumes \$100 invested on December 31, 2009 with all dividends reinvested)

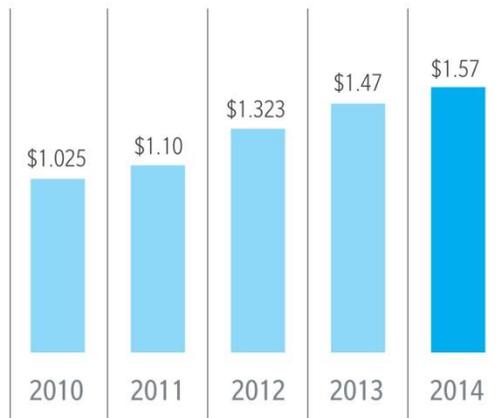


| | | | | | | |
|---|-------|-------|-------|-------|-------|-------|
| ■ Eversource Energy | \$100 | \$128 | \$150 | \$168 | \$188 | \$246 |
| ■ EEI Index | \$100 | \$107 | \$128 | \$131 | \$148 | \$191 |
| ■ S&P 500 | \$100 | \$115 | \$117 | \$136 | \$180 | \$205 |

Closing Share Price



Dividends Paid/Share



Click here for Eversource's complete [Annual Report](#) .

Click here to view Eversource's [historical financial performance highlights](#).

Economic Benefit

The success of Eversource is inextricably linked to the success of our region. We actively partner with local New England leaders to recruit new businesses and boost our area economies.

In 2014, 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.

By providing infrastructure support, Eversource assists major companies growing their businesses in our region. In Plympton, Massachusetts, a major expansion of an existing substation allowed SYSCO Foods to locate a new 700,000 square foot facility in the region. In Rochester, New Hampshire, we worked closely with the City of Rochester Economic Development Office, representatives of Safran Aerospace Composites, Albany Engineered Composites, and Great Bay Community College to assist in the opening of a new manufacturing plant that will result in the hiring of 400 skilled manufacturing employees. In Connecticut, Eversource is continuing to invest in distribution resiliency and gas line expansion projects to energize the state's economy.

We also support economic development by sponsoring major events, such as the New Hampshire Annual Economic Development Summit - the largest economic development event in the state. We remain a long-time sponsor of the Travelers Championship Tournament, which generates over \$1 million in annual charitable giving to multiple organizations throughout New England and creates many jobs in the state of Connecticut.

In 2014, Eversource also became the title sponsor of the [Hartford Marathon](#), which generates over \$13 million of economic value annually to the region with 65,000 spectators, participants and volunteers. We are proud to partner on this event that promotes health, fitness, and enjoyment for athletes of varying ages, experience levels, and abilities. Along with our title sponsorship, we provided information to event attendees on energy efficiency and assisted in the Hartford Marathon's effort to achieve Gold Certification from the [Council of Responsible Sport](#), a mark of their continued commitment to sustainability.

Eversource Connecticut presently participates in three different tax credit programs that Connecticut offers as an incentive for businesses to support community programs. Over the past 16 years, we have contributed close to \$110 million to affordable housing in Connecticut by utilizing these tax credits. In doing so, we have transformed neighborhoods, created jobs and housing, and improved Connecticut's economy. In 2014 alone, Eversource invested nearly \$20 million dollars in tax credits - \$9,825,305 was invested in the Housing Tax Credit Contribution (HTCC) Program, \$203,472 in the Neighborhood Assistance Tax Credit (NATC) Program, and \$9,440,377 in Historical Structures Tax Credits. 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.

In addition to providing well over \$1.3 million in funding to various economic development groups throughout New England, we are also actively involved (in most cases at a Board level) in organizations such as the Connecticut Economic Resource Center (CERC), Connecticut Main Street Center Inc., Massachusetts Alliance for Economic Development (MassEcon), Economic Development Partners of Western Massachusetts, Northeast Economic Development Association, and the Economic Advisory Council. The goal of all of these organizations is to help boost the economies of New England. Eversource was there to work hand-in-hand with our economic development partners throughout 2014. Additionally, Eversource is involved with and supports dozens of Chambers of Commerce throughout New England.

| Eversource Economic Benefit | | | |
|--|---------------|---------------|---------------|
| | 2014 | 2013 | 2012 |
| Donations | \$4.8 million | \$5.2 Million | \$4.6 Million |
| Employees* | 8,265 | 8,697 | 8,842 |
| Taxes Paid | \$616 Million | \$559 Million | \$420 Million |
| *Employee numbers are approximate as of end of year, excluding temporary employees, and reflect organizational synergies achieved over time. | | | |

Sustainable Supply Chain

“Eversource believes a sustainable supply chain results from collaboration, vision and accountability to meet today’s needs and ensure a sustainable future.”

Supplier Code of Conduct

Eversource is committed to sustainability in its supply chain and recognizes the importance of ethical behavior in business relationships and in the workplace. To clearly set out our expectations for suppliers, Eversource requires all vendors to adhere to its Supplier Code of Conduct, which directs suppliers to provide high quality products and services, and to also:

- Be honest, fair and respectful at all times
- Keep their commitments to quality, reliability and service
- Perform to the highest ethical standards
- Understand and operate in compliance with all applicable laws, regulations, policies and procedures
- Maintain a culture of ethical business practices, encourage open communication to all stakeholders and foster awareness of and commitment to the responsibilities outlined by Eversource
- Effectively communicate standards and procedures to their employees, agents and representatives through training programs and disseminate information on requirements and expectations
- Treat their employees fairly and with respect
- Provide a safe and healthy working environment
- Adhere to all applicable labor and human rights laws including, but not limited to, those associated with Equal Opportunity and Non-Discrimination, Child Labor, Forced or Compulsory Labor, Working Hours, Wages and Benefits, Freedom of Association, Health & Safety, and Harassment- Free Work Environment
- The country of any location where a supplier is performing any work for Eversource must be a member of the [International Labour Organization](#) (ILO).

Green Procurement

Eversource’s Environmentally Preferable Procurement (EPP) guidelines, or "green procurement" guidelines, focus on obtaining products or services that have a reduced impact on human health and the environment. Our EPP guidelines and associated tracking mechanisms have led us to use Forest Stewardship Council (FSC) certified printing services that utilize FSC certified paper and soy or vegetable based inks, low-energy flat screen computer monitors, and recycled and sustainable promotional products and biodiesel fuels. Our electronic Requests for Proposals also require vendors to describe the environmental impacts of their products or services.

Investment Recovery

Eversource Investment Recovery is committed to disposing of our unused assets in an economical and efficient manner, while being legally and environmentally compliant. Our mission is to reuse, return, recondition, resell, reclaim, or recycle our surplus assets to avoid landfills or other potentially wasteful disposal options. Reselling used assets that are no longer needed by the company provides the assets with an extended life, while also offering an opportunity for real savings for responsible buyers. Reclaiming or remediating hazardous components from end of life assets provides a cost savings and the ability to recycle the other nonhazardous materials which might otherwise end up in a landfill if left intact.

Electric Utility Industry Sustainable Supply Chain Alliance

Eversource actively supports utility industry-wide expansion of supply chain sustainability through participation in the Electric Utility Industry Sustainable Supply Chain Alliance (Alliance). As a standards development organization formed to promote environmental stewardship and provide value to customers and shareholders, the

Alliance focuses on non-fuel suppliers. Working with industry suppliers and other interested parties, together with the Alliance, we are improving environmental performance and advancing sustainable business practices for major categories of electric utility purchases.

Supplier education and resources include online aids for supplier awareness of sustainability issues, contact points with available resources, such as the Manufacturing Extension Partnership (MEP) of the U.S. Department of Commerce, National Institute of Standards and Technology (NIST) and the U.S. Environmental Protection Agency (EPA), and educational materials, videos and guidance documents for suppliers. The Alliance also provides webinars, technical support and shared experiences from Alliance utility members, as well as links to other resources such as the U.S. Department of Energy (DOE), the EPA, NIST and the Climate Registry.

Commitment to Supplier Diversity

We firmly believe supplier diversity is a proactive business process and provide all suppliers with equal access to purchasing opportunities. This promotes supplier participation reflective of the diverse business community and encourages economic development. We engage suppliers who consistently provide exceptional products and services at competitive prices. Minority and woman-owned businesses are the fastest growing businesses in this country, and we are proud to engage with these diverse firms and their talented teams. 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 businesses
- Woman, veteran or service disabled veteran owned small businesses
- Businesses located in historically underutilized business zones
- Minority, female or disadvantaged business enterprises

At Eversource, we have Corporate Diversity goals and Commercial, Small and Disadvantaged Subcontracting Plan goals for the following categories of diverse suppliers: Spend with Small Business, Small Disadvantaged Business, Woman Owned Small Business, Veteran Owned Small Business, Service Disabled Veteran Owned Small Business and HUB Zone Certified Small Business.

In 2014, we spent \$447 million with small and diverse businesses in support of our seven socioeconomic category spending goals. Our performance exceeded six out of our seven committed goals.

Our ongoing challenge is to find small and diverse businesses which can support our business requirements, covering a large geographic area. This has led to a new Eversource initiative in 2014 that encourages prime suppliers to subcontract and establish relationships with smaller diverse suppliers. We are requesting that our large Integrator Subcontractors set diversity goals as part of the proposal and RFP process and are tracking progress through quarterly reports.

In recognition of our efforts, the Eversource Supplier Diversity Program has been nominated for the following awards for 2014:

- Greater New England Minority Supplier Development Council (GNEMSDC) "Corporation of the Year"
- GNEMSDC "Advocate of the Year"
- GNEMSDC "Buyer of the Year"

Diverse Supplier Development Academy

Through our Diverse Supplier Development Academy (DSDA), a joint venture formed in 2013 by Eversource in collaboration with the University of Connecticut School of Business' financial accelerator program and SCORE

(formerly known as the Service Core of Retired Executives), we are equipping high-potential diverse businesses with advanced business knowledge, skills and tools to facilitate growth, and competitive presence in their respective markets. Twenty three diverse businesses have completed the program, with 12 new participants currently enrolled for the Spring 2015 program. This program was initially a 2011 research project on diversity best practices, initiated and funded by Eversource. It officially launched in February 2014 as a non-profit entity in which Travelers Insurance and UIL Holdings joined in funding the partnership. The DSDA incorporates three core elements – education, mentoring, and hands-on support. The program offers education in core business principals to sharpen the skills and knowledge of each business owner. It provides one-on-one mentoring through SCORE to provide valuable guidance to each entrepreneur in pursuit of attainable goals that encourage business growth. Finally, DSDA includes hands-on support through the corporate partners to connect entrepreneurs to other tools, resources, and networks necessary to support their own business needs. Upon graduation, each participant’s knowledge and body of work has immediate application and benefit to their own businesses.

Research and Development

“Investments in R&D help us to better serve our customers.”

Eversource invests in Research and Development (R&D) to support research on reliability performance and resiliency initiatives, clean energy and our environment, energy efficiency, and other initiatives to better serve our customers. Our R&D budget is spent on programs through the Electric Power Research Institute (EPRI), and targeted projects that foster R&D relationships with universities and industry innovators. Eversource has spent between \$900,000 and \$1.6 million annually on R&D projects from 2010 to 2014.

In 2014, Eversource expanded its engagement with the research and development community by joining the Fraunhofer Center for Sustainable Energy Systems Advisory Board. Eversource’s Senior Vice President and Chief Customer Officer is leading this effort to connect industry leading research with the growing needs of our customers. This collaboration provides a new opportunity to link energy efficiency innovation with real world opportunities and is helping to build a vision for how to meet our efficiency goals in the future.

Eversource's Executive Vice President and Chief Administrative Officer serves on the Advisory Committee of the Connecticut Institute for Resilience and Climate Adaptation (CIRCA), whose mission is to increase the resilience and sustainability of vulnerable communities along Connecticut's coast and inland waterways to the growing impacts of climate change on the natural, built, and human environment. CIRCA is a partnership between the University of Connecticut and the Connecticut Department of Energy and Environmental Protection, that works collaboratively with local, regional and national partners to provide practical solutions to problems arising as a result of a changing climate.

Research programs enable Eversource to keep our systems working efficiently, support the development and testing of new technologies to make our systems more effective and provide safe and reliable service to our customers. Recent areas of focus include:

Reliability & Resiliency

- **Sensor Technology:** Eversource has expanded its agreement with Toronto-based Micromem Applied Sensor Technologies (MAST) to develop ways to make the power grid more reliable. Eversource and MAST will continue to collaborate to develop technologies that will improve utility transformer equipment functionality and longevity through the use of sensor technology. One technology is the development of a sensor solution to detect transformer partial discharges. Transformer outages have considerable economic impact on the operation of an electrical network. Transformers are subject to electric discharges, caused by electrical disturbances, deterioration of insulation, inadequate maintenance, moisture and overloading. The probability of these electric discharges increases as the transformers age, which can lead to catastrophic system failures and damage to utility assets. Both companies are now proceeding to prototype development, field-testing and system optimization.

- **Vegetation Management:** Eversource is working with the University of Connecticut (UConn) to reduce the threat of tree-related damage to the electric system through [STORMWISE](#), a program that integrates tree education, management and research to provide effective solutions to mitigate tree risk. The program has a goal of developing recommendations that will help to make trees and forests in Connecticut more resilient during severe weather, while maintaining the beauty and character of the state's roadside forest.
- **Storm Prediction Model:** Since 2011, Eversource CT has been partnering with UConn to develop a reliable storm prediction model. The model brings together weather parameters, such as wind speed forecasts from the National Weather Service, historic data in our outage management system from various types of storms and information from the company's vegetation management programs, to generate estimates on the expected strength of impending storms, as well as estimates on the location and extent of any damage they may cause. While there is no way for a utility to prevent outages, this new technology is another tool to gather more information to improve emergency preparedness and response. Once the model is refined, Eversource hopes to utilize it across our service territory.
- **Grid Self-Healing and Efficiency Expansion:** We received a U.S. Department of Energy (DOE) Smart Grid Investment Grant for a project that involves the installation of distribution automation equipment and the development of a new distribution SCADA system. The new distribution system leverages the new and existing automated switches and reclosers on selected circuits to automatically isolate grid power disturbances and to rapidly restore non damaged portions of circuits. New automated distribution equipment is also being deployed by the utility as a means to better manage power fluctuations on the grid, thus improving power factor and system energy efficiency.
- **Synchrophasor Infrastructure and Data Utilization in the ISO New England Transmission Region:** ISO-New England (ISO-NE) and seven of its transmission owners, including Eversource, are installing synchrophasor and phasor data concentrator (PDC) devices across New England through a U.S. DOE Smart Grid Investment Grant. These devices, in conjunction with a set of new applications, enable further improvements of the reliability of the transmission grid and prevent the spread of local disturbances to the neighboring regions through enhanced monitoring capabilities and increased situational awareness.

Clean Energy & Environment

Eversource is a member of the [New England Clean Energy Council \(NECEC\)](#), and in 2014 joined its Strategic Partner Network (SPN), which is aimed at helping leading global corporations seeking to grow their energy innovation strategic roles, build relationships in the cleantech community and develop new practices for open innovation, investment and strategic partnerships.

- **Clean Energy Solutions:** For the eighth straight year, Eversource is collaborating with the U.S. DOE and Massachusetts Institute of Technology (MIT) to sponsor the [MIT Clean Energy Prize](#), a competition that solicits business plans from teams aiming to develop clean energy solutions that diversify energy resources, increase energy efficiency and reduce environmental impacts from energy use. In 2014, 19 semifinalist teams from across the country qualified, and the grand prize winners, Unified Solar, a team comprised of MIT students, was named the Grand Prize Winner for creating cost-effective solar panels whose capacity is not affected when they are partially shaded. Unified Solar received the \$125,000 Grand Prize from Massachusetts Electric Operations President Craig Hallstrom. Secretary of the Massachusetts Executive Office of Energy and Environmental Affairs Richard K. Sullivan Jr. was also in attendance. This event, founded by MIT, Eversource and the U.S. DOE, is a national university business plan competition with a mission to foster a new generation of entrepreneurs.
- **Distributed Generation Integration:** We are exploring options and concepts for system readiness for higher levels of penetration from photovoltaic (PV) generation, energy storage and other distributed energy resources. A Power Line Carrier (PLC) Transfer Trip Pilot is underway to help enable Distributed Generation penetration and integration on the Eversource Distribution System. Transfer Trip helps prevent islanding of distributed generation. Eversource Western MA already has two PLC Transfer Trip installations for Solar Farm Projects. Eversource CT is currently designing and implementing a third PLC installation for a 4.9 MW Wind Farm. Power Line carrier is an older technology being harnessed for a new renewable energy integration application. The advantages with PLC over other transfer trip communications mediums are simplicity, reliability, security, scalability and installation cost.
- **Electric Vehicles:** Involvement in the R&D of plug-in electric vehicles and the supporting infrastructure through EPRI programs, industry organizations and independent projects. Eversource is in the process of collaborating with various municipalities and large customers to test EV stations at locations in Connecticut and Massachusetts to guide next steps.

Pursuant to our merger settlement agreements in Connecticut and Massachusetts, we are working to support the development of EV charging infrastructure and advance the EV market through a combination of studies, outreach and education, with funding. In Connecticut we are providing funding for the installation of DC Fast Chargers and grants for EV charging stations, increasing the number of publicly available charging stations to help make Connecticut a "range-confident" state. In Massachusetts, our efforts include a rate pilot program designed to encourage off-peak charging with innovative technologies that enable charging in a grid friendly manner.

In 2014, along with EPRI, 15 utilities and eight automakers, we supported the development and demonstration of an open Vehicle-Grid Integration (VGI) Platform software system that integrates plug-in electric vehicles (PEV) with smart grid technologies, allowing customers the option to charge off-peak.

- **Urban Grid Monitoring and Renewables Integration**: In this U.S. DOE Smart Grid Demonstration Project, we have installed sensors with both power line carrier and wireless transmitters in manholes, which monitor current and conductor temperature, and send near real-time data to the operations center. The goal is to improve knowledge of the urban grid's status in near real-time allowing proactive maintenance leading to improved safety and reliability.
- **Automated Meter Reading-Based Dynamic Pricing**: In this two year U.S. DOE Smart Grid Demonstration Project, we developed and implemented a Smart Grid pilot program in Massachusetts to demonstrate the viability of leveraging existing automated meter reading (AMR) deployments to provide much of the Smart Grid functionality of advanced metering infrastructure (AMI), but without the large capital investment that AMI rollouts typically entail. In particular, a central objective of the pilot was to enable residential dynamic pricing (time-of-use [TOU] and critical peak rates and rebates) and two-way direct load control (DLC) by continually capturing AMR meter data transmissions and communicating through customer-sited broadband connections in conjunction with a standards-based home area network. This enabled recording of interval consumption data and transfer of data to us via a two-way communications pathway, which was also used for sending load control signals and measuring demand response load impacts.
- **Grid Planning**: Study of bulk system impacts to integrate distributed generation and the development of tools and models to integrate variable generation
- **Energy Storage**: Research to understand developments in energy storage that enable integration of renewable resources and increase effective utilization of transmission assets
- **Environmental**: Research on fish protection at steam electric power plants, as well as wastewater treatment technology and water quality management through EPRI programs.

Energy Efficiency

- **Energy Efficient Lighting**: In collaboration with other New England utilities with funding through EnergizeCT, Eversource currently supports emerging lighting technology assessments and studies through our co-sponsorship of two programs at the Rensselaer Polytechnic Institute Lighting Research Center in Troy, New York. The "National Lighting Product Information Program (NLPPIP)" provides lighting product evaluation results to identify and facilitate use of efficient, quality lighting products, and the new "Lighting Alliance Program" (LEA) goal is to increase the benefits of lighting while reducing its environmental and monetary costs. In collaboration with other New England utilities with funding through EnergizeCT, Eversource currently supports Northeast Energy Efficiency Partnerships (NEEP)'s Design Lights Consortium (DLC), Commercial Advanced Controls (CALC) project. In partnership with a consortium of utilities and the U.S. DOE, NEEP will be implementing LED Lighting Control Demonstration projects across the Northeast region of the U.S. The purpose of the projects is to provide data on the benefits of these controls and to support the marketing, outreach, and deployment efforts of the U.S. DOE and utilities in increasing adoption of the technology. A CALC demonstration project will be initiated in CT during 2015.
- **Energy Efficiency Strategy**: Over the last five years, we have supported [MIT's Energy Efficiency Strategy Project \(EESP\)](#), which enables students to research energy efficiency as a resource strategy and its potential to create societal, economic and carbon benefits. An EESP objective has been to examine new efficiency program models that partner with cities and towns – methods to engage communities to save energy in their public buildings, as well as support campaigns for homes and businesses. A focus in the last year has been on pathways to greater scale in multifamily housing, with potential community partner strategies. With Eversource support, a pilot program design was developed for potential implementation in the City of Cambridge, with an innovative model for non-low income, tenant occupied, smaller multifamily buildings – a large but hard-to-reach segment for efficiency.

- **Energy Efficient Buildings:** To help address energy efficiency issues in existing buildings, Eversource is also co-sponsoring research at the Fraunhofer Center for Sustainable Energy Systems around new insulation methods and materials.

Eversource supports R&D that will enable us to operate and serve our customers as efficiently and effectively as possible.

Industry Associations

Eversource proudly participates in a wide variety of associations. As active members of these various organizations, our employees build relationships, share information, stay abreast of the latest trends and help to shape the future of our industry. Some of our many associations include:

- [American Association of Blacks in Energy \(AABE\)](#)
- [American Gas Association](#)
- [Ceres](#)
- [Edison Electric Institute \(EEI\)](#)
- [Electric Power Research Institute \(EPRI\)](#)
- [Electric Utility Industry Sustainable Supply Chain Alliance](#)
- [Equal Employment Advisory Council](#)
- [Greater New England Minority Supplier Development Council](#)
- [New England Clean Energy Council](#)
- [New England Council](#)
- [Northeast Energy Efficiency Partnership](#)
- [Northeast Gas Association](#)
- [Regional Electric Vehicle Initiative \(REVI\)](#)
- [Call Before You Dig Inc. \(CBYD\)](#)
- [Dig Safe System Inc.](#)
- [Connecticut Business and Industry Association](#)
- [Environmental Business Council of New England](#)
- [Utility Solid Waste Activities Group](#)
- [Utility Water Act Group](#)
- [Society of Women Environmental Professionals](#)
- [Connecticut Environmental Forum](#)

OUR PEOPLE

Health and Safety

“Safety First and Always”

At Eversource, safety is a core value and a responsibility we take seriously to ensure the well-being of our employees, contractors and the public. We work continuously on many fronts to keep our employees safe, healthy, well-trained and engaged. 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 or in the office. We are a successful organization only if our employees go home safely every day, which is why we are proud of our safety and wellness record at Eversource.

In 2015, Eversource enhanced its leadership commitment to safety by creating a distinct Safety Organization within our Operations Team, led by the Vice President, Safety. As a direct report to our Executive Vice President and Chief Operating Officer, we have further elevated our focus on safety, as well as demonstrated senior management’s commitment to continuous safety improvement.

We place the highest possible priority on managing our business to promote safety and protect ourselves, each other, and the general public from safety hazards, particularly those hazards inherent in the electric and gas utility industries. Safety is fundamental in everything we do and it will not be compromised. Suppliers performing work for Eversource must maintain and adhere to both the letter and spirit of safety laws, and industry-appropriate safety and occupational health standards and practices in the performance of their work. Please [visit our website](#) to learn more about our residential safety programs and to view important safety [videos](#).

Eversource implemented and achieved a number of key safety milestones and initiatives for employees, contractors and our communities in 2014.

Employee Safety

- Through our “Safety First and Always” campaign we provide employees across all three states with coordinated safety communications, education and training.
- Along with the launch of our new one-company brand in early 2015, our Safety Manual was consolidated to provide one set of key safety rules company-wide. All employees will have access to the revised manual in 2015.
- In 2014, Eversource reduced DART (Days Away Restricted or Transferred) rates by 7% over the previous year, performing better than target.
- In 2014, we added a dedicated ergonomics resource and benchmarked with several companies, both inside and outside our utility sector to identify opportunities for further improvement. We increased awareness efforts including five ergonomic videos, the integration of ergonomics into our physical skills training, together with installing slip, trip and fall simulators, and the use of force plates to teach employees about the stresses their bodies endure and how to control them.
- With a strong focus on safe driving practices and preventing distracted driving, Eversource employees also performed better than target on Preventable Motor Vehicle Accidents (PMVA) in 2014. Employees are provided with numerous opportunities for training including programs on Decision Driving and Smith Systems principles, use of the Central Massachusetts SKID school, and the creation of the video, “I Was Just,” which features company employees speaking personally about distracted driving events they or their family members have experienced.
- For the third year, we conducted a company-wide Safety “Speaker Series,” featuring motivating and personal presentations from individuals who, due to their actions, sustained on-the-job injuries that have had a lifelong impact on their careers and personal lives. These speakers help impart to our employees in a meaningful way the importance of following safety rules each and every day.
- Improving our understanding and application of rubber insulating materials to prevent electrical contacts and flashes remains a strong focus area across our company. Training, development of a rubber goods catalog and focused field safety observations are part of our successful strategy, resulting in our third straight year without an electrical flash/contact related injury resulting in time away from work.
- We utilize external, third-party safety experts to provide us with independent safety culture assessments, supervisory leadership training, and improving our field safety observations. These experts engage employees, including our leadership, to help us identify target areas for the development of safety improvement plans.

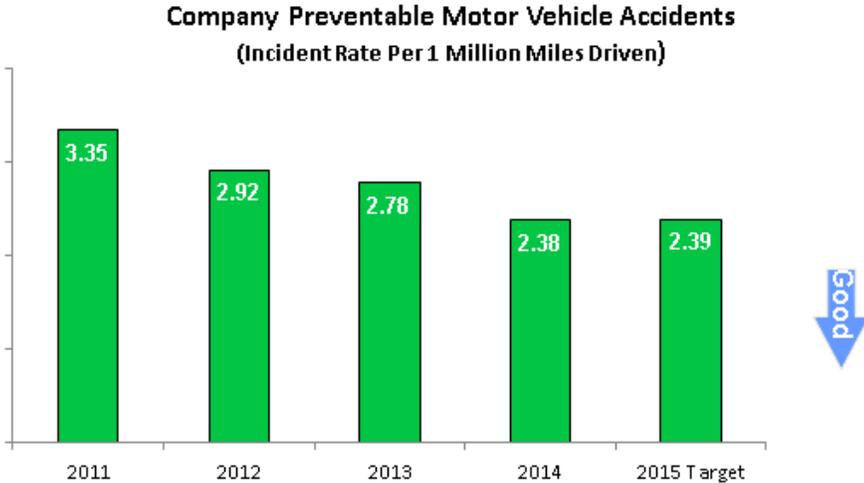
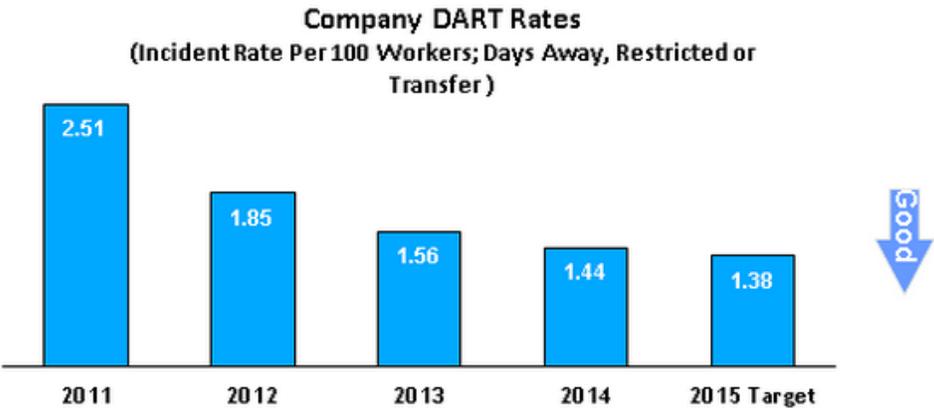
Contractor Safety

- 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.

- Internally, we have implemented the Edison Electric Institute’s Contractor Management process companywide, to provide a consistent method for evaluating and selecting prospective contractors.
- Safety Summits are conducted regularly for our key electrical, tree and civil contractors in Connecticut, Massachusetts and New Hampshire, where we review system and industry incidents, discuss lessons learned and allow for a roundtable for contractors to exchange information and ideas.

Community Safety

- Numerous electrical safety presentations were conducted for first responders and emergency management personnel throughout our service territory in 2014. A highlight is the “Live Line Demo” trailer, which allows participants to see first-hand demonstrations of the risks inherent in working on or near electrical equipment.
- In 2014, in Connecticut alone, over 2,500 first responders were touched by our outreach efforts. In two separate instances, training participants were later involved in an electrical hazard situation, such as a wire on a vehicle, and credit the training they received from Eversource with saving their lives.



Safety Awards

- In 2014, Eversource's Greater Springfield Reliability Transmission Project received the Engineering News-Record (ENR) "Best Overall Construction Project in New England", "Best Energy Project/Industrial Project in New England" (also by ENR), and a Safety Achievement Award from the Edison Electric Institute for accomplishments in safety, innovation and teamwork. The project spanned 100 circuit miles and included installing 600 new transmission structures and 13 new or rebuilt substations.
- In 2015, Eversource was awarded an American Gas Association (AGA) Safety Achievement Award for having one of the lowest motor vehicle accident rates for companies of our type. The award recognizes the employees from our natural gas business in Connecticut and Massachusetts for driving more than 6.2 million miles in 2014 with a minimal number of accidents.

Health and Safety Statistics

Safety Targets 2015

| Company DART Targets 2015 (DART Rates are the number of employee injuries requiring restricted duty or days away from work per 100 employees) | | |
|---|-------------|------------|
| | TARGET | ACTUAL |
| CT | 2.47 | N/A |
| NH | 1.14 | N/A |
| MA Eastern | 1.73 | N/A |
| MA Western | 1.12 | N/A |
| CT Gas | 3.85 | N/A |
| MA Gas | 2.69 | N/A |
| Transmission | 0.69 | N/A |
| Eversource TOTALS¹ | 1.38 | N/A |
| ¹ Eversource Totals include all companies | | |
| Company Preventable Motor Vehicle Accidents Targets 2015 (PMVA Rates are based on the number of accidents per 1 million miles driven.) | | |
| | TARGET | ACTUAL |
| CT | 2.40 | N/A |
| NH | 2.00 | N/A |
| MA Eastern | 3.10 | N/A |
| MA Western | 2.00 | N/A |
| CT Gas | 2.20 | N/A |
| MA Gas | 2.60 | N/A |
| NU Transmission | 1.00 | N/A |
| Eversource TOTALS¹ | 2.39 | N/A |
| ¹ Eversource Totals include all companies | | |

Safety 2014

Company DART Rates 2014

(DART Rates are the number of employee injuries requiring restricted duty or days away from work per 100 employees)

| | TARGET | ACTUAL |
|------------------------------|-------------|-------------|
| CL&P | 2.55 | 2.66 |
| PSNH | 1.33 | 0.62 |
| WMECo | 1.32 | 2.19 |
| NSTAR Electric | 2.06 | 1.57 |
| NSTAR Gas | 3.46 | 3.33 |
| Yankee Gas | 3.04 | 3.79 |
| NU Transmission | 0.80 | 0.69 |
| NU TOTALS¹ | 1.51 | 1.44 |

¹ Northeast Utilities Totals include all companies

Company Preventable Motor Vehicle Accidents 2014

(PMVA Rates are based on the number of accidents per 1 million miles driven.)

| | TARGET | ACTUAL |
|------------------------------|-------------|-------------|
| CL&P | 2.92 | 2.24 |
| PSNH | 2.46 | 9.90 |
| WMECo | 2.70 | 0.52 |
| NSTAR Electric | 3.91 | 3.63 |
| NSTAR Gas | 3.30 | 3.14 |
| Yankee Gas | 2.50 | 2.29 |
| NU Transmission | 1.71 | 0.72 |
| NU TOTALS¹ | 3.01 | 2.38 |

¹ Northeast Utilities Totals include all companies

Please see the [appendix](#) for historical company DART and PMVA targets and actual performance.

Wellness

Eversource employees and eligible spouses in Connecticut, Massachusetts and New Hampshire are offered many health and fitness opportunities through the WellAware Program, a comprehensive health enhancement initiative designed to encourage employees and their families to adopt and maintain healthy lifestyle habits. Participants have lowered health risks, become more educated health consumers, and better managers of chronic conditions such as heart disease and diabetes.

The WellAware Program benefits provide:

Resources to help employees and their families learn about making and maintaining positive changes through a health risk assessment, fitness activities, on-site programs, events and screenings, disease management programs self-guided activities and the use of an online wellness portal.

The wellness portal is a comprehensive yet easy-to-use tool to track personal health and wellness data, cheer on and even compete with friends and earn rewards for health pursuits.

Incentives to help keep participants motivated. Cash and non-cash incentives such as gift cards, fitness and wellness gadgets and more, are awarded to participants throughout the year.

Support to help employees and their families succeed. Making changes and maintaining a healthy lifestyle is more successful in a supportive environment. WellAware's resources and incentives are available to all Eversource employees in Connecticut, Massachusetts and New Hampshire, as well as to their spouses.

Health Care Benefits

Eversource administers several benefit plans to meet the health and wellness needs of employee groups. In addition, Eversource makes contributions on behalf of all employees. While there are variations in available plans, the following is an overview of the company's comprehensive benefits:

- Medical
- Dental
- Vision
- Prescription Drug Program
- Life Insurance
- Business Travel Accident Insurance
- Sickness and Accident Insurance
- Long-Term Disability
- Child/Eldercare Spending Accounts
- Health Care Spending Accounts
- Group Auto and Home Insurance
- Group Legal Benefit
- Employee Assistance Program
- Adoption Assistance

Workforce Investment

“Eversource is committed to creating an engaged workplace and building a high-performing culture that is focused on delivering reliable energy and superior customer service.”

In 2015, Eversource was recognized by [Business Insider](#) as one of the 50 Best Companies to Work for in America. Our employees are our greatest asset and we are proud that they find our company a satisfying place to work. *Business Insider* recognized U.S. companies that stand out in pay, happiness, and more. To create this list, companies in the 2014 Fortune 500 list were ranked using a salary and survey database. Final scores were determined by multiplying six criteria: high job satisfaction, low job stress, ability to telecommute, high job meaning, experienced median pay, and salary delta. On the basis of our scores, Eversource was ranked number 21.

Employee Engagement

Eversource recognizes that an engaged workforce is critical to our mission of delivering reliable energy and superior customer service. Highly engaged workplaces are characterized by a workforce of commitment and contribution. Eversource leaders strive to create employee engagement through continuous communication, developing talent, fostering teamwork and creating a diverse, inclusive workplace.

Key performance measures and our mission statement are clearly articulated and prominently displayed at all company locations. Employee communications provide monthly updates to all employees, and managers are expected to engage in regular discussions with their teams about company and local area performance.

In 2013 and 2014 approximately 125 employee town meetings were led by executives from across the company. These meetings were designed to keep employees updated on important happenings in our business, and on our performance against key goals while providing an opportunity to engage in meaningful business discussions.

Furthering our commitment to customer service, Eversource launched an internal initiative called "Above and Beyond for the Customer" (ABC) in 2013, which is aimed at finding opportunities to enhance the customer experience. A critical component of this is creating a customer-centric culture and engaging employees in the process.

As part of the ABC initiative, Eversource established the Customer Excellence Award which recognizes employees who demonstrate a commitment to providing superior service to customers. Employees are nominated by coworkers, managers or customers and award winners are honored at local ceremonies led by company officers and attended by fellow employees, friends and relatives.

In 2014, Eversource administered an employee engagement survey to measure our progress in building employee engagement. This first survey will be a baseline year from which to build on in future years.

Workforce Planning

Eversource has developed a plan to ensure we have the workforce required to successfully execute our business plan. We assess current workforce trends including projected retirements, general turnover and critical skills needed to meet our business requirements.

Staffing plans are developed for each business area to ensure that we acquire, develop and retain diverse, capable talent. This includes leveraging our educational partnerships in our critical craft areas and developing proactive sourcing strategies to attract experienced professionals in highly technical roles such as Engineering and Energy Efficiency. We also plan for knowledge transfer in critical roles where we project a vacancy to ensure we have a capable supply of talent for the future.

Professional Development

Professional development occurs for employees at all levels, helping them learn new skills and grow in their jobs. Eversource provides employees with a variety of field and classroom training opportunities throughout their career to support their ongoing success on the job. We also support new employees with "onboarding" that helps to foster a positive transition into the company. The company offers a variety of formal and informal learning opportunities to company leaders to help develop their leadership skills.

Eversource also has a performance management process that rewards employees for their contributions and supports individual development. Employees set performance goals, receive feedback and have mid-year and year end performance reviews.

Talent Management

Talent management is a key part of our mission to attract, develop and retain a diverse workforce. The company has a process for identifying key talent, with an emphasis placed on development opportunities that help employees succeed. Individual development plans are prepared as part of the performance assessment process, and curriculum is developed based upon the shared development opportunities of the group. Our company's commitment is to continue to develop our bench and plan for succession opportunities. All results are documented and tracked via corporate metrics presented to our senior team each month.

Continuing Education

Through our tuition assistance program, Eversource shares the costs of continuing education for professional development and career growth. Employees use this benefit to take advantage of some of the learning institutions located throughout our service territory. In 2014, three percent of Eversource employees took advantage of this program.

College Relations and Partnerships

Eversource partners with local community and four-year colleges in Connecticut and Massachusetts to offer tuition assistance and on-the-job training to students who pursue certificates, associates, and four-year degrees.

Programs include at least 16 weeks per year of cooperative work experience. Successful graduates who meet all the program requirements have an opportunity to apply for future employment opportunities as utility workers.

For example, Eversource has partnered with the Local 369 Utility Workers Union of America and Bunker Hill Community College to offer the Electric Power Utility Technology Program for applicants living in and around the Boston area. This accredited Associate of Science degree program includes the following:

- Two years of academic, technical and onsite training.
- A minimum of 18 weeks of paid cooperative work experience over two years.
- Potential future employment opportunities as a utility worker for successful graduates who meet all program requirements.

Eversource also offers paid internships and co-op programs partnering with local educational institutions to provide on-the-job learning opportunities. Interns and co-ops apply their academic learning and also contribute professionally, network and explore potential career opportunities. To learn more please visit our [website](#).

Military and Veteran Support

Eversource has a long and rich history of appreciating the brave men and women who serve or have served in the military. 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.

Military Times EDGE surveyed Fortune 1,000 companies and top government contractors and rated their vet-friendliness in three areas: recruiting, corporate culture and reserve policies. We were selected as one of the top 50 companies because we have made veterans a priority with programs, policies and a positive track record. We support "Troops To Energy Jobs," and as a long-time supporter of military and veteran employees, we have programs and communities devoted specifically to veterans transitioning into the civilian workforce. To find out more please visit our [website](#).

Benefits

Competitive and comprehensive employee benefits are an essential part of the total compensation program that rewards our employees for fulfilling our mission and providing superior service to customers.

- Comprehensive medical, dental, vision and prescriptions drug benefits that are designed to maintain the health of employees and their eligible dependents.
- Wellness programs to help manage and improve employee health.
- Survivor benefits to help provide financial security for employees and their families in the event of accidental injury or death.
- Illness and disability plans to provide income replacement for employees and their families who are unable to work due to illness or injury.
- Retirement income programs to contribute to employees' future financial security.

Workforce Statistics

- As of the end of 2014, Eversource had 8,265 employees: 26.4 percent female, 14.1 percent minority, 51.9 percent represented by trade unions.
- Eversource has a very stable workforce: Staff turnover for all areas of the company was 5.3 percent in 2014. Retention rates for the past four years are more than 95 percent.
- The senior-most management positions responsible for training and development are the Senior Vice President Human Resources and the Vice President Operations Services (technical training).
- The company affords training opportunities for all of its employee population. E-learning, compliance and leadership training are available for supervisors and above.
- The average number of training days for supervisors in 2014 was one week per individual. Other training opportunities are offered to all employees whether by individual organizations (customer care, technical training, etc.) or corporately.

Human Rights Commitment

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. Eversource also states in our [Supplier Code of Conduct](#) that all suppliers adhere to all applicable labor and human rights laws including, but not limited to, those associated with Equal Opportunity and Non-Discrimination, Child Labor, Forced or Compulsory Labor, Working Hours, Wages and Benefits, Freedom of Association, Health & Safety, and Harassment-Free Work Environment.

Diversity and Inclusion

Diversity and Inclusion (D&I) are critical aspects of a positive, high-performing work environment. Creating an inclusive and respectful workplace brings us together as one company to leverage diverse perspectives and focus on meeting our diverse customers' expectations. A diverse workforce and inclusive culture contribute to the company's success and sustainability by driving innovation and creating trusted relationships with employees, customers, suppliers and community partners. Eversource recognizes that the company benefits from diversity in the workforce and the unique ideas and experiences of its employees. This forms the foundation of Eversource's D&I strategy,

which is directly linked to the company's mission. Inclusive, respectful, honest and ethical behavior enables Eversource to deliver reliable energy and superior customer service.

Diversity and Inclusion Statement

We align our D&I efforts with our corporate mission and organizational business objectives and commit to:

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

Leading the Way

Human Resources is responsible for establishing the D&I strategic plan direction and goals and facilitating the implementation of D&I initiatives in support of business priorities. 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, utilizing diverse suppliers, engaging with multi-cultural organizations in our communities, and supporting the work of the D&I Councils. HR 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 at Eversource and receives regular updates on our progress.

From 2013 to the present, a strategic plan has been in place to advance diversity and inclusion at Eversource. Our plan includes measures and goals to track performance in the areas of improving workforce diversity (promotions and hires of diverse leadership, diverse candidate slate, and diverse new hires), building an inclusive workplace, increasing supplier diversity and committing resources to the diverse communities we serve.

Diversity and Inclusion Councils and Employee Resource Groups

Eversource's D&I Councils and Employee Resource Groups (ERGs), are comprised of employees based in Connecticut, Massachusetts and New Hampshire, and serve as change agents and champions of D&I. Councils and ERG members 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. These groups reflect and represent the diverse needs and perspectives of our customers and stakeholders across the geographic areas we serve.

For 2015, the Councils' plans include developing an onboarding program for newly hired employees, facilitating thought-provoking conversations for understanding and practicing inclusive behavior related to business objectives, implementing a job shadowing program across departments to increase collaboration, and serving as a diverse consulting resource for corporate initiatives.

Although in the primary stages of development, our two initial ERGs are focused on women and new hires. The women's ERG has formed a governance structure, developed a mission and charter, held initial outreach and implemented events aimed at helping women reach their full potential by attracting, developing and retaining talent. The new hire ERG is in the process of defining their purpose and objectives. These groups will be sustainable and contribute to achieving our company diversity and inclusion objectives.

Commitment to Supplier Diversity

We firmly believe supplier diversity is a proactive business process and provide all suppliers with equal access to purchasing opportunities. This promotes supplier participation reflective of the diverse business community and encourages economic development. We engage suppliers who consistently provide exceptional products and services at competitive prices. Minority and woman-owned businesses are the fastest growing businesses in this country, and we are proud to engage with these diverse firms and their talented teams. Together with our diverse suppliers, we are expanding business opportunities, advancing suppliers' visibility and growth goals, and creating valued business relationships.

To learn more about our diverse supplier efforts, please visit our [Sustainable Supply Chain](#) section.

SERVING OUR CUSTOMERS

Customer Experience

“Eversource is firmly and fully committed to meeting the highest expectations of our customers.”

Delivering a Superior Service Experience

To deliver reliable energy and superior customer service, we proactively engage and listen to customers through our employees and surveys.

- Eversource, our new one-company brand, provides customers with better clarity and consistency across our service territories.
- Above and Beyond for Our Customers, a key company initiative launched in 2013, seeks to drive Eversource to J.D. Power top tier in customer satisfaction.
- To deliver reliable energy and superior customer service we are increasing our communication with customers using the channels they prefer, and engaging employees in this transformation to ensure customer service is an integral component of all employees' work.
- Over 3 million proactive outbound calls were provided to customers in 2014, providing information on local service disruptions and valuable projected restoration information and the cause of an outage – key drivers of customer satisfaction. For those customers that received an outbound call, satisfaction in being informed was improved by nearly 50 percent.
- Our Image Summit Program is the single company-wide standard for proactively communicating with our customers and quickly resolving any customer property impact issues in the field. The program tools and materials, such as the customer notification door hangers and Property Impact Incidental Damage Tracking Form, enable our employees working on or near a customer's property to proactively communicate with customers about work to be performed and to promptly address any incidents of property or service impact. Our customers' perception of our work relies on each interaction with us, and the Image Summit Program sets a high bar for service excellence by every contractor and employee on the Eversource team.
- In 2015, we remain focused on First Contact Resolution as a key driver of customer satisfaction, service level improvement and operational efficiency. A task force has been formed to improve the processes and interactions to reduce the need for multiple customer contacts to resolve a concern.

Multi-channel Customer Support

Our promise of reliable energy and superior customer service drives us to invest in and support the various service channels our customers prefer; channels that are online, digital and notably sustainable in their scalability and value. We strive to deliver a seamless experience across channels. We're investing to deliver new digital customer engagement best practice capabilities and consistently provide ways to save energy and money.

- A new one company [website](#) delivers a consistent look and feel across our service territory, while promoting ways to save energy and money, timely customer program options and what Eversource is doing in the community.
- We are promoting personalized ways to save, guiding our customers on the web through our new "Energy Savings Plan" offering.
- We have launched a new monthly eNewsletter to better promote ways to save, proactively share topics of customer interest for that time period, and to share what we're doing in the community.
- A mobile app, text alerts and web chat are being developed to provide customers with superior self-service transactions and ensure ease of doing business with us.
- We continue to enhance services to our business customers through dedicated Business Call Centers – making it easier for businesses to obtain answers to their questions, and connecting them to energy efficiency, incentives, and other value-added services.
- We are also proactively engaging business customers with informational and interactive webinars focused on important industry topics.
- For more information on the many ways in which we are investing in energy efficiency tools and programs for our customers, please visit the [Energy Efficiency](#) section of this report.

Customer Service Culture

The delivery of the right service at the right time involves every employee's ownership and pride in delivering a positive customer experience. We celebrate our performance culture, and use data to continuously improve the service we provide. Our Customer Excellence Awards honor employees whose efforts delivered superior customer service and set a high standard for all of our employees. Two new tools have also been developed to assess qualified applicants' customer focus skills: one screens candidates as part of the hiring process and, once hired, the second enables the employee and their manager to provide feedback on core service competencies, especially those related to customer service.

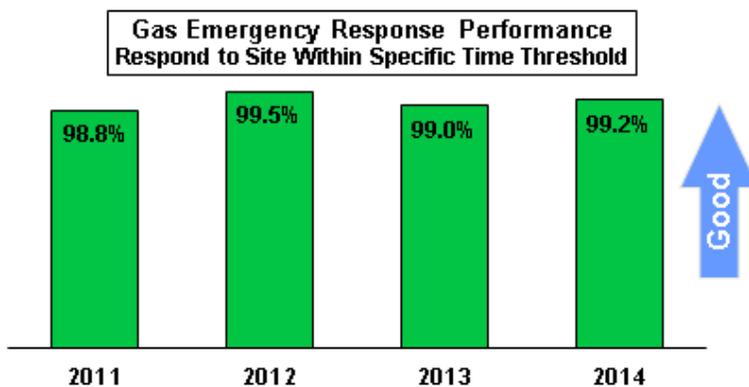
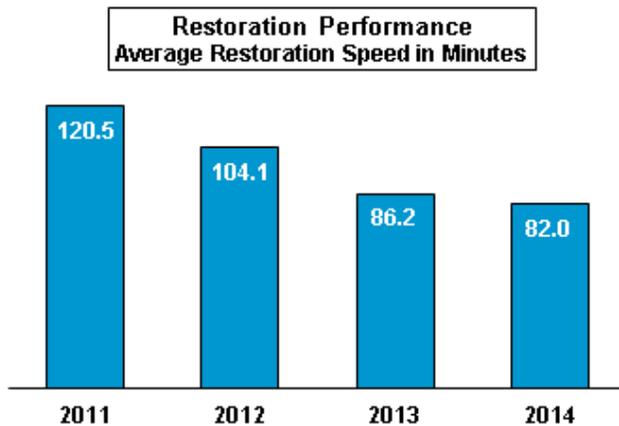
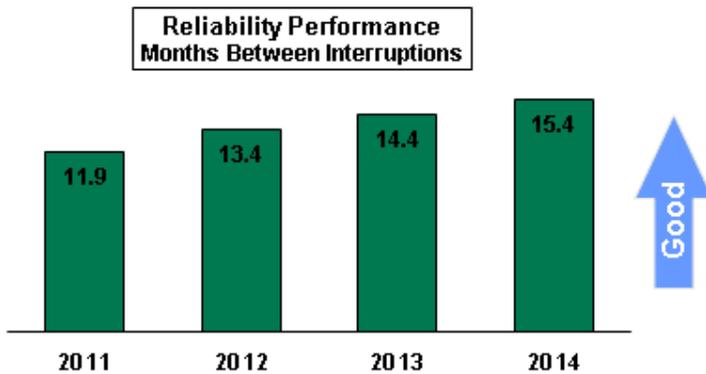
We have set a high bar for service excellence for every employee and contractor on the Eversource team. Our more than 3.6 million customers look to us for safe, reliable energy and depend on us for prompt, responsive service 24 hours a day. We are proud of our employees and our drive for service excellence. Additional information about our customer programs is featured at [Eversource.com](#) or the [Assistance Programs](#) section of this report.

Reliability Performance & Resiliency Initiatives

A key tenet of Eversource's mission is to provide reliable service. In 2014, our overall system reliability was the best ever. Providing reliable transmission and distribution of power is our full-time commitment - ensuring our system fully supports our communities, local economies and growing energy needs. We focus on projects designed to increase the capability and dependability of our systems, while continually managing vegetation near power lines. Each year, Eversource upgrades and strengthens our infrastructure across the region to reduce the possibility of service interruptions, especially during summer's peak demand and severe winter weather.

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. Operating performance results are communicated to employees on a regular basis through monthly charts and reports illustrating specific performance compared to target and prior year results. For 2014, Eversource's total electric system operating performance was the best on record.



We are proud of the results strengthening the reliability of our distribution and transmission systems, and continue to always look for ways to improve.

Our historical targets and performance results are available in the [appendix](#).

Electric Distribution Reliability Initiatives

Tree Trimming:

Eversource's Vegetation Management program is a thoughtful plan to balance the needs of our customers and communities with the goal of providing safe, reliable electric service for our customers, while ensuring the proper growth of trees around power lines. Tree trimming 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 trees that not only threaten power lines and rights-of-way, but also public roads. To find out more about our program, please visit our Eversource website.

Our program is run by certified arborists and professionals with vast experience in arboriculture. Eversource continuously monitors our wires and equipment, and we periodically trim around the lines providing the safe clearances needed for reliable electric service. We also track performance of different parts of our infrastructure, making note and prioritizing tree trimming in areas that routinely experience outages due to trees. When crews trim along a circuit, clearance is determined based on common growth rates of the trees of New England and in accordance with the standards of the International Society of Arboriculture (ISA), and the American National Standard Institute (ANSI).

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 percent on average. To build on this success, Eversource is continually seeking new and more cost-effective options to further automate our system. We are piloting and evaluating various new distribution automation technologies that will provide even more benefits to customers and the electric system.

Distribution System Hardening:

Eversource designs and constructs our distribution system to meet or exceed the requirements of the National Electrical Safety Code. Eversource has employed increased pole loading criteria and is replacing wooden crossarms with composite crossarms. Building to these standards increases the system's ability to withstand the impact of storms, especially when coupled with our tree trimming and automation programs. Eversource regularly reviews the performance of our system and performs upgrades to bring new construction or retrofit construction to our enhanced design criteria. Investments typically target upgrades that will improve the ability of the system to withstand the impacts of wind, lightning, snow, ice and animals. Additionally, with the increased risk of severe weather, we are reinforcing existing critical facilities to withstand storm surges and all future substations will be flood hardened to further protect our system.

Storm Operations:

Eversource is investing in and leveraging state-of-the-art technology to dramatically improve our storm preparedness and response with a focus on expedited storm restoration and effective communication with customers, local leaders and state officials. In a unique university and energy company collaborative, together with the University of Connecticut (UCONN), we are making significant strides in storm damage forecasting, critical facility enhancements to withstand storm impacts, and innovative approaches to forest management to ensure healthy, storm-resistant forest designs.

Together with UCONN we are developing a storm damage forecasting model leveraging weather parameters, such as wind speed forecasts from the National Weather Service, historic data from Eversource CT's outage management

system from various types of storms, and information from the company's Vegetation Management programs, to generate estimates on the expected impact of impending storms, and estimates on the location and extent of storm damage. This ongoing modelling work is enabling us to determine the number of crews needed, in pre-staged locations, and to assess distribution system design improvements to withstand storm conditions. Historical data is also leveraged, for example, wind speeds correlated to tree and limb damage impacting the distribution system. This new technology is a significant advancement in improving emergency preparedness and response. As the model is refined, we plan to utilize it across our entire service territory.

We are working with UCONN to reduce the threat of tree-related damage to the electric system through [STORMWISE](#), our innovative approach to forest management. In collaboration with town tree wardens, and the use of advanced science to ensure a healthy, storm-resistant forest design, we are helping to ensure trees and forests in Connecticut are more resilient during severe weather events, while maintaining the beauty and character of the state's roadside forest. Researchers find that trees with adequate space to grow are healthier and more resistant to high winds. They also encourage a "right tree, right place" approach, which suggests that certain species of trees are better suited near power lines than others.

In addition, with our state-of-the-art damage assessment tool we are increasing the efficiency of surveying electric system damage following a storm, and producing real-time information about materials and resources required to make needed repairs. We are the first utility in the country to use this technology, integrating the new damage assessment tool with our existing outage management system. With the new system, patrollers travel with mobile devices that automatically display detailed information about the electrical equipment on the street. When the patrollers encounter damage, they click on the screen and indicate the specific problem – such as a broken pole, downed wires or a damaged transformer – and the system sends the information back to the office instantly. This technology drastically reduces the amount of time it takes to transmit information about damage and required repairs from the field to the planning and logistics teams in the office. These teams are now planning the work and deploying crews more efficiently with the exact materials needed, and our customers benefit with more accurate estimates regarding the length of time to complete repairs.

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.

Eversource CT's "System Resiliency Plan," a five-year, \$300 million infrastructure hardening plan initiated in 2013, was approved by the Connecticut Public Utilities Regulatory Authority (PURA). It 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. Since 2013 and through 2017, the plan focuses on [tree trimming](#) – clearing electric lines of limbs and branches and removing weak, dead, or diseased trees that can bring down wires; electrical hardening – replacing bare, copper wires with thicker, rubber coated wires that can better withstand weather and tree impact; structural hardening – installing stronger poles, crossarms and hardware that are more durable and weather-resistant; and equipment automation – upgrading technology in field locations such as substations to remotely monitor, localize and expedite restoration of power.

Eversource NH has a Reliability Enhancement Program, developed in conjunction with the NH Public Utilities Commission (NHPUC). The program was initiated in 2007 and currently provides an additional yearly revenue stream that supports approximately \$10 million in specific operations and maintenance (O&M) programs and approximately \$20 million in specific capital programs. Examples of O&M programs include circuit patrols, pole inspections, underground inspections, hot spot trimming, mid cycle trimming, recloser maintenance, and switch maintenance. Examples of capital programs include enhanced tree trimming, hazard tree takedown, direct buried cable replacement, 34.5 kilovolt (kV) breaker replacement, porcelain change out, and reject pole replacement. This program will be extended for an additional two years upon the NHPUC's approval of Eversource NH's Restructuring and Rate Stabilization Agreement filed with the NHPUC on June 10, 2015. The program has produced measurable improvements in customer reliability. Upon approval the revenue stream will increase to support approximately \$13 million in O&M and approximately \$39 million for capital programs.

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 following transmission projects are a sample of some of the major transmission system upgrades Eversource is leading to ensure transmission system reliability.

The [New England East-West Solutions \(NEEWS\)](#) family of transmission projects will improve regional reliability by providing a strong transmission connection for the flow of power throughout southern New England. The Interstate Reliability Project began construction of both the substation and overhead line portions of the Project in March 2014. As of January 2015, substation construction is complete. Overhead construction, right-of-way clearing and construction of access roads are complete and structure and conductor installation is about 92 percent complete. The Project remains on schedule for completion in late 2015.

The [Stamford Reliability Project](#), complete in November 2014, installed a new underground transmission line that extends approximately 1.5 miles between two Eversource substations in Stamford, Connecticut. This project improves the transmission system in the Stamford area to ensure our customers have reliable electric power to meet their growing energy needs.

Our 1990 Line Rebuild Project, in service since December 2014, improved the reliability of the electric transmission system by updating infrastructure along 21 miles of existing 115-kV transmission rights-of-way from the Stevenson Dam in Monroe, through the towns of Oxford, Middlebury, Waterbury and Watertown, Connecticut. The new transmission structures now support larger conductors to serve the area's increasing electric needs, and are better prepared to withstand extreme weather events.

The Newton-Boston Cooling Line Reliability Project was kicked off in 2013 enabling Eversource to meet the growing energy needs of the area, while also increasing overall system reliability. The underground cooling pipe helps prevent overheating of important transmission lines feeding electricity to the Newton and Boston areas of our Massachusetts service territory and will also extend the life of existing infrastructure.

Transmission projects serving Cape Cod in the Southeastern Massachusetts (SEMA) reliability region consist of an expansion and upgrade of Eversource's existing transmission infrastructure, including construction of a new 345-kilovolt (kV) transmission line that crosses the Cape Cod Canal and associated 115- kV upgrades in the center of Cape Cod (Lower SEMA Project) and related 115-kV projects in the middle and lower Cape. The Lower SEMA Project line work was completed and placed into service in 2013. The Mid-Cape Project is scheduled to be constructed in the 2017-2018 timeframe.

Our Seacoast Reliability Project will improve the transmission system in New Hampshire so customers will have reliable electric power to meet their growing energy needs. The project will extend approximately 13 miles between two existing substations, the Madbury Substation and the Portsmouth Substation.

Over the next five years, Eversource expects to implement a series of new transmission initiatives as part of the Greater Boston Reliability, Boston Network Improvements, Southwest Connecticut and Greater Hartford/Central Connecticut, which are a result of continued analysis of the transmission needs to enhance system reliability and improve capacity in Eversource's operating territory.

Gas Business Reliability Initiatives

Reliability, safety and the sustainability of our precious natural resources are key components in the daily operation of our natural gas systems in Connecticut and Massachusetts.

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

Eversource's Distribution Integrity Management Programs (DIMP) improve service for our customers by mitigating potential risks, and identifying and prioritizing operational and infrastructure enhancements. Replacement of aging bare steel and cast iron gas infrastructure is an example of a top priority to minimize the potential for gas leaks and to prevent the release of greenhouse gases into the atmosphere.

State Firsts:

In Connecticut, Eversource was first in the state to implement an accelerated replacement and reliability program. Similarly, in Massachusetts, the company developed its replacement plan, prioritizing and upgrading to new state-of-the-art plastic pipe. As a result, Eversource is helping the environment, improving system reliability, and creating the springboard to drive natural gas expansion within its service territories.

Operational Excellence:

Eversource employees' expertise and knowledge of the gas distribution system ensures reliability improvements are planned, engineered, constructed and maintained with the highest regard for safety and environmental stewardship. Visible examples include:

- Winter patrols of gas mains most prone to frost conditions to ensure pipeline integrity.
- Distribution system inspections that exceed state and federal code requirements.
- Triennial customer service line inspections, which also exceed state and federal code requirements.
- Annual inspections of critical valves to ensure operability and reliability.
- Emergency generation installations at critical facilities to improve and ensure reliability.

These activities and programs reflect Eversource's high standard for delivering reliable energy and superior customer service.

Emergency Preparedness

"We are taking preparedness to the next level."

Eversource's commitment to prepare for and respond to emergencies is embedded in our company mission. Led by the Senior Vice President of Electric Engineering, over a dozen employees are dedicated staff members to emergency preparedness and business continuity activities. This team is responsible for strategically coordinating preparation and response efforts for storms and other major emergencies across the Eversource service territory. The 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 recently enhanced our approach to emergency preparedness and business continuity by creating an enterprise-wide function to coordinate preparedness and response roles across each of our business units, all three states and all threat spectrums.
- In 2014, we integrated our individual business response plans under a unifying enterprise umbrella framework that provides a standardized approach to emergency response. By leveraging resources from across the company to where they are needed most, we are able to better prepare for and respond to all types of hazards ranging from storms to cyber or physical security, to broad-scale supply disruptions. The integrated plans 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.

- In 2014, we conducted a hurricane preparedness and response exercise in June, a winter ice storm exercise in November, and a rolling blackout exercise in December, each involving all operating companies and senior leadership. The exercises were designed to demonstrate a chain of command and control in all states, coordination of resources across the company, and customer-focused communications actions.
- In late 2013, we participated in the national GRIDEX II exercise sponsored by the North American Electric Reliability Corporation (NERC) that tested our responses to coordinated cyber and physical attacks on our electric grid. The exercise demonstrated efficiency of response and communications actions.
- The company utilizes preparedness checklists to ensure readiness for common hazards, including weather events.

Partnering with our communities, we have pre-identified critical facilities such as hospitals, nursing homes, police and fire departments, in order 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.

- Training for our employees includes the use of Federal Emergency Management Agency (FEMA) training 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. As an example, the Eversource CT Electric Emergency Response Plan is found at this link.
- Across our three-state territory, we continue to strengthen system resiliency through our vegetation management programs to trim and remove vegetation that threatens to damage electric power lines and equipment, as well as through upgraded system components, including poles and cross arms.

All of our preparedness and response plans emphasize our partnerships with key stakeholders in each state.

In Connecticut, for example, we have worked with the state to develop publicly documented [protocols](#) for coordinated emergency response. Beginning with our customers and extending to communities, states, and federal and elected officials, we place as much focus on providing timely and accurate information to all of our stakeholders as we do on safe and prompt restoration.

For each state in our service area, we have an extensive Communications and Liaison team within the Incident Command System framework, reporting directly to an Incident Commander. Briefing sheets for dissemination to state and municipal officials are prepared by the Communications Officer prior to and throughout an event to ensure up-to-date information. In addition, Liaisons are made available at both the municipal and state level for two-way emergency communications.

Our new enhanced company website, Eversource.com features an “Outages” category that includes information for customers on [preparing for storms](#), the [restoration process](#), and the many ways Eversource can communicate with customers whether online, by phone or text, or through social media.

Recently, we further enhanced our outage maps in [Connecticut](#), [eastern Massachusetts](#), [western Massachusetts](#) and [New Hampshire](#) to simplify and standardize the information presented to our customers and communities regarding outages.

We are a leader in emergency preparedness in the industry, too.

- Eversource plays a pivotal role in the newly-formed North Atlantic Mutual Assistance Group (NAMAG), having held the position of Chair in 2014. NAMAG helps facilitate the acquisition of resources to assist utilities in significant storm restoration events.
- As a company, we assisted regional companies including Central Maine Power, Philadelphia Electric Company and Consolidated Edison with significant restoration efforts in 2014.
- We were a driving force in the formation of the National Response Event (NRE) structure for nationwide mutual assistance under Edison Electric Institute (EEI) auspices, a recommended action following Superstorm Sandy, with an Eversource Officer serving on the Executive Committee.

Distributed Generation

Distributed Generation (DG) involves the production of electricity from many small energy sources, including solar, wind, fuel cells, and micro turbines. It is also commonly referred to as on-site generation, co-generation, combined heat and power, dispersed generation, or distributed energy. DG can lower customer costs, improve reliability, reduce emissions, and expand energy options for our customers. As of December 31, 2014, Eversource has just over 1 million kilowatts (kW) of DG interconnected with our facilities as shown below.

| KW of Interconnected Distributed Generation (As of Dec. 2014) | Solar | Wind | Hydro | Other | Combined Heat & Power (CHP) | Total |
|---|---------|--------|---------|--|-----------------------------|-----------|
| CT | 99,852 | 127 | 112,964 | 21,580 ¹ | 166,895 | 104,418 |
| MA Eastern Electric | 231,189 | 30,097 | 200 | 63,294 | 66,337 | 391,117 |
| NH | 8,246 | 24,298 | 77,105 | 89,684 ² 20,470 ³ | 11,448 | 231,251 |
| MA Western Electric | 36,108 | 15,621 | 26,121 | 81,411 ⁴ | N/A ⁵ | 169,261 |
| Total | 385,395 | 70,143 | 216,390 | 276,439 | 244,680 | 1,193,047 |

¹ Fuel Cell, ² Biomass, ³ Landfill Gas, ⁴ Municipal Solid Waste, ⁵ CHP is not separately tracked at MA Western Electric

Generating facilities using renewable forms of energy may be eligible to receive incentives and grants. Incentives are available for conservation and load management projects that reduce system demand. Additional financial incentives for Distributed Generation projects vary by state, and may include:

- Low-interest loans
- Discounts for the cost of natural gas (i.e., Gas DG Rider)
- An exemption from certain electric costs for backup service (i.e., Electric DG Rider)
- Capital grants
- Renewable Energy Credit (REC) contracts for different REC types, including the Connecticut Low Emission RECs and Zero Emission RECs ([LREC/ZREC Program in Connecticut](#) for projects less than 2 MW in size.

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](#).

Infrastructure Protection & Reliability Compliance

The U.S. power grid is the largest interconnected machine on earth, with over 9,000 electric generating units connected to over 300,000 miles of transmission lines. Eversource operates over 4,200 miles of this transmission system infrastructure with an intense focus on safety and reliability. Protecting, operating and upgrading our transmission assets requires a comprehensive team approach spanning our three-state geography, leveraging the operational, technical and compliance expertise of employees across the company. Our Reliability Compliance Program, recognized by regional auditors as an indicator of “an excellent culture of compliance and commitment to reliability” is integral to our success in operating New England’s largest utility system.

Our Reliability Compliance program consists of:

- Senior officer leadership and engagement in sustaining Eversource’s strong compliance culture.
- A dedicated Reliability Compliance department overseeing all compliance activities related to the standards and governance activities of the North American Electric Reliability Corporation (NERC), the Northeast Power Coordinating Council (NPCC) and ISO-New England (ISO-NE).
- Board of Trustee and management oversight committees.
- Active industry involvement on committees and task forces dedicated to best practice and lessons-learned dialogue and continuous improvement.
- Comprehensive programs, policies and procedures to ensure full compliance with all reliability standards, monitor emerging industry issues and identify improvement opportunities.

Critical Infrastructure Protection (CIP)

Our involvement in the development and implementation of NERC CIP standards reflects our leadership and commitment to providing secure, reliable energy to our customers. Specifically, we:

- Established a CIP Compliance Program with the extensive expertise of our IT Security, Physical Security, Corporate Communications, Operations, Asset Management and Business Continuity & Threat Assessment teams.
- Implemented policy changes, physical and electronic security enhancements, robust training curriculum and improved documentation requirements.
- Maintain comprehensive Critical Infrastructure Protection Plans for physical and cyber assets important to the continuous safety and security of all power generation and delivery infrastructure.

Our Compliance and Self-Improvement Culture

Our reliability compliance and continuous process improvement culture is driven by our employees’ commitment to meet the highest expectations of our customers and regulators. Our robust corrective action program includes a multi-faceted approach for continued success:

- Self-assessments and formal root cause analysis investigations
- Internal audits
- Process improvements
- Benchmarking
- Automated action tracking system
- Key performance indicators

Eversource Audit Success

Implementation of our Reliability Compliance programs is regularly audited by the Northeast Power Coordinating Council (NPCC) to confirm full implementation of federally mandated standards designed to protect and ensure the reliable operation of the bulk electric system. This infrastructure and technology is vital to the security of the nation's electric grid and to providing secure, reliable energy to our customers.

From 2007 to present, NPCC audit teams have conducted rigorous on- and off-site compliance audits, concluding our programs are in full compliance with NERC reliability standards and applicable regional standards.

For seven consecutive years, all Eversource operating companies received high marks from the NPCC following comprehensive on-site NERC audits. Four audits assessed our compliance with eight Critical Infrastructure Protection (CIP) NERC reliability standards for critical facility (transmission systems and equipment, control centers, substations) and cyber asset (electronic devices, security systems and computer hardware, software and data) operation and protection. Three on-site operation and planning audits assessed reliability performance for operations and planning activities. All companies were found to be compliant with all reliability standards; audit findings of excellence were attributed to Eversource's exceptional compliance culture and understanding of the relationship between compliance and system reliability. In conclusion, auditors stated, "The audit results are a strong indicator of an excellent culture of compliance and commitment to reliability."

Sustaining Our Commitment to Compliance

Our company-wide commitment to CIP compliance lives in our pledge to "Continuously improve compliance with all NERC CIP standards by establishing a compliance culture of communication, training and adherence to all CIP compliance processes, policies and procedures." We have charted internal oversight committees to ensure continued compliance:

Compliance and Ethics Committee (CEC) – Executive-Level Committee:

- Provides guidance and assistance to the management of Eversource System operating companies to help ensure ethical business conduct and adherence to applicable laws and regulations by employees.

Compliance Work Plan Committee:

- Ensures Eversource's policies, procedures and practices relative to bulk electric system reliability and critical infrastructure protection are sufficient to achieve and maintain compliance with applicable laws, regulations and standards.
- Provides senior management with the status of reliability compliance activities.

Members of the Reliability Compliance organization and the CIP Compliance organization regularly attend, and provide input to, Federal Energy Regulatory Commission (FERC), North American Electric Reliability Corporation (NERC), Northeast Power Coordinating Council (NPCC), North American Transmission Forum (NATF), Edison Electric Institute (EEI), and Task Force on Infrastructure Security & Technology (TFIST) committees, working groups and task forces.

In The Community

“Eversource, through our Foundation and corporate contributions, plays a vital role in the health and economic well-being of the communities we serve.”

Eversource is committed to the health and economic well-being of the residents, businesses and institutions of Connecticut, New Hampshire and Massachusetts. Eversource recognizes and values its role as a corporate citizen in the cities and towns across our service territory.

We have a dedicated team in place responsible for all philanthropy, employee giving, volunteer programs and signature partnership management, working to ensure our continued commitment to community outreach and corporate giving. In this area, Eversource has key executive leadership in place, including our President of Corporate Citizenship, who oversees the Eversource Foundation, and our Senior Vice President of Corporate Relations, who has responsibility for all philanthropy and community programs at the company.

Charitable Giving

Eversource has a long history of partnering with local and regional community organizations. Through grants, we support economic and community development, the environment and initiatives that address local, high-priority concerns and needs.

Through our foundations and corporation giving, Eversource provided nearly \$5 million in grants to nonprofit organizations and worthwhile regional activities across our tri-state service area in 2014.

In line with our philanthropy strategy, Eversource targets its giving to ensure the greatest community impact, focusing specifically on the areas of health and well-being of youth in our service territory and the advancement of clean energy and related technologies.

For example, for over 20 years Eversource has proudly championed the Special Olympics as host and title sponsor for the Winter Games in Connecticut. With snowshoeing and cross country skiing taking place right outside our doors, with the support of hundreds of company volunteers, it is an incredible event that exemplifies our commitment to partnering with the community.

Our nine-year partnership with Boston Children’s Hospital has led to millions of dollars raised to support the world-renowned medical services the hospital provides each and every day to children from all corners of New England. Through the Eversource Walk for Boston Children’s hospital, we are able to ensure Children’s continues its amazing, life-saving programs.

Additional information about our community involvement, including environmental stewardship, school programs and signature sponsorships like the Eversource Hartford Marathon, the Eversource Walk for Boston Children’s Hospital, the Eversource MIT Clean Energy Prize, and the PGA Junior Experience at Travelers, can be found by visiting the “Community” pages of Eversource.com.

Volunteer Programs and Employee Giving

Eversource is proud to support corporate volunteer programs, which give our employees the opportunity to support non-profit programs with their time and service. In 2014, over 400 employees engaged in 40 different company-sponsored volunteer events, making a meaningful, lasting impact in the communities we serve via local food banks, children’s organizations and other critical community programs. We also saw hundreds more actively support our major events like the Special Olympics Connecticut Winter Games, the Eversource Hartford Marathon and the Eversource Walk for Boston Children’s Hospital.

Meanwhile, Eversource employees have raised millions in support for charities. Whether through taking advantage of Eversource's three Employee Giving programs (Matching Grants, Dollars for Doers and Pledge Partners), or through participation in our comprehensive corporate United Way Campaign, time and again Eversource employees have given generously. Through our 2014 United Way Campaign alone, employees donated over \$1.3 million dollars, an impressive commitment of support for the communities where we live and work.

Community Outreach

In addition to enriching our communities through philanthropic programs, Eversource regularly works with community leaders, public officials, health and human service administrators and educators on critical issues facing the community. Communications and open dialogue with customers and key stakeholders is a vital component of the work we perform every day.

For major transmission projects that impact communities, Eversource supplements these efforts by keeping our customers and communities informed through a variety of mechanisms including meetings with local officials, mailings, door hangers, and public open houses. We also provide ongoing updates to the communities as projects progress so that our customers can stay informed.

Eversource also provides a best-practice school outreach program in all three states, offering 3rd to 6th grade teachers the option to receive free activity books and lesson plans around electric and gas safety. The program includes a children's e-learning web site as well, with videos and activities.

Assistance Programs

Through comprehensive assistance programs, Eversource demonstrates its commitment to ensuring our customers are aware of and have access to basic services. We understand there are times when customers may have problems paying their bill or need additional support, and for this reason, we partner with local, state and federal agencies to help our customers who need assistance in each state that we operate in.

Since programs vary by state, we invite you to visit our Financial Assistance pages at Eversource.com for [CT](#), [Western MA](#), [Eastern MA](#) and [NH](#) for specific program details and availability. Households with incomes at or below 60 percent of a state's median income are eligible for many of these programs. Some examples of assistance programs available to Eversource customers include:

Financial Assistance:

At Eversource we care about our customers and recognize that financial challenges can and do occur.

- For all customers, our Budget Billing program provides a convenient way to budget energy expenses spreading payments evenly throughout the year, to help customers avoid the seasonal peaks associated with heating and cooling seasons.
- Eversource Customer Care Representatives are available to assist customers with a past due balance in creating a payment arrangement that meets their needs.
- Customers are also referred to their local Community Action Agency to apply for the federally funded Low Income Home Energy Assistance Program that provides income eligible residents with energy assistance.
- Income eligible Eversource customers can apply for a discount on their monthly electric bill.
- Our Matching Payment Program offers income eligible electric and gas heating customers the ability to receive year-round service, and the opportunity to earn forgiveness for an outstanding balance.

- With our NewStart Program, customers can eliminate portions of their overdue balance in as little as 12 months. In 2014, over 49,000 customers were enrolled in the program and approximately \$28.7 million dollars in customer debt was forgiven. The program currently has an 85% customer retention rate due to proactive outbound calling campaigns and customer outreach.

Shut-off Protection:

In addition, Eversource offers programs, services and agency support to help customers manage their energy costs and keep their electricity or gas service on year-round.

- Our Winter Protection Plan protects eligible customers from utility service disconnection for nonpayment from November 1 through May 1 in Connecticut and from November 15 to April 1 in Massachusetts and New Hampshire.
- Our Medical Protection Plan provides qualified customers with service protection during a serious illness.

Assistance for Customers with a Medical Condition or Disability:

- Eversource can notify customers that depend on electricity for life-support equipment before planned power outages or when there is a potential for severe-weather-related outages.
- Eversource offers a specialized TTY teletype and contact number for hearing impaired and deaf customers.

Energy Efficiency Programs:

- In 2014, energy efficiency programs administered by Eversource resulted in significant savings for our customers, estimated at over \$170 million. Last year alone, our electric customers saved over one billion kilowatt hours (kWhs) of electricity and will save more than 11 billion kWhs over the lifetime of the installed measures
- To put those numbers into perspective, the electricity saved in 2014 through energy efficiency measures could provide power for all 3.1 million Eversource electric customers for seven days and the lifetime savings could power the same number of customers for 74 days.
- Through our energy efficiency programs, our gas customers saved over 9 million therms in 2014 and will save more than 128.6 million lifetime therms. The natural gas saved in 2014 through energy efficiency measures could provide energy for all 504,000 Eversource natural gas customers for three days and the lifetime savings could provide energy to the same number of customers for 45 days.
- Our eligible customers are taking advantage of free or low cost programs that will reduce their energy bills by making their homes more energy efficient.
- For more information on the many ways in which we are investing in energy efficiency tools and programs for all of our customers, please visit the Energy Efficiency section of this report.

Customer Outreach:

- Our dedication to helping customers learn about energy programs extends to providing year-round, face-to-face outreach during social agency meetings, energy workshops, senior fairs and community events.

Eversource has a longstanding partnership with the statewide fuel fund programs in its tri-state service area. This includes Operation Fuel in Connecticut, Good Neighbor Energy Fund in Massachusetts and Neighbor Helping Neighbor in New Hampshire. Over the years, Eversource has taken a leadership role as a major contributor to these programs with financial, advocacy and in-kind support. We have leveraged customer communications to boost revenues to these programs by encouraging customer donations to the programs. We're especially proud of

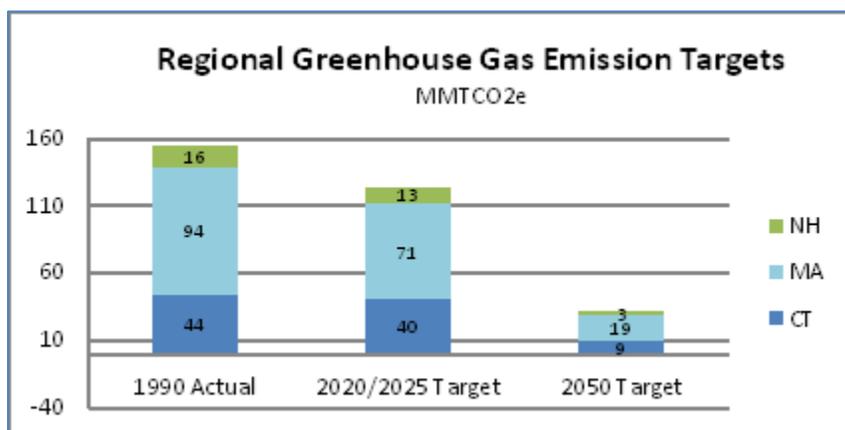
enhancements to the Add-A-Dollar program and offer consumers several options to support these programs through our bill payment process. We know our support of these programs helps to keep families safe and comfortable with year-round energy assistance grants. In 2014, Eversource donated over \$265,000 to these programs with an additional \$522,285 donated from customers through our Add-A-Dollar program. With our support, these programs helped over 20,000 households during the last program period reported.

CARBON STRATEGIES

Overview

“With the carbon intensity of the New England electrical grid among the lowest in the country, we continuously strive to enhance these results.”

The carbon intensity of the New England electrical grid is among the lowest in the country and is continuously supported by state program goals in Connecticut, Massachusetts and New Hampshire, which are focused on further reductions. Eversource is the leading supplier of energy in the Northeast, and has more than 100 years of experience and an in-depth knowledge of our region and its energy needs. Each state has its own carbon goal or action plan to reduce greenhouse gas (GHG) emissions, and we work with stakeholders in each agency to contribute to targeted reductions.



| 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 |

*Recommendation of the New Hampshire Climate Change Policy Taskforce

Our strategies to facilitate achievement of these GHG reduction targets focus on four broad areas:

(1) Reducing traditional, end-use energy consumption

This includes expanding energy efficiency, appropriate deployment of smart grid and related infrastructure; and providing customers with information, management tools and pricing options to promote the use of lower carbon energy.

(2) Adding renewables to the energy mix either through generation or transmission expansion

This includes expanding renewable and low-carbon generation through direct investment as well as [developing infrastructure](#) to bring renewable and low-carbon resources to market and offering clean energy options to our electricity customers at [Eversource](#).

(3) Expanding distribution of natural gas

Expansion of natural gas distribution systems provides more residents and businesses with the opportunity to switch to clean-burning, affordable natural gas.

(4) Using electricity or natural gas for emerging end uses, such as transportation

Emerging uses for electricity and natural gas include transportation alternatives and deployment of associated infrastructure to support electric vehicle charging and natural gas vehicle fueling. Other programs include promoting conversion from fuel oil to natural gas, geothermal heat pumps and solar thermal for home heating.

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Energy Efficiency Programs

“Energy efficiency programs produce ‘negawatts’ - power that is never used.”

Eversource is a Nationally Recognized Leader in Energy Efficiency

Eversource is consistently recognized as a leader in energy efficiency by national industry organizations. Two states within which Eversource operates have ranked in the top 10 of the American Council for an Energy-Efficient Economy (ACEEE) State Energy Efficiency Scorecard for the past eight years. In its 2014 State Scorecard, the ACEEE ranked Massachusetts as the number one state in energy efficiency for the fourth year in a row and Connecticut ranked sixth in the nation. ACEEE also ranked Boston the number one city in the nation. Eversource takes great pride in helping our states and communities remain vibrant and successful by administering programs that are emulated by others across the country.

Energy Efficiency Benefits Every Customer

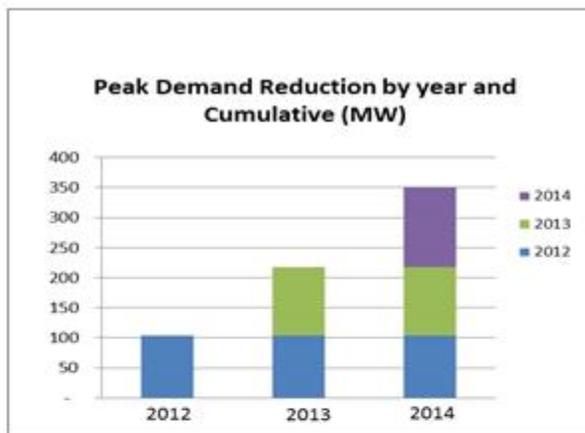
Energy efficiency is an inherent part of our region's energy source mix and a critical component of our overall strategy for meeting the needs of our customers. The Eversource energy efficiency portfolio is designed to reflect and respond to the way our customers use energy today and takes a multi-year approach that enables us to plan for the future.

Energy efficiency is one of the most cost-effective ways to collectively save money, create jobs, reduce greenhouse gas emissions, enhance energy security, and reduce the need for additional generation plant construction. Through energy efficiency programs, energy is saved in thousands of homes and businesses and in effect produces “negawatts” - power that is never used. This energy savings is the equivalent of building a virtual power plant. In total, over the 2012-2014 period, energy efficiency peak demand savings by Eversource customers was approximately 350 megawatts (MW).

In addition, in 2014 the energy efficiency programs administered by Eversource resulted in an estimated \$180.7 million savings for our customers. Last year alone:

- Eversource electric customers saved over one billion kilowatt hours (kWhs) of electricity and will save more than 11 billion kWhs over the lifetime of the installed measures. To put those two numbers into perspective, the electricity saved in 2014 through energy efficiency measures could provide power for all 3.1 million Eversource electric customers for seven days and the lifetime savings could power the same number of customers for 74 days.
- Eversource gas customers saved over 9.2 million therms (1 therm equals 100,000 British Thermal Units) and more than 131.7 million lifetime therms. The natural gas saved in 2014 through energy efficiency measures could provide energy for 500,000 Eversource natural gas customers for three days and the lifetime savings could provide energy to the same number of customers for 45 days.
- “Fuel neutral” initiatives administered by Eversource, such as programs which install weatherization and insulation measures, also saved customers an estimated 521,388 MMBTU (MMBTU is defined as 1 million British Thermal Units) from reductions in home heating fuel usage such as oil, liquid propane, kerosene and wood. The emissions reduced by not using these fuels equates to taking 5,820 passenger vehicles off the road.

Environmental benefits from the successful implementation of Eversource’s energy efficiency offerings from 2012 through 2014 resulted in cumulative peak demand MW reductions, generation equivalents and annual MWh savings as shown in the graphs below:

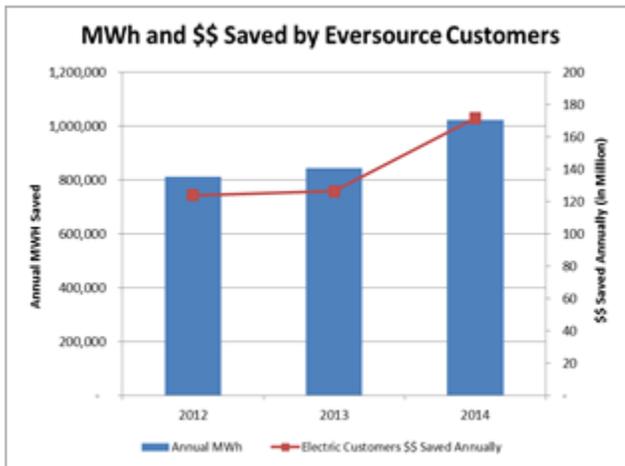


By installing energy efficiency measures, Eversource customers reduced peak Demand by 350 MW in 2014



Energy efficiency savings in the last three years resulted in the following generation offset equivalent to:

- 493 MW coal power plant
- 588 MW natural gas combined cycle power plant



By installing energy efficiency measures, Eversource customers reduced MWh consumption and saved over \$422 million in three years

The following tables show preliminary results for Eversource's 2014 energy efficiency programs by Eversource territory:

| 2014 Preliminary Results - Electric Energy Efficiency Programs | | | | | |
|--|---------------|---------------------|------------------|---------------------|------------------|
| | CT Electric | Eastern MA Electric | NH Electric | Western MA Electric | Electric Total |
| Eversource Energy Efficiency Electric Data | 2014 Actual | 2014 Actual | 2014 Preliminary | 2014 Actual | 2014 Preliminary |
| Customers Participated | 811,406 | 1,293,795 | 96,788 | 485,971 | 2,687,960 |
| Spend (US\$) | \$133,857,258 | \$187,800,067 | \$19,107,945 | \$44,823,240 | \$385,588,510 |
| Annual kWh Saved | 302,216,362 | 556,793,841 | 52,847,897 | 112,794,944 | 1,024,653,044 |
| Lifetime kWh Saved | 3,210,952,733 | 6,061,399,935 | 704,248,009 | 1,092,650,422 | 11,069,251,099 |
| Summer Peak Annual kW Saved | 42,251 | 69,136 | 6,235 | 15,462 | 133,084 |
| Winter Peak Annual kW Saved | 55,067 | 77,749 | 6,677 | 18,071 | 157,564 |
| Annual CO ₂ reduced in Ton | 149,162 | 219,315 | 26,084 | 45,437 | 439,998 |
| Lifetime CO ₂ reduced in Ton | 1,584,798 | 2,479,794 | 347,589 | 471,767 | 4,883,948 |
| Customer \$\$ Saved Annually | \$51,330,298 | \$93,583,511 | \$8,447,208 | \$18,385,369 | \$171,746,386 |
| Customer \$\$ Saved Lifetime | \$538,074,391 | \$1,038,159,214 | \$112,567,002 | \$186,148,182 | \$1,874,948,790 |
| Fuel Neutral MMBTU Savings Annual | 228,542 | 182,655 | 63,194 | 46,997 | 521,388 |
| Fuel Neutral MMBTU Savings Lifetime | 4,680,707 | 3,427,107 | 1,087,218 | 925,937 | 10,120,970 |
| | | | | | |

| 2014 Actual Results - Natural Gas Energy Efficiency Programs | | | |
|--|--------------|--------------|---------------|
| | MA Gas | CT Gas | Gas Total |
| Eversource Energy Efficiency Gas Data | 2014 Actual | 2014 Actual | 2014 Actual |
| Customers Participated | 113,430 | 11,530 | 124,960 |
| Spend (US\$) | \$33,303,117 | \$18,031,707 | \$51,334,824 |
| Annual Therm Saved | 6,579,268 | 2,684,770 | 9,264,038 |
| Lifetime Therm Saved | 89,527,536 | 42,203,981 | 131,731,517 |
| Winter Therm Peak | 0 | 19,918 | 19,918 |
| Annual CO ₂ reduced in Ton | 38,963 | 16,188 | 55,151 |
| Lifetime CO ₂ reduced in Ton | 533,763 | 254,475 | 788,238 |
| Customer \$\$ Saved Annually | \$6,465,187 | \$2,577,838 | \$9,043,025 |
| Customer \$\$ Saved Lifetime | \$88,115,996 | \$43,650,777 | \$131,766,772 |
| DISCLAIMER: Please note that the above tables are for informational purposes only and include both planned results and preliminary actual data subject to revision, reconciliation, and approval by regulatory bodies in the state in which each company operates. | | | |

2014 Solution Highlights

Eversource helps to shape new, forward looking energy efficiency policies, legislation and regulations in each of the states in which we operate. Because programs vary by state, we invite you to visit our Save Money and Energy pages at Eversource.com for [CT](#), [eastern MA](#), [western MA](#), and [NH](#) program details. 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 [NH Saves](#).

Empowering Customers with Energy Savings Plan

In 2014 Eversource empowered its customers to make smart energy decisions and improvements with the launch of the online tool, Energy Savings Plan. Energy Savings Plan is an interactive tool within Eversource.com that enables residential and business customers to examine how they are currently using energy, how they compare to other customers, and, most importantly, how they can reduce their energy consumption costs. Energy Savings Plan utilizes our customer's existing usage data, collects additional information through a series of easy-to-answer profile questions, and then makes customized, actionable energy efficiency recommendations. Features of the online tool include potential savings estimates, "learn more" case studies and links to solution resources.

Energy Efficiency at Home

A 1963 suburban home was cold in the winter and hot in the summer. Eversource connected the homeowner to an authorized contractor for an in-home assessment, identifying energy-saving opportunities resulting in annual savings of more than \$1,000.

“After completing the basic assessment, the technician explained that insufficient insulation in my attic was the main source of my heating and cooling inconsistencies. After explaining the benefits and cost savings of the upgrades, it became clear that the addition of insulation was a worthwhile investment for my family and my wallet.”

In 2014, residential customers took advantage of rebates and incentives that encourage the purchase of energy-efficient products such as lighting, insulation, heating, cooling, windows, and water heating equipment.

- **Comprehensive Home Improvements:** Eversource offers customers a wide array of services, incentives, and financing to enable energy savings in customer homes. In 2014, 77,660 Eversource customers in all three states participated in our industry-leading home energy assessment and service programs that provide turnkey energy improvements and rebates.
- **Customer Experience Enhancements:** The Massachusetts Home Energy Services Program introduced an Energy Concierge pilot with the goal of increasing customer satisfaction and encouraging more customers to install energy-efficient products. Results of 1,000 served customers will be evaluated and key learnings will be applied to the broader program.
- **High Efficiency Lighting:** In 2014, retail lighting programs administered by Eversource increased the sale of light emitting diode (LED) bulbs in Connecticut by 175 percent, representing 38 percent of total residential lighting sales, compared to just 13.8 percent in 2013. Similarly, New Hampshire saw an increase in LED bulbs purchased, from just over 10 percent in 2013 to nearly 44 percent in 2014.

Energy Efficiency at Work

For two years, a steel manufacturer worked with Eversource on a series of projects to improve the factory’s energy efficiency. LED lighting, refrigeration controls, programmable thermostats, and more resulted in an annual savings of about \$19,000.

“Improving our energy efficiency was a fairly large undertaking. Luckily, Eversource helped us identify ways we could simultaneously modernize and save on our energy costs. They made the overall process a smooth and timely one with no disruption to our employees or customer service.”

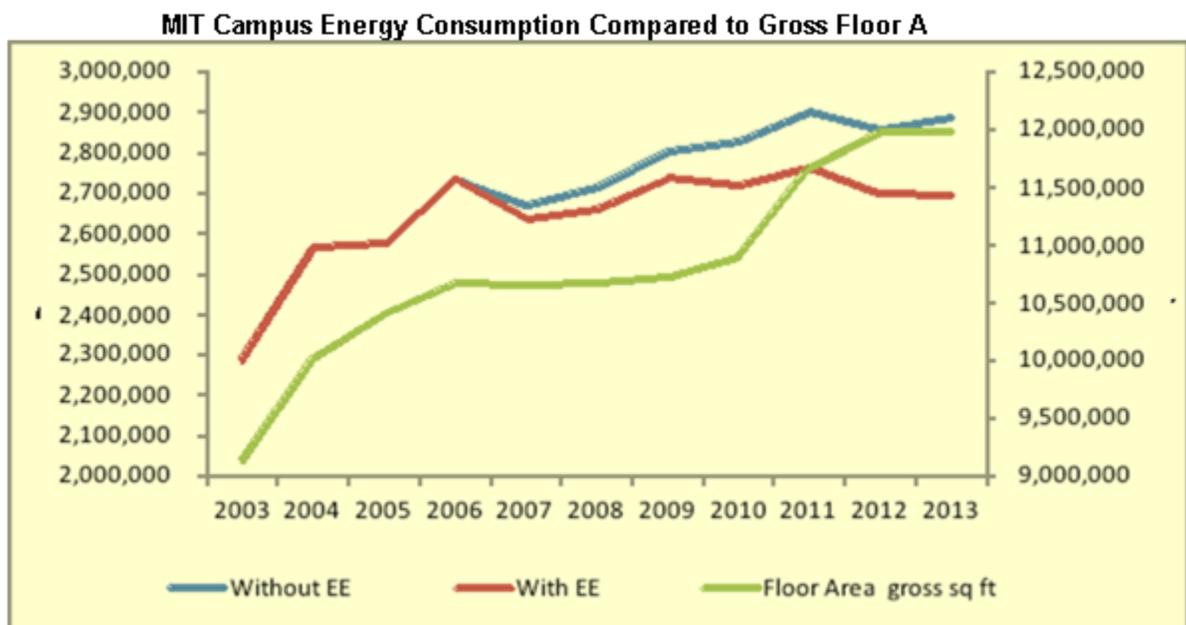
Eversource supports commercial and industrial customers by helping to identify smart energy improvements, lowering operational costs, and enabling greater business competitiveness. Eversource retains teams of highly skilled technical staff to help customers identify energy saving opportunities, and offers attractive financial incentives to help facilitate implementation.

- Dedicated energy efficiency account executives and consultants are available to business customers to advise and assist with efficiency opportunities. Customers benefit not only from cost reductions; these efforts also often result in enhancements to their business environment and/or productivity.
- In 2014, a new initiative for tenant fit-out spaces in Massachusetts encouraged customers to utilize comprehensive lighting solutions through attractive incentives for eligible projects. This simplified, flexible approach is critical in the fast-paced fit-out market and has been well received by large property management firms in our Eversource territory.
- The PRIME program provides manufacturers with a systematic approach to evaluating and identifying inefficiencies and waste in operations to streamline production and reduce electrical energy consumption and environmental impact. By utilizing LEAN manufacturing techniques manufacturers can reduce costs and remain competitive.
- Eversource remains focused on incentivizing LEDs to replace metal halide or high pressure sodium exterior lighting in parking lots and fluorescent lighting in buildings. Through the upstream lighting program, large commercial and industrial customers can purchase energy-saving compact fluorescent lights (CFLs) and LEDs at a discounted rate from participating distributors, eliminating the need for a paper rebate form.

Examples of Creative Leadership

Energy consumption is highly concentrated with our largest customers, with under four percent of our customers using over 75 percent of the energy we deliver. This provides Eversource the opportunity to engage these customers in a partnership (MOU Partnership Agreement) to significantly support and expedite energy efficiency efforts to reduce energy usage, carbon impacts, and operating costs. Eversource applies decades of experience driving energy efficiency results in all systems and technologies consuming electricity and natural gas.

- In 2010, Eversource signed a ground breaking Memorandum of Understanding (MOU) with the Massachusetts Institute of Technology (MIT). As part of this partnership, MIT committed to a 15 percent reduction in energy use over a three-year period. At the end of the term, MIT not only achieved but exceeded its goal. What is truly remarkable is that this was done while MIT was still in a growth mode. The graphic below illustrates how growth and energy use were decoupled through the efforts of this partnership.



- In 2014, Eversource and the University of Massachusetts-Amherst began a three-year energy efficiency alliance with a goal of reducing energy consumption on campus by three million kWhs per year. Eversource will provide assistance with energy efficiency incentive funding, technical expertise, outreach and educational programs on campus. In addition, we will be involved in the design of new construction, expansion and major renovations, with a target to be 25 percent more energy efficient than is state mandated.
- The strategy supporting this success has been scaled and replicated at a number of our largest customers across the Eversource territory in 2014. The value of the relationships is not only experienced in financial results, but also in the response from these customers in recognition and MOU Partnership Agreement extensions.

Energy Efficiency in Our Communities

Through key partnerships and our memberships in the [New England Clean Energy Council](#), [Massachusetts Energy Efficiency Advisory Council](#), [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 engage with the communities we serve in numerous ways, including educational materials available at

Eversource.com, training workshops held throughout the region, and informational booths at large events, such as the Eversource Hartford Marathon.

- Eversource partners with the Connecticut Technical High School System in the E-House program, which provides high school students with hands-on training to prepare them to enter the green workforce. On-site E-Houses serve as energy efficiency learning laboratories, enabling students to gain experience in plumbing, wiring and construction, and learning with examples of past and present construction practices. Eighteen E-Houses in Connecticut are expected to be completed by the end of the 2015 school year.
- Through the Clean Energy Communities program, a total of 120 cities and towns in Connecticut have been empowered to take charge of their energy future by signing a pledge to reduce municipal energy consumption by 20 percent by 2020.
- In partnership with the city of Boston, Eversource responded to the rising energy costs during the winter months through targeted outreach to residents. The multi-channel strategy included educational energy efficiency workshops, a dedicated website for the purchase of discounted lighting and energy saving products, and point of purchase marketing materials reinforcing energy efficiency as a way to offset electric price increases in the region.

Kill A Watt™ Kits are available at local libraries throughout Massachusetts providing customers with a tool to assess their individual electric consumption, tips to save energy, and information on programs available through [Mass Save](#).

Industry Engagement

Eversource leadership engages with many organizations focused on advancing energy efficiency policy, program development, research, and education opportunities. Our senior leadership holds Board positions on the [American Council for an Energy Efficient Economy](#) (ACEEE), [Northeast Energy Efficiency Partnership](#) (NEEP), and the [Consortium of Energy Efficiency](#) (CEE).

In 2014, Eversource expanded its engagement with the research and development community by joining the [Fraunhofer Center for Sustainable Energy Systems](#) Advisory Board. Penni Conner, Eversource Senior Vice President and Chief Customer Officer, and Fraunhofer Center Board member is heading this effort to connect industry-leading research with the growing needs of our customers. This collaboration provides a new opportunity to link energy efficiency innovation with real world opportunities and is helping to build a vision for how to meet our efficiency goals in the future.

We are a member of the [DesignLights Consortium](#) (DLC) and served as co-chair as it evolved from a regional communication vehicle to a national clearinghouse for the blossoming LED industry. The DLC ensures consistency and quality into both the marketplace and through the many EE programs across the country.

Additionally, Eversource has an active presence and peer-to-peer relationships with program administrators and leading forums throughout the industry. Examples include ESource, Department of Energy (DOE), American Society of Mechanical Engineers (ASME), American Society of Heating, Refrigeration and Conditioning Engineers (ASHRAE) and Lighting Research Center (LRC). To learn more about our research and development efforts in energy efficiency, please visit the Research and Development section of this [report](#).

Awards and Recognition

In 2014, ENERGY STAR® recognized New England's ENERGY STAR Products Program with its Sustained Excellence Award. This award was given to all the New England electric utilities working with NEEP, including Eversource in CT, MA, and NH.

In 2014, ENERGY STAR recognized New Hampshire's ENERGY STAR Homes Program with its Partner of the Year Award. In 2015, EPA recognized this same program with its Energy Star Sustained Excellence Award

In 2015, the EPA recognized the CT Home Energy Solutions weatherization program with its Partner of the Year Award

Eversource, along with other regional program administrators, received the following industry awards in recognition of innovative work:

- ENERGY STAR® Partner of the Year This sustained Excellence Award was presented to the sponsors of NEEP for the program administrators' longstanding dedication to regionally coordinated energy efficiency programming designed to drive market transformation for ENERGY STAR certified lighting and products.
- Greenlite "2014 President Award." - The President Award is given a by leading energy efficiency lighting manufacturer, Greenlite, once per year to either utilities or retailers which set themselves apart from the group. For 2014, the President Award was given to the MA/RI program administrators for their innovative vision and program design.

2015 Energy Efficiency Plans

Eversource has set aggressive goals for 2015 that support our customers' current and longer-term needs and reflect energy efficiency and environmental regulations and goals of the states in which Eversource operates.

| 2015 Goals - Electric and Natural Gas Energy Efficiency Programs | | | | | | |
|--|---------------|---------------------|--------------|--------------|----------------|--------------|
| Energy Efficiency Data | CT Electric | Eastern MA Electric | NH | Western MA | Eastern MA Gas | CT Gas |
| Spend (US\$) | \$144,262,550 | \$213,007,710 | \$18,424,502 | \$51,903,534 | \$42,798,684 | \$18,093,309 |
| Annual kWh Savings | 317,136,204 | 512,012,584 | 43,528,679 | 101,937,782 | - | - |
| Summer Peak KW Savings | 47,171 | 60,789 | 7,385 | 14,453 | - | - |
| Winter Peak KW Savings | 43,315 | 57,766 | 6,797 | 14,699 | - | - |
| Annual ccf/therm Savings ⁽¹⁾ | - | - | - | - | 5,920,843 | 2,444,025 |
| | | | | | | |

(1) Massachusetts Annual Savings are reported in therms and Connecticut Annual Savings are reported in ccf consistent with each states' regulatory reporting requirements.
DISCLAIMER: Please note that the above table is for planning purposes only.

To view the energy efficiency plans filed with the regulatory bodies in the Eversource service territory, please use the following links.

[Connecticut 2013-2015 Plan](#)

[Connecticut 2015 Plan update](#)

[Massachusetts 2013-2015 Plan](#)

Additionally, an update to the 2013-2015 Electric and Gas Energy Efficiency Plan was submitted to the Massachusetts Department of Public Utilities by all Program Administrators on February 28, 2014 in [docket D.P.U. 14-05](#).

[New Hampshire 2014](#)

[New Hampshire 2015-2016 Plan](#)

[View previous year's energy efficiency information.](#)

Clean Energy Solutions

“Infrastructure investments enable us to strengthen the reliability of our electric and natural gas delivery systems and deliver added renewable energy to the region.”

Eversource has established itself as a regional and national leader delivering innovative, forward-looking energy solutions, and supporting the customers we serve to assist Connecticut, Massachusetts, and New Hampshire in meeting their environmental and clean energy goals. We are a member of the [New England Clean Energy Council \(NECEC\)](#) and in 2014 joined their Strategic Partner Network (SPN), which is aimed at helping leading global corporations seeking to grow their energy innovation strategic roles, build relationships in the cleantech community and develop new practices for open innovation, investment and strategic partnerships.

Transmission

Eversource has proposed a unique and innovative project, [Northern Pass](#), a high-voltage, direct-current transmission line that will bring 1,200 megawatts (MW) of low-carbon, primarily hydro-electric power from Canada to New England's energy load centers. Northern Pass would lower CO2 emissions by up to five million tons annually, which is equivalent to taking 900,000 cars off the road. At a time when officials are expressing concern about the future reliability of our energy supply, the addition of 1,200 MW of clean, reliable, competitively priced hydropower from Northern Pass will benefit everyone in the state of New Hampshire and the New England region.

Renewable Power Procurement

Eversource's distribution companies are instrumental in helping Connecticut, Massachusetts and New Hampshire to achieve their renewable portfolio standard (RPS) goals. The RPS goals require that electricity providers obtain a minimum percentage of their retail load by using renewable energy.

| Percent of Energy from RPS by: | | | | | | | | | |
|--------------------------------|------|-------|------|-------|------|-------|------|-------|--------------------|
| State | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2025 | Total Program Goal |
| Connecticut | 18 | 19.5 | 21 | 22.5 | 24 | 26.5 | 27 | -- | 27% by 2020 |
| Massachusetts | 19.6 | 20.85 | 22.1 | 23.35 | 24.6 | 25.85 | 27.1 | 33.35 | 33.4% by 2025 |
| New Hampshire | 9.7 | 15.8 | 16.7 | 17.6 | 18.5 | 19.4 | 20.3 | 24.8 | 24.8% by 2025 |

Our electric subsidiaries enter into state-specific agreements to facilitate development of clean and renewable projects. Electric customers of Eversource in Connecticut who install new, qualifying renewable energy projects -- ranging from rooftop solar panels to fuel cells -- have an opportunity to sell the qualified Connecticut Class I renewable energy credits (RECs) created from their projects to Eversource under a long-term, 15-year contract. This program is designed to promote, fund and expand “behind the meter” renewable generation, and offers our customers an opportunity to save money while contributing to lowering our region's carbon emissions. In 2014, Eversource entered into renewable energy credit contracts in Connecticut, approved by the Connecticut Public Utilities Regulatory Authority (PURA), for 8.08 percent of the RECs associated with the 54 MW Joseph C. McNeil Generating Station for a five-year term, an additional 4.04 percent of the RECs associated with the Joseph C. McNeil Generating Station for a 10-year term, and 40.38 percent of the RECs associated with the Schiller Unit 5 generating facility for a 10-year term. In addition, Eversource CT entered into Class I REC contracts from a total of approximately 78 MWs of generation through the LREC/ZREC program.

In February 2014, Eversource also received approval from the Massachusetts Department of Public Utilities for long-term renewable power supply contracts with two new proposed wind power projects that were awarded as the result of an RFP concluded in August 2013. Eversource's combined share of the agreements amounts to 53 percent of the output over the 15-year term of the contracts. The two projects are:

- Oakfield Wind Project, a 148 MW wind project located in Oakfield, Maine, being developed by Evergreen Wind Power II, LLC, a First Wind Energy company
- Bingham Wind Project, a 186 megawatt wind project located in Mayfield Township, Maine, being developed by Blue Sky West, LLC, a First Wind Energy company

Natural Gas Transmission Expansion

The Access Northeast Project, a partnership among Eversource, Spectra Energy and Iroquois Gas, will expand natural gas capacity in our region through existing transmission pipeline corridors. The gas expansion initiative will minimize environmental, safety and local impacts, while stabilizing winter energy prices. Current pipeline limitations restrict the availability of natural gas during extreme cold. The project will increase guaranteed daily supplies of natural gas to customers and natural gas-fired electric generating facilities around New England.

The Access Northeast collaborative proposal includes:

- Scalable expansion of existing pipeline infrastructure, which connects to approximately 60 percent of New England's natural gas-fired electric generation.
- Partnerships with existing regional natural gas storage facilities to ensure supplies to electric power plants – especially on the coldest days when supplies are most constrained and the reliability of New England's power grid may be compromised.
- An environmentally responsible approach that will minimize impact on the environment and local communities by using existing transmission corridors.
- Additional Algonquin and Maritimes delivery points for natural gas local distribution companies (LDCs) to access diverse, low-cost natural gas resources when and where necessary for customers.

Natural Gas Distribution Expansion

Connecticut's first-ever Comprehensive Energy Strategy (CES), which was established by state law in 2013, includes 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. The plan recognizes the emerging opportunity provided by shale gas for a lower-cost, cleaner, and domestically available fuel choice that offers residents and businesses an option to significantly reduce their heating bills.

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 also help reduce emissions by 820,000 tons or a 7 percent reduction of total emissions in Connecticut.

In 2014, Eversource surpassed its goals for expanding natural gas, achieving two significant milestones with the conversion of more than 5,500 customers, exceeding its goal by seven percent, and adding approximately 20 miles of new gas main in its service territory. Of special note was the successful expansion into the Connecticut town of Wilton. Construction was completed in November of 2014, and the installation of 3.5 miles of pipeline now allows Wilton and Eversource to explore additional opportunities to provide more residents and businesses with the benefits of this efficient and economical fuel choice.

Solar Generation

Eversource embarked on the construction of large-scale [solar generation in Massachusetts](#), which directly contributes to Massachusetts' goal to install 1,600 MW of solar energy by 2020. Our solar program focuses on developing large-

scale solar facilities on sites that offer economies of scale and cost-effective energy production. Of particular interest are capped landfills and environmentally challenged sites that have few, or very restricted, alternative uses.

In October 2010, we completed the Silver Lake Solar facility in Pittsfield, Massachusetts, installing 1.8 MW of solar generation. In April 2011, we proudly received the Photovoltaic Projects of Distinction Award from the Solar Electric Power Association and the Solar Energy Industries Association in recognition of the Silver Lake Solar facility. In June 2011, the Environmental Business Council of New England presented us with the John A.S. McGlennon Environmental Award of Corporate Leadership for the facility.

A second, larger facility known as the Indian Orchard Solar facility has been generating power since November 2011. Located on twelve acres of brownfield in the Indian Orchard neighborhood of Springfield, Massachusetts, the facility contains 8,200 solar panels and produces 2.3 MW of electricity - enough to power 500 homes. In June 2012, the Environmental Business Council of New England presented the Indian Orchard Solar facility with the James D.P. Farrell Brownfields Project of the Year Award in recognition of the brownfield site redevelopment into one of the largest solar facilities in the region.

A third project, known as the Cottage Street Solar facility went into commercial operations on May 5, 2014. This facility consists of 12,980 solar panels and will supply energy to approximately 850 homes. The 3.9 MW solar arrays are constructed on 25 acres on top of a landfill off of Cottage Street, Springfield.

Clean Air Project

In New Hampshire, the [Clean Air Project](#) at Merrimack Generating Station is complete. The power plant is now one of the nation's cleanest coal-burning energy facilities. The plant utilizes wet flue gas desulfurization technology, which dramatically reduces mercury and sulfur dioxide emissions from Merrimack's two units. Merrimack Station continues to support New England's fuel diversity, enhancing the stability of the power supply in the region.

Northern Wood Power Project

Eversource's Northern Wood Power Project (NWPP) replaced a 50-megawatt coal-burning boiler at Schiller Station in Portsmouth, New Hampshire, with an environmentally friendly system that uses wood chips and other clean, low-grade wood materials for fuel, effectively reducing their air emissions by more than 400,000 tons annually. The NWPP has been the recipient of state, regional, national, and international awards for innovation and positive environmental changes, including being one of 11 national winners of the 2008 U.S. Environmental Protection Agency's Clean Air Excellence Award.

Hydroelectric Power

Eversource owns and operates nine hydroelectric power plants throughout New Hampshire. These energy resources are one hundred percent renewable, and combine to produce a total of 70.5 MW of electricity.

To learn more about our Research and Development efforts in Clean Energy please visit the [Research and Development](#) section of this report.

Transportation Alternatives

Eversource recognizes that more than one third of New England's CO2 emissions come from the transportation sector. With a goal of reducing the carbon footprint, we have created electric and natural gas vehicle opportunities for our customers, and employ a multifaceted approach to reducing emissions for our fleet vehicles as well.

Electric Vehicles

Customers are increasingly considering electric vehicles (EVs) as a viable transportation alternative, offering a clean, lower-cost fuel option. As of the end of 2014, there were over 4,000 plug-in EVs in our service territory, with more models becoming available each year. There are also currently over 400 publicly accessible charging stations in our region.

We have a considerable history and ongoing investment in research, pilot programs, and demonstration projects to help make this technology an option for our customer's use. We offer multiple sources of information for our customers, and are actively engaged with policy leaders, automakers, neighboring utilities and technical experts to prepare our infrastructure to support EVs.

Since 2013, we have offered an electric vehicle information center hotline, 855-463-6438, staffed Monday through Friday from 8 a.m. to 5 p.m. with a team of specialists dedicated to providing customers with helpful information about EVs and supporting technology. We continue to offer our customers a resource website, [Plug My Ride](#), with fast access to EV information and resources.

We are exploring the benefits of EVs in our own operations, while reducing our carbon footprint by installing 11 EV charging stations at our facilities and operating six plug-in hybrid electric vehicles. In 2014, along with other utility members of the Edison Electric Institute, we have pledged to commit 5 percent of our annual fleet spend on plug-in electric technologies beginning in our 2015 budget cycle.

Beginning in 2012, Eversource partnered with volunteer municipalities and businesses on a research project focused on understanding charging station installation requirements, EV driver charging habits and potential future electric system requirements. The research project was very successful in identifying challenges associated with installing charging stations, which will enable us to develop mitigating strategies to better serve our customers. We are also a founding member and currently chair the [Regional Electric Vehicle Initiative](#) (REVI), a collaboration of northeastern utilities, working to advance the region's understanding of EVs, and the infrastructure that supports them.

All of the states that we serve are pursuing comprehensive plans that include the advancement of electric vehicles. Connecticut and Massachusetts are two of eight states that signed the [State Zero-Emission Vehicle Program Memorandum of Understanding](#) in 2013, with a collective target of having 3.3 million 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 the development of EV charging infrastructure, with funding provided by Eversource pursuant to our 2012 merger settlement agreement. Our support, through installation of DC Fast Chargers and grants for EV charging stations, has increased the number of publicly available charging stations, making Connecticut a "range-confident state". Details on these programs can be found at [EV Connecticut](#).

In Massachusetts, we are working with the Department Of Energy Resources pursuant to our 2012 merger settlement agreement on programs to advance the EV market through a combination of studies, outreach and education, and the rate pilot program, PlugMyRide@HOME. The pilot, launched in February 2015, seeks to enroll 105 customers that own a plug-in electric vehicle and is designed to encourage off-peak charging with innovative technologies that enable charging in a grid friendly manner.

Eversource is committed to explore solutions that support EV owners in our service territory, while ensuring system reliability for all of 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 (VGI) Platform software system that integrates plug-in electric vehicles (PEV) with smart grid technologies, allowing customers the option to charge off-peak.

Natural Gas Vehicles

Natural gas vehicles (NGVs) are similar to gasoline or diesel vehicles with regard to power, acceleration, and cruising speed, and are good for the environment. Natural gas burns cleaner than conventional gasoline or diesel due to its lower carbon content, and when used as a vehicle fuel, it can offer life cycle greenhouse gas (GHG) emissions benefits over conventional fuels, depending on vehicle type, drive cycle, and engine calibration. In addition, using natural gas may reduce some types of tailpipe emissions. As a non-toxic, non-corrosive, and non-carcinogenic fuel source, natural gas presents no threat to soil, surface water, or groundwater.. The fuel used in these vehicles is the same natural gas that we deliver to homes and businesses for cooking, heating and more.

We have been promoting the use of compressed natural gas (CNG) vehicles in our fleet. We currently have 43 CNG vehicles in service that in 2014 consumed 35,383 gallon equivalents of natural gas, thus avoiding 66 metric tonnes of CO₂e emissions.

Our Footprint

“Eversource’s longstanding commitment to sustainable business practices and operational excellence remains ever-present.”

We are continually evaluating the risks presented by climate change. Connecticut, New Hampshire and Massachusetts are all members of the Regional Greenhouse Gas Initiative (RGGI), a cooperative effort by northeastern and mid-Atlantic states to develop a regional program for stabilizing and reducing carbon dioxide (CO₂) emissions from fossil fuel-fired electric generating plants. Eversource participated in a two-year RGGI program review that resulted in an updated RGGI Model Rule released in February 2013 that guided updates to state CO₂ Budget Trading Programs.

In the electricity generation sector, two programs help New Hampshire advance the objectives of the state’s Clean Energy Plan: the Renewable Portfolio Standard (RPS) and RGGI. Consistent with the New England Governors/Eastern Canadian Premiers resolutions, the state of New Hampshire has adopted the goal of reducing its total greenhouse gas (GHG) emissions 80 percent below 1990 levels by the year 2050.

Our goal is to meet or surpass the state RPS requirement of 25 percent renewable energy by 2025, and to continue reducing emissions from existing power plants. We are working to implement a [multi-pronged approach](#) that ensures reliability of service, cost stability and success.

Eversource’s GHG emission inventory accounts for and reports all direct carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and sulfur hexafluoride (SF₆) emissions. 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 CH₄ emissions from process equipment including pipelines for natural gas distribution; and fugitive SF₆ emissions from electrical equipment. We report GHG emissions to the [Carbon Disclosure Project \(CDP\)](#). Our most recent filing can be found [here](#).

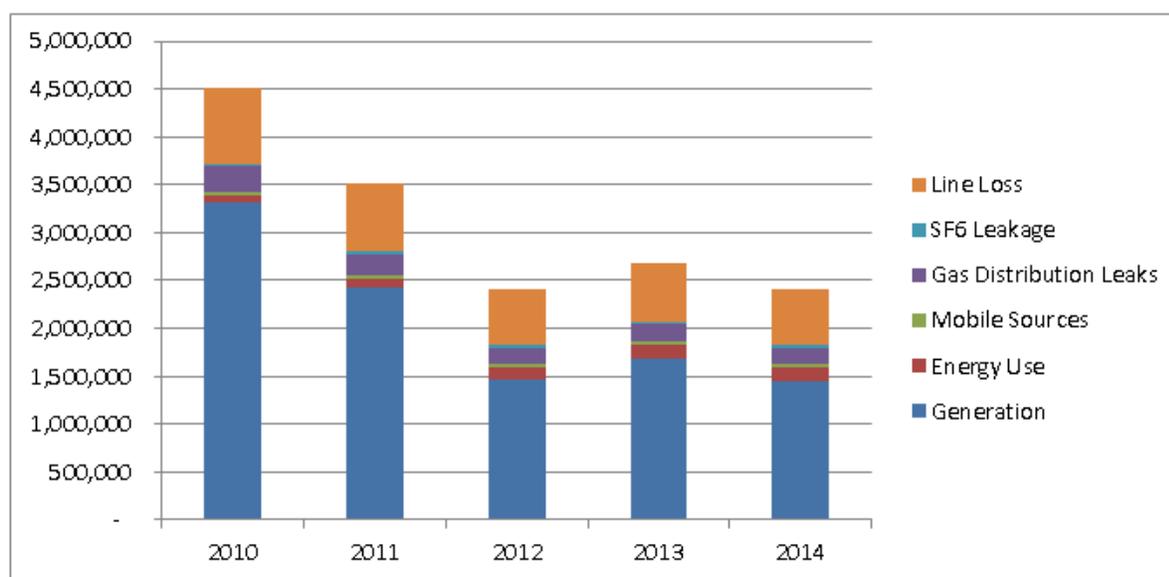
In 2013, we used the same methodology to complete the calculations for all business units. For that reason, we are calling it the “first combined inventory.” Emissions from the merged companies were added to the Eversource inventory for years 2009 to 2012 to analyze trends in emissions.

Detailed Emissions Summary (metric tonnes CO₂e):

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| Generation | 3,311,538 | 2,432,622 | 1,460,058 | 1,676,660 | 1,453,156 |
| Energy Use | 73,520 | 83,474 | 127,928 | 147,933 | 134,801 |
| Mobile Sources | 43,835 | 44,248 | 46,035 | 40,520 | 40,269 |
| Gas Distribution Leaks | 257,771 | 217,736 | 148,500 | 171,758 | 166,002 |
| SF6 Leakage | 28,954 | 26,648 | 47,029 | 30,700 | 27,916 |
| Line Loss | 790,115 | 712,409 | 583,884 | 606,021 | 594,315 |
| Total With Generation | 4,505,733 | 3,517,137 | 2,337,374 | 2,673,592 | 2,416,459 |
| Total without Generation | 1,194,195 | 1,084,515 | 877,288 | 966,932 | 963,303 |

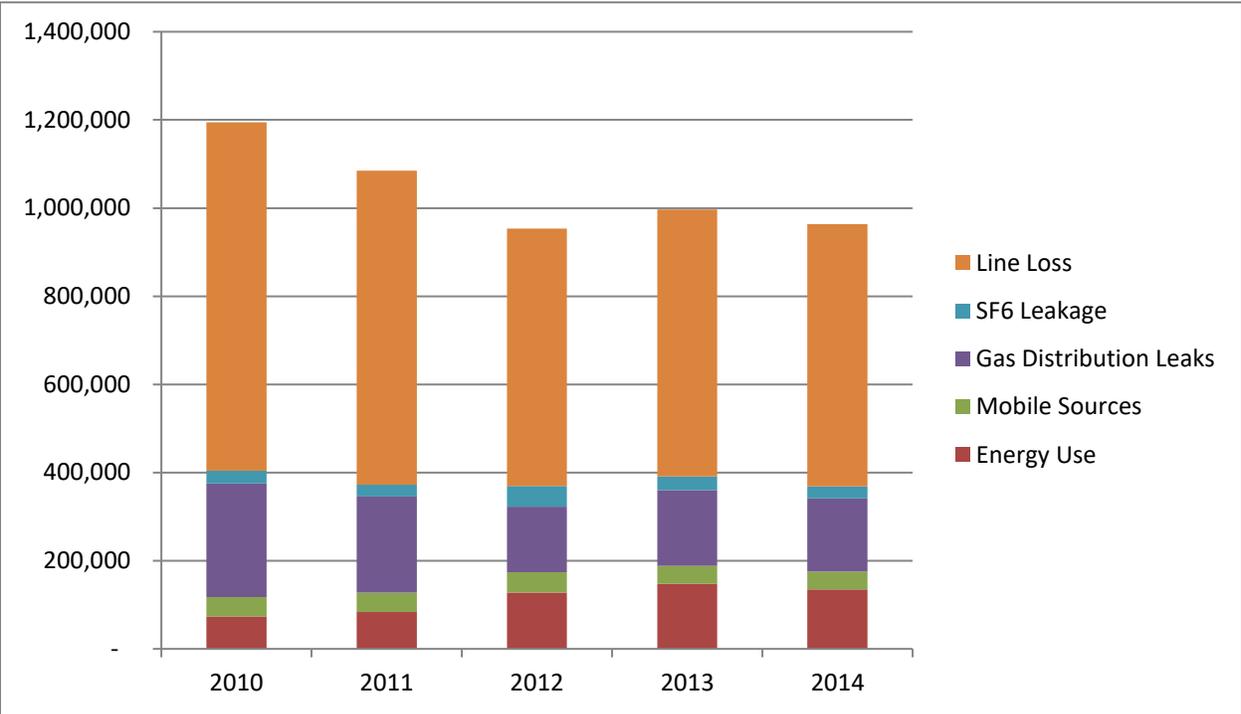
GHG Emissions Trends:

GHG emissions including generation (metric tonnes CO₂e):



Overall emissions for Eversource declined in 2014 primarily due to decreased demand for generation. A combination of market forces, fuel supply, and customer demand influence generation output, and thus Eversource's emissions. For example, as natural gas prices decrease, the demand for energy produced from coal also decreases. Emissions from generation have steadily decreased since 2010, with a slight increase in 2013, primarily due to a combination of a cold winter and the increase in natural gas prices due to constraints in the natural gas delivery system. Demand and production were down in 2014, resulting in a reduction in emissions.

GHG emissions excluding generation (metric tonnes CO2e):



Line loss emissions reductions since 2010 are notable. Line loss is the difference between the power we obtain from the grid and what is sold to our customers. The difference is attributable to a variety of sources, including equipment operations, theft, unpaid bills, and electricity used internally. Line loss continues to be reduced by system improvements, infrastructure hardening and equipment replacement programs.

SF6 leakage from operations at Eversource companies continues to be below the industry average due to operational controls that have been in place at all operating companies since the 1990s, including the careful management, handling and recordkeeping of SF6 and SF6 containing equipment.

Fugitive emissions from the Eversource gas distribution system have steadily decreased over time and are anticipated to continue, attributed to our ongoing steel and cast iron main replacement program and robust leak mitigation plans.

Emissions from mobile sources include fleet vehicles and line trucks, as well as employee business travel in cars and planes. Mobile emissions have remained steady over time. In 2013, we improved our methodology for tracking energy usage at unmanned Eversource facilities and applied that methodology to 2012, the year of our merger. Applying the changed methodology retroactively will afford better trending of data going forward. The data indicated a reduction in calculated emissions for 2014 energy use. Consolidation of facilities and more efficient use of space are expected to decrease energy use and associated emissions. Increased use of LEED inspired renovations at existing facilities will also decrease energy needs.

Reducing Our Carbon Footprint

We are proud of the initiatives under way to improve the GHG footprint of the company. Eversource continues to be an industry leader in SF6 emissions reductions; our company-wide SF6 emission rate is estimated to be 0.77

percent (65 percent below the industry average of 2.2 percent). Data collection and reporting is conducted with ever-increasing precision. This allows us to focus in on potential areas of SF6 loss to further reduce emissions risks.

Eversource's Distribution Integrity Management Programs mitigate potential risks, identify and prioritize operational and infrastructure enhancements, and improve service for our customers. Replacement of aging bare steel and cast iron gas infrastructure is an example of a top priority to minimize the potential for gas leaks, and the release of greenhouse gases into the atmosphere. Since 2011, Eversource has replaced 180 miles of gas main resulting in reductions of 567.5 metric tonnes of methane annually (14,000 mt CO₂e)

Our operating companies maintain a fleet of approximately 4,500 vehicles across Connecticut, Massachusetts and New Hampshire, including light duty trucks for meter readers and bucket trucks for line workers. Our companies have switched portions of their diesel equipment in their fleets to operate on biodiesel, an alternative fuel created by mixing diesel fuel and soybean oil. The companies use B20, which has a blend of 20 percent soybean oil and B5, which has a blend of 5 percent soybean oil and can be used in the colder months. With the addition of B5 to the fuel mix, the cleaner burning biodiesel fuel can now be used year round. Eversource operating companies burned nearly 524,000 gallons of B5 and B20 biodiesel fuel in 2014, displacing approximately 86,000 gallons of diesel fuel with an 879 ton reduction in carbon emissions.

In 2009, we began piloting another emissions-reduction technology to reduce our transportation-related carbon footprint with the use of gas/electric hybrid line trucks. This same year, Eversource New Hampshire was awarded a grant through the Granite State Clean Cities Coalition to cover the additional cost of buying two hybrid bucket trucks in place of two diesel-only bucket trucks. Each hybrid bucket truck replacing a diesel-only bucket truck reduces our carbon dioxide emissions by more than 13 tons a year. We also purchased seven light duty plug-in hybrid bucket trucks. The booms will operate 4–6 hours on battery power, minimizing the need to run the truck.

In 2014, Eversource received three additional passive hybrid bucket trucks, increasing our total to six. The passive hybrid system runs the hydraulics operating the booms on the bucket trucks, eliminating idling the engine to run equipment.

In an additional technology deployment, global position systems have been installed in all of our fleet vehicles. GPS is 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 or job site.

We are also operating six plug-in hybrid electric vehicles and have reduced our carbon footprint by installing 11 EV charging stations at our facilities. In 2014, along with other utility members of the Edison Electric Institute, we pledged to commit five percent of our annual fleet spend on plug-in electric technologies beginning in our 2015 budget cycle and are installing nine additional stations in 2015.

Our Eco-Miles program, an innovative program to track employee mileage savings through a variety of commuting options, launched in 2009, and uses an online payroll reporting system to track miles not driven through carpooling, public transportation, telecommuting, or other mileage-savings options. To date, Eversource employees have collectively logged over three million Eco-Miles since the program started - that's the equivalent of saving 142,857 gallons of gasoline and 1,385 tons of CO₂e.

In 2009, PSNH installed one of the state's largest solar photovoltaic systems on the roof of its Energy Park headquarters building in Manchester. This 51-kilowatt (kW) array produces enough power to satisfy about five percent of the facility's energy needs, or the same amount of energy used by about seven average New Hampshire homes. The power produced by this array offsets more than 100,000 pounds of CO₂ emissions each year that would otherwise be created through the burning of fossil fuels, and helps PSNH meet its state RPS requirements.

Extensive renovations to our Hartford, Connecticut, Area Work Center were completed in 2012, creating a model in energy efficiency and environmental design, and exceeding the Leadership in Energy & Environmental Design (LEED) silver certification standards. The building features a daylight harvesting system, chilled beam HVAC

technology and energy management control system, which reduces overall energy consumption by 60 percent, and 20 percent of the entire building materials are made of recycled content.

In 2011, we installed a green roof with a 10.92-kW solar array on the roof of our Community Building in Berlin, Connecticut. The solar array consists of 60 panels that produce 182 watts each, which are connected to monitor to show how much energy is being produced each day. The goal of this demonstration project is to help us understand the technologies being used and evaluate their benefits to the environment. Unlike the typical photovoltaic panel that get mounted along a sloped roof or has to be tilted itself, the panels used in this project are round and feature tubes of thin film known as "CIGS" that have proven to be more efficient than traditional flat panels converting sunlight into electricity. This solar array works in conjunction with a reflective roof membrane, or "cool roof" to further enhance the energy output of the panels. In addition, the roof also includes a section of vegetative roof which acts to absorb and filter rain water as well as provide additional insulating qualities to the existing roof structure.

Operations Optimization

Materials Management

We manage our field and office operations with a commitment to environmental stewardship. Highlights include our material logistics activities spanning the storage, accuracy and movement of inventory throughout Eversource, and providing materials and logistics services to support our electrical and natural gas infrastructure. Inventory is managed at storeroom facilities strategically located throughout our service territory to ensure the timely delivery of inventory necessary to meet our commitment to customers.

Route Optimization:

As part of our 2014 - 2015 Logistics Initiative the Material Logistics team has proposed a Transportation Optimization for our central warehouses in Connecticut and New Hampshire. A few of the highlights are:

- Proposed new routes added to the current schedule for both Connecticut and New Hampshire.
- Double frequency area work center routes during a planned week for both Connecticut and New Hampshire.

A summary of potential benefits of this optimization:

- Total planned costs reduced.
- Potential for emergency deliveries to be reduced.
- Planned routes reduced overall.
- Potential driver utilization / efficiency improvements in Connecticut.
- Reduction in cost per mile in Connecticut.
- Potential to reduce load capacity per route in Connecticut.

Warehouse Consolidation:

Our area work centers located throughout Connecticut, Massachusetts and New Hampshire are hubs of 24/7 operational and response activities requiring on hand equipment and materials for efficiency and deployment. By positioning fast moving inventory in each work center we ensure the correct inventory is closer to the crews and the work being performed by Operations. Slower-moving material, transferred back to the central warehouse locations, reduces any additional inventory footprint. We have:

- Improved turn rates for fast moving material, and overall better turn rates for the corporation.
- Reduced inventory levels for the company by utilizing direct delivery and vendor managed inventory for fast-moving material, and utilization and reduction of min/max levels for slow-moving material.
- Optimized warehouse footprints at both the central warehouse and work center locations.

Part Standardization:

An electric distribution part standardization effort has been in progress since early 2014 and will continue into 2015, with a focus on reducing catalog ID's across our inventory and operating companies for certain commodities. Benefits of this standardization are:

- Reduction of 321 catalog ID's across the distribution operating companies during 2013 - 2015 reduces inventory on hand.
- Standardization across our business allows Eversource to optimize and utilize inventory to support regular business and storm restoration.

Facilities Consolidation

The Facilities Review team began its assessment of the company's space utilization and future facility needs in 2013, to ensure we are best able to deliver superior service to customers every day, 24 hours a day. The review indicated that our facilities configuration could be optimized to further improve our ability to efficiently plan work. The goal of the consolidation efforts are to deploy resources across a broad geography, improve operational efficiency and provide more effective service across our region.

The facilities review was conducted using a consistent set of parameters in all three states that will allow us to meet, or exceed industry standards, while maintaining or improving our current service times. In addition to geographic distribution, occupancy levels and functionality, the team reviewed the capital needs and investment required at each facility for maintenance and enhancements.

An evaluation of driving time from work centers to customers, as well as from employees' homes to work centers, was incorporated in the review. Other factors considered were customer density, work orders, coverage and response time, improvement in building space utilization and financial analysis.

The first phase of the plan was successfully implemented in 2013 and 2014. The benefits of the optimization model—more employees and resources in fewer, but more strategically located and configured facilities, each adapted to a specific use—has produced gains in flexibility and improved service. This enables the company to respond more effectively to customer needs, and reduce facilities costs associated with under- utilized locations.

The second phase of the plan began in 2014, and will continue through 2015 and beyond, to ensure we are maximizing our geography and strategically locating facilities for efficiency and superior customer service delivery. A cross-functional team continues to collaborate and refine plan details to best optimize our facilities and meet our customer service goals. Members of our leadership team engage with employees and communities affected by the reconfiguration plan, providing answers to their questions and addressing any concerns.

Whenever possible, sustainable building design criteria are incorporated into our facilities, using LEED as a standard of measurement for building attributes. Low VOC paint and flooring materials are used in facility construction and renovation, and furniture meets all necessary Indoor Air Quality (IAQ) certifications.

OUR ENVIRONMENT

Environmental Policy

Eversource continually manages field and office operations with a commitment to environmental stewardship for today and future generations. We protect land and water resources, offer customers significant energy efficiency choices and work to improve regional air quality. Close collaboration with regional leaders and stakeholders has also resulted in the development of reliable, sustainable energy solutions featured throughout this report.

Committed to environmental leadership in all business areas, our Environmental Policy protects and enhances the environment and fosters environmental stewardship and sustainable business practices. The tenets of our policy include:

Compliance: All employees are responsible for maintaining compliance with applicable environmental protection laws and regulations and Eversource's work standards at all times.

Leadership: We pursue initiatives that protect the environment and advance clean energy solutions for our customers and stakeholders through energy efficiency and conservation programs, efficient operating practices, renewable or low-emission energy sources, technology and consumer education.

Accountability: We maintain accountability by monitoring and assessing the environmental impacts of our operations, using measurable objectives and targets to promote continuous improvement and reporting our environmental performance for transparency.

Stewardship: We manage our operations to prevent or reduce our impact on the environment, conserve natural resources, and engage customers and stakeholders in meaningful partnerships that advance sustainable environmental results. Our environmental stewardship is visibly reflected in our commitment to conservation of open space, balancing our corporate operating requirements with natural resource conservation.

In 2014, Eversource leveraged its role as title sponsor of the [Hartford Marathon](#) to advance and expand the event's sustainability initiatives and baseline measurement of environmental impacts. Comprehensive waste-reduction efforts implemented at the race included water conservation programs, composting and recycling, use of solar power, and donation of clothes left along the race route to Hartford youth and veterans. Eversource employees facilitated the Council for Responsible Sport (CRS) in their review of the event, resulting in achievement of gold certification.

Environmental Management System

"Eversource is committed to environmental leadership in all business areas."

Eversource's Environmental Management System (EMS), modeled after the internationally accepted ISO 14001 standard, is the framework for assessing environmental considerations to ensure thorough analysis, identifying responsible alternatives and establishing consistent and sustainable operating practices. We anticipate and proactively meet changing environmental requirements and expectations, mitigate risks, improve environmental performance, introduce new efficiencies and enhance our compliance with legal requirements and obligations.

We use **Enviance**, a robust EMS software solution to centralize all EMS information, reduce administrative burden and provide access to data in real time. With improved communication and reporting of performance metrics to our field operations organizations, we are driving operational priorities and improvements and tracking targeted reductions.

Environmental and safety committees from our gas, electric, and transmission operations meet periodically to review best practices, initiatives, and progress toward objectives and goals.

Compliance Assurance

Early identification of the environmental considerations of projects is critical to project success. We perform formal project assessments utilizing our customized screening tool to determine air, water, waste, chemical and natural resource management options, ensuring environmental compliance and best practices.

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). Certified internal environmental compliance auditors regularly audit Eversource-owned facilities, vendors and processes.

Stakeholder Communication

We partner with state regulatory agencies and industry organizations to shape new policies to protect the environment and benefit our customers and shareholders.

In 2014, Eversource collaborated with the U.S. Army Corps of Engineers to develop best management practices for the use of construction mats in wetlands, with the New Hampshire Department of Environmental Services in the development of wetland regulations, and with the Connecticut Department of Energy and Environmental Protection on beneficial reuse of road spoils and remediation standards. Eversource also joined the Avian Power Line Interaction Committee, an EEI partnership fostering best management practices and engineering controls protective of osprey, eagles and other birds of prey.

Employee Training Requirements

We ensure all employees receive environmental training in accordance with all federal and state environmental regulatory requirements. In addition, our Environmental Affairs Department works in concert with operating company personnel and physical skills trainers to develop tailored training programs ranging from basic information required for a majority of employees to field-specific content for our physical workforce.

Environmental Performance

We are committed to conducting our operations in accordance with all applicable environmental laws and regulations and maintain operational controls, policies, and procedures to ensure compliance. If an issue is identified, root cause investigations are expeditiously conducted to prevent recurrence.

Our strong compliance record in 2014 surpassed our Environmental Performance Index target, established annually to reinforce accountability and leadership oversight and involvement.

| U.S. Dollars | 2014 | 2013 | 2012 | 2011 |
|--------------|------|---------|---------|------|
| Citations | 4 | 2 | 4 | 3 |
| Penalties | \$0 | \$7,251 | \$2,590 | \$0 |

Stewardship and Biodiversity

“Our rights-of-way maintenance practices promote critical diverse habitats.”

Our construction and maintenance work is planned and executed with utmost care to prevent, whenever possible, and minimize impacts to wetlands, threatened and endangered species and cultural resources. We manage our lands to preserve – and in many cases to create – wildlife habitats. Our **rights-of-way** maintenance practices promote critical diverse habitats beneficial to numerous species of reptiles, amphibians, birds, insects and plants.

On March 26, 2015, Eversource and the **National Fish and Wildlife Foundation** (NFWF) announced a new conservation program, **Partners for New Hampshire’s Fish and Wildlife**, dedicated to restoring and sustaining healthy forests and rivers in New Hampshire. Eversource has committed \$3 million to this new partnership, which will work with private landowners, government agencies, academic institutions and conservation groups to cultivate conservation strategies and invest in cost-effective, on-the-ground projects. Sponsored projects will strengthen and sustain working forests, improve riverine water quality through targeted restoration, and enhance biodiversity and vital wildlife habitat.

Wetlands Protection

Wetlands are a vital link to the health of waterways and downstream biotic communities, as they improve water quality, trap floodwaters, recharge groundwater, provide fish and wildlife habitat and support recreation activities such as boating and fishing.

To help protect these valuable resources, we use helicopters for transmission line construction and maintenance work, including wire stringing operations, tower deconstruction and annual line inspections. Conventional transmission line work often requires construction of access roads to mobilize equipment, and the use of track- and four-wheel drive vehicles to gain access to transmission towers for inspections. By using helicopters for transmission line activities, we significantly reduce the need for road construction and minimize the use of off-road vehicles. While helicopter use is not the solution for all phases of transmission line maintenance and construction, the practice has significantly minimized disturbance of wetlands and sensitive habitats. If wetlands disturbance is unavoidable, great care is taken to mitigate and restore the area.

In 2014, Eversource combined a utility structure stabilization project with habitat restoration along the banks of Hop Brook in Manchester, Connecticut. Restoration and enhancement of the stream was achieved through construction of cross vanes to create riffle-pool complexes, and sporadic placement of boulder clusters throughout a 2,300-foot reach of Hop Brook. A low-flow channel was also installed in the streambed. These restorations break fast-moving currents and provide a resting area for fish, as well as cooler water during hot summer months. The pools also trap organic materials that are used as food by macro-invertebrates, which in turn are consumed by fish.

Planting native woody riparian vegetation along the stream banks provided an important habitat component for the brook, such as shading and reducing sediment loading which can adversely affect spawning habitat. The project created and/or enhanced approximately 15,000 square feet of vegetated wetlands along the banks of Hop Brook.

Safeguarding Wildlife and Habitat

Where our equipment intersects with nature, our trained specialists ensure that the needs of wildlife are considered before commencing utility work. We implement avoidance and protection measures, schedule work to minimize disturbance and educate construction crews to ensure habitat preservation and minimal disruptions.

Osprey populations have rebounded in recent years, creating a shortage of nesting areas. With wingspans up to six feet wide, ospreys that nest on utility poles can come into contact with power lines, creating a hazard for the birds and potential power outages. Working in partnership with state regulatory agencies and the United States Fish and Wildlife Service (USFWS), Eversource employees install nesting platforms, and in some cases, abandon distribution poles with osprey nests, installing new distribution structures nearby to hold electric equipment.

In 2014, Eversource linemen relocated an osprey nest from the top of a utility pole in a shopping plaza in Westport, Connecticut. The new, taller structure, located 150 feet away, will provide a safer location for the birds to thrive.

Eastern box turtles are a state-listed species in our region, and are sometimes found in the early successional habitat of our rights-of-way (ROW). The Massachusetts Natural Heritage & Endangered Species Program (NHESP) requires that staff responsible for vegetation management activities within state-listed turtle Priority Habitat complete turtle protection training. Eversource partners with NHESP to offer an annual turtle training event open to utilities and vegetation management companies. Our Transmission team has also used a turtle tracking dog and locating equipment to clear an access path for vehicles entering priority habitat.

We are also partnering with the Connecticut Department of Energy & Environmental Protection and the USFWS to create habitat for the New England cottontail, a species in decline. New England cottontails require 25-acre tracts of early successional habitat to thrive. As our ROWs are maintained in a permanent state of early succession, the agencies sought our assistance in using the ROWs to supplement other properties under consideration for habitat restoration. Eversource ROWs have also been used to provide USFWS habitat restoration crews access to a federally owned, land-locked property in Stonington, Connecticut.

Our vegetation management efforts help preserve rare plants and minimize the spread of invasive species. We focus on establishment of native, low-growing plant species and require that disturbed soils be stabilized with native, fast-growing seed mixes to prevent the establishment of invasive species such as multiflora rose, buckthorn, autumn olive, Japanese barberry, purple loosestrife and mile-a-minute vine. Eversource has partnered with University of Connecticut integrated pest management scientists to release insect predators as biological control for invasive plants, including host-specific weevils to combat mile-a-minute vine, and Galerucella beetles for [purple loosestrife](#).

The University of New Hampshire's Department of Natural Resources & the Environment is studying the effects of invasive shrubs on insects, as well as the breeding success of declining songbirds in power line corridors. The [project](#) is being conducted on rights-of-way in the New Hampshire seacoast area to determine if a reduction in caterpillars caused by a proliferation of exotic shrubs (as opposed to native shrubs) affects the breeding success of declining shrubland songbirds, such as the Common Yellowthroat. Researchers hope to gain a better understanding of how power line corridors function as habitat for shrubland songbirds.

Cultural Resource Protection

Our Eversource land holdings contain a myriad of cultural, historic and archaeological features. Winding stone walls, house foundations, notable utility structures such as old dams and Native American sites are among the New England treasures found in forests, fields and wetlands. We recognize the importance of these cultural relics and incorporate their protection into our property management activities. New construction projects along rights-of-way may require formal consultation/cultural resource investigations. We proactively work with both the State Historic Preservation Officer of each respective state and with Tribal Historic Preservation Offices to identify and protect resources of significance during construction where possible.

Land Management

“Eversource's undeveloped lands provide abundant and diverse habitats for wildlife species. Species and habitats known to be rare or of special concern are accommodated in both our operational activities and in our land management planning.”

Eversource owns and manages approximately 43,000 acres of land in Connecticut, Massachusetts and New Hampshire. Many 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.

Through decades of work, we have established formal plans for ensuring the careful management of the land's natural and cultural resources. Our focus is on the following criteria:

- Forest health improvement, wildlife habitat protection, enhancement and diversification
- Soil and water resources preservation and agricultural stewardship
- Cultural resource protection
- Public recreational and educational uses
- Developing relationships with federal, state, municipal and private land-use agencies and not-for-profit land, wildlife and conservation groups to collectively coordinate management objectives
- Increasing shareholder value through natural resource improvement, revenue generation and improved access

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

Eversource Land Trust

As one of the largest regulated electric and natural gas utility companies in the United States, we created the land trust in 2012 to promote the preservation of open spaces in New England.

This gift to the people of Connecticut and the region ensures that important open spaces currently owned and operated by Eversource will be preserved in perpetuity. These lands will be retained in their natural beauty for future generations to enjoy.

In 2014, as part of the Interstate Reliability Project, the Eversource Land Trust became the grantee of a 120 acre Conservation Restriction. The land, located in Pomfret, Connecticut, will protect critical habitat, prohibit development and offer a pristine tract of land for public benefit. The parcel contains three unique and separate ecosystems; grassland, forested wetland and a 4,500 foot riparian zone along the Quinebaug River. As a condition of the easement, the grassland will be managed according to a grassland management plan, outlining mowing schedule and invasive species control. The forested wetland contains both a large vernal pool and buttonbush marsh. Large mature Pin Oak, characteristic of heavy moist soils, are found abundantly within the forested wetland.

Vegetation Management on our Rights-of-Way

Today, New England has more forest land than it did just 100 years ago. Unfortunately, encroaching forest also means our shrubland is disappearing, along with the wildlife that thrives in this habitat. Shrublands provide animals with food, shelter and breeding areas, offering a diverse ecosystem comprised of numerous plant and animal species. Shrubland habitat is commonly found along power line rights-of-way. Rights-of-way are managed to remove tall-growing tree species, which may contact the overhead transmission and distribution lines, compromising the safe and reliable operation of the electric system. By carefully removing trees from the rights-of-ways, the result is low-growing plant communities of shrubs, forbs and grasses.

The goal of our vegetation management activities is to maintain stable, low-growing grass, shrub and wildflower communities 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 and offers the greatest potential for wildlife habitat to flourish.

Our management of distribution and transmission rights-of-way produced a positive benefit on the ecosystem. Our rights-of-way maintenance practices promote biodiversity by controlling selected invasive species and preserving open low shrub, grass and forb plant communities comprised of a multitude of native plant species beneficial to a wide range of wildlife. Eversource employs an integrated vegetation management (IVM) approach to control targeted plant species through a combination of manual, mechanical, chemical and biological methods. These integrated methods allow for the development of low growing, early successional plant communities while also ensuring the safe and reliable operation of the electric system. Early successional habitats are beneficial to numerous species of plants and animals of special concern, including the Eastern Hog Nose Snake and **Eastern Towhee**. Our publication, **Tree and Shrub Planting Guide for Transmission Rights-of-Way**, is an excellent resource for property owners to help in choosing native, low-growing plants that will support both shrubland habitat, as well as electric system reliability. To learn more about acceptable uses of transmission rights-of-way, visit our [website](#).

Forest Management

We manage approximately 11,800 acres of forest land (about 120 properties) in Connecticut, New Hampshire and Massachusetts. These forests contain wetlands, vernal pools, water courses, diverse habitats and scenic resources. Nearly all of these properties are open to the public for passive recreational uses, such as hiking, bird watching, river access or nature study. Our forest lands are typically considered “working forests” and one of our management objectives is to promote regeneration by removing unacceptable growing stock and enhancing site quality. A result of this management is the sustainable production of timber, accomplished via periodically thinning the forest. A goal of forest thinning is to create growing space that promotes regeneration while maintaining species diversity and stand vigor.

We conduct thorough forest resource inventories to analyze forest health, age, stocking and species composition. Environmental agencies are consulted to identify plant and animal species of concern and sensitive habitats and to map sensitive areas like vernal pools and intermittent streams. This information assists Eversource Land Administrators in developing management objectives which are then incorporated into comprehensive plans focusing on sustainable forest productivity and wildlife habitat enhancement, while protecting soil and water resources. Management tools include selective harvests, invasive plant removal and **timber stand improvements** that remove unacceptable growing stock via periodic treatments outlined in our management and stewardship plans.

Protected Lands

Several of our company properties receive special protection through conservation easements and project licenses. For example, licensed hydroelectric facilities in New Hampshire owned by Eversource create wildlife conservation lands, provide stable habitat for many kinds of wildlife, support healthy fisheries, help control floods and create recreational opportunities for New Hampshire residents and visitors. Our hydroelectric facilities preserve a buffer between the river and uplands creating scenic waterways.

In Connecticut, a 74-acre parcel of land in the Maromas section of Middletown is protected by a conservation easement granted to the Connecticut Forest and Park Association (CFPA). This land is entirely wooded with both upland and wetland forest habitats, a freshwater pond, a tidal marsh and a half-mile of Connecticut River frontage. A formal, two-mile pedestrian trail has been mapped and blazed. The conservation easement assures this important open space will be protected in its natural state in perpetuity.

In Agawam, Massachusetts, conservation easements protect 12 acres of agricultural land and 33 acres of critical species habitat at one location, and 80 acres of wetland creation and habitat protection at another. Our partners in these endeavors include the **Massachusetts Audubon Society** and a local land trust.

In our wetland mitigation for the Middletown-Norwalk Transmission Project, Eversource created a wetland within the town-owned Eisenhower Park in Milford, Connecticut. This work restored the South Meadow landscape excavated decades ago as a gravel pit for the newly constructed Merritt Parkway, and established a diverse wet meadow environment attracting wild birds, reptiles and amphibians. The project created 2.2 acres of wetland and approximately six acres of enhanced surrounding buffer. The newly created wetland fits perfectly into the City of Milford's Master Plan for Eisenhower Park and resulted in a successful partnership between the City of Milford, Eversource and the Army Corps of Engineers.

Wildlife Management

Our undeveloped lands provide abundant and diverse habitats for wildlife species. 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 granted for the preservation of Eastern Box Turtle and Eastern Wormsnake habitat under the purview of the Massachusetts Natural Heritage & Endangered Species Program.

In Connecticut, we work with the Department of Energy and Environmental Protection (DEEP) Wildlife Division to make 2,500 acres available to the public for regulated hunting activities. In exchange for Eversource's land availability, DEEP provides law enforcement, management recommendations and administration of hunting permits. Wildlife areas are managed for both game and non-game species, and also to accommodate public recreation activities. We administer a private land hunting program on another 2,500 acres of land in Connecticut. For information, please contact Eversource's Property Management group at (860) 665-6176.

Recreation

Unless otherwise posted, most company lands are open to the public for passive recreational uses, including hiking, nature study, fishing and cross country skiing. Informal (not blazed) trails are present on many of the company-

owned woodlands and rights-of-way lands. These rustic paths include old logging roads, maintenance roads, fishermen's trails and wildlife corridors. In addition, many segments of the CFPAs 700-mile Blue-Blazed Trail System cross our properties and rights-of-way. Formal trails include the Ridgefield Rail Trail, a 2.4-mile walking trail which occupies a transmission line right-of-way in Ridgefield, Connecticut, and the Scovill Loop Trail, located near the Connecticut River on company-owned land in the Maromas section of Middletown, Connecticut. Eversource and the CFPA cooperatively administer this trail, which is part of the CFPA Blue-Blazed Hiking Trail System.

Eversource has several public boat ramps and portage trails on company properties, and also works with snowmobile clubs and the State of New Hampshire to provide access, use and maintenance of snowmobile trails along designated stretches of transmission line corridors. As part of the Jackman Hydro penstock reconstruction project, we deeded an easement to the Town of Hillsborough for a recreational trail. Some stretches of our transmission corridors in New Hampshire are part of the Heritage Trail.

Agriculture

Our land holdings also include nearly 480 acres which 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 [The Farmer's Cow](#) 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](#). Other considerations include erosion control, buffers and pest and weed control methods.

Water Resources

"Water and energy are mutually dependent resources. Conservation and efficiency in one equates to sustainability in the other."

Water is a shared natural resource critical to producing electricity and vital to a sustainable environment. Water and energy are mutually dependent resources—the production of energy requires large volumes of water and water infrastructure requires large amounts of energy. Conservation and efficiency in one equates to sustainability in the other.

Sensitive to this balance, we develop and implement innovative and responsible solutions to assure the protection of water resources necessary to our operations and our communities' well-being. Our company uses water in a variety of ways, from running our hydroelectric facilities to cooling our generation plants. Our New Hampshire fossil and biomass power generation facilities use municipal water, groundwater and river water for steam production and cooling. Circulating water used for cooling water in our generation plants (as shown in the table below) is returned to the source water body and is not consumed. Permits establish water discharge limits for each facility. Our gas and electric transmission, distribution and administration buildings consume municipal water for domestic use. Additional details on our generation water use are available at the [New Hampshire Department of Environmental Services website](#).

| Estimated Water Use (Millions of Gallons) | 2014 | 2013 | 2012 |
|---|--------|--------|--------|
| Fossil Generation Cooling Water | 74,334 | 72,290 | 65,959 |
| Facilities Municipal Water Use | 29 | 35 | 30 |

The World Resources Institute (WRI) uses global indicators and categories of risk (quantity, quality and regulatory/reputational) to determine an overall water risk score by industry. Eversource conducts an annual review of the [WRI Water Risk Atlas](#) (Aqueduct Atlas). While drought is not a significant risk in New England, flooding and physical risks to water quality have been identified by WRI as high risks in our service territory. We are conscious of the energy-water nexus and apply strategies to reduce water discharges in our generating facilities and building locations. Where

flooding is a concern, we employ industry best practices to ensure system resiliency, such as installation of flood walls at facilities with critical infrastructure.

Protection of water quality is also 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. Best management practices are employed to mitigate potential impacts to water quality.

Examples of Eversource projects focused on water quality protection include:

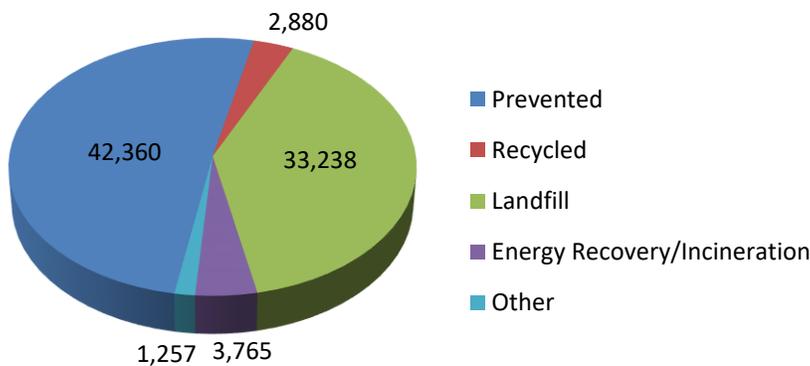
- The first gas pipeline expansion project undertaken as part of the Connecticut Comprehensive Energy Strategy required crossing Comstock Brook in Wilton, Connecticut. The work was completed and fully restored within a 24-hour period to minimize impact to the environment. To avoid future disturbance to the brook, Eversource also installed two 4-inch conduits for the town's planned telecommunication line.
- As part of the Hop Brook utility structure stabilization in Manchester, Connecticut, a river restoration project benefitted fish and water quality by reducing erosion and turbidity and providing pools of cooler water during hot summer months.

Additional efforts include practices to ensure the protection of water resources and partnerships with local communities and organizations to preserve water quality. In 2013, Eversource provided a \$25,000 grant to [The Last Green Valley](#) to support water quality monitoring programs and watershed stewardship.

Waste Management and Pollution Prevention

Eversource is working to manage and reduce its waste streams on a number of fronts. Preventing waste is our first choice. Our robust Investment Recovery program facilitates the reuse, recycling, and sale of more than half of our waste as useful material. Metal, wood, equipment and other materials are kept out of the waste stream through this innovative pollution prevention program.

Waste Disposition (Tons)



Our largest waste streams include water and solids removed from manholes that contain electrical equipment, spill debris, fly ash and bottom ash.

| Estimated weight of waste by type and disposal method (Tons) – 2014 | | | | | | |
|--|---------------|-----------------|--|-----------------|--------------|----------------|
| | Reuse | Recycled | Energy Recovery/ Incineration | Landfill | Other | Total |
| Prevented | 42,360 | 0 | 0 | 0 | 0 | 42,360 |
| Municipal | 0 | 2,249 | 3,485 | 1,487 | 0 | 7,222 |
| Universal | 0 | 24 | 1 | 0 | 0 | 25 |
| Non-Hazardous | 0 | 606 | 48 | 28,333 | 1,137 | 30,124 |
| TSCA (PCB) | 0 | 0 | 216 | 652 | 109 | 977 |
| RCRA (Hazardous) | 0 | 1 | 15 | 2,764 | 11 | 2,792 |
| Total | 42,360 | 2,880 | 3,765 | 33,238 | 1,257 | 41,140* |

*This total does not include waste prevented

View previous years' [waste management information](#).

CONTACT US

We invite you to explore our Corporate Social Responsibility site and to join us in shaping our common future. We welcome your comments and suggestions for future enhancements to our reporting and to this site.

Please contact us at: ResponsibleEnergy@eversource.com

GRI LINKAGES

The following table illustrates how this report aligns with the Global Reporting Initiative (GRI) Performance Indicators. This website includes Corporate Social Responsibility Reporting for all Eversource entities. The report also addresses the upstream considerations of supply chain and the downstream considerations of energy efficiency and customer experience. With this report we believe we meet GRI G3.1 Guidelines Application Level B.

| GRI Indicator | GRI Description | Report Section Links |
|-------------------------------|--|--|
| Strategy and Analysis | | |
| 1.1 | Statement by CEO | Chairman's Message |
| 1.2 | Description of key impacts, risks, and opportunities | Ethics and Risk Management Financial Performance Annual Report |
| Organizational Profile | | |
| 2.1 | Name of the organization | About Eversource's Sustainability Report |
| 2.2 | Primary brands, products, and/or services | About Our Company |
| 2.3 | Operational structure of the organization | About Our Company |
| 2.4 | Location of organization's headquarters | Annual Report |
| 2.5 | Countries in which the company has operations | United States |
| 2.6 | Nature of ownership and legal form | Annual Report |
| 2.7 | Markets served | About Our Company Fast Facts |
| 2.8 | Scale of the reporting organization | About Our Company Financial Performance Workforce Investment |
| 2.9 | Significant changes during reporting period | Financial Performance |
| 2.10 | Awards received in the reporting period | Awards & Recognition |
| Report Parameters | | |
| 3.1 | Reporting period | About Eversource's Sustainability Report |
| 3.2 | Date of most recent previous report | About Eversource's Sustainability Report (Updated online annually). |
| 3.3 | Reporting cycle | Annual |
| 3.4 | Contact point for questions regarding the report | Contact Us |
| 3.5 | Process for defining report content | About Eversource's Sustainability Report |
| 3.6 | Boundary of the report | Global Reporting Initiative |
| 3.7 | Limitations on scope or boundary | Global Reporting Initiative |
| 3.8 | Joint ventures, subsidiaries, leased facilities, outsourced operations | Eversource does not report on joint ventures, leased facilities, outsourced operations, and other entities that could affect comparability |

| | | |
|-------------------|---|---|
| 3.9 | Data measurement techniques and bases for calculations | Data measurement techniques and calculations are based on acceptable industry practice for the specific data point reported |
| 3.10 | Explanation of re-statements from earlier reports | Energy Efficiency Index (2013 ccf saved by gas customers restated as therms saved) |
| 3.11 | Significant changes from previous reporting periods | Fast Facts About Eversource's Sustainability Report |
| 3.12 | Table identifying location of Standard Disclosures (this) | Global Reporting Initiative |
| 3.13 | Policy and current practice with regard to external assurance | Eversource has not sought external assurance for our sustainability report |
| Governance | | |
| 4.1 | Governance structure of the organization | Corporate Governance |
| 4.2 | Chair of the Board is also an executive officer | Board of Trustee Information |
| 4.3 | Independence of the Board | Board of Trustee Information |
| 4.4 | Mechanisms to provide feedback to the Board | Investor Relations |
| 4.5 | Linkages between executive compensation & performance | Proxy Statement |
| 4.6 | Mechanism to avoid conflict of interest | Corporate Governance |
| 4.7 | Composition, qualifications and expertise of the Board | Board of Trustee Information |
| 4.8 | Corporate mission and values; Code of Conduct | Chairman's Message Corporate Governance Ethics and Risk Management |
| 4.9 | Board oversight of sustainability risks & opportunities | Corporate Governance |
| 4.10 | Process for evaluating Board's performance | Corporate Governance |
| 4.11 | How the precautionary approach is addressed | Ethics and Risk Management |
| 4.12 | Externally developed economic, environmental, social charters | Industry Associations |
| 4.13 | Memberships in associations | Industry Associations |
| 4.14 | List of stakeholder groups engaged by organization | Eversource engages with a variety of stakeholder groups, including customers, community groups, shareholders, potential investors, regulators, employees, retirees, labor unions, contractors and others in our supply chain, as well as various professionals in academia, industry and government. |
| 4.15 | Basis of identification and selection of stakeholders | Most Eversource stakeholder groups are the result of longstanding relationships. New relationships are built on mutual interests and common goals. |
| 4.16 | Approach to stakeholder engagement | Eversource engages with stakeholders in a variety of ways. Please see the Chairman's Message of this web site. Online contact forms are available for our sustainability report , Investor Relations , Customer feedback , and operating companies and key departments . There are instructions for how to engage |

| | | |
|---------------------------------------|--|---|
| | | on Transmission projects . In addition to online outreach, each operating company has a community relations team which manages local stakeholder relationships. Eversource's Purchasing Department is a member of the Electric Utility Industry Sustainable Supply Chain Alliance and actively participates on a committee dedicated to stakeholder engagement in the supply chain. |
| 4.17 | Key topics and concerns raised by stakeholders | About Eversource's Sustainability Report Infrastructure Protection & Reliability Compliance |
| Economic | | |
| EC1 | Direct economic value generated and distributed | Financial Performance |
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | Our Footprint Emergency Preparedness Reliability Performance & Resiliency Initiatives |
| EC3 | Defined benefit plan coverage | Wellness |
| EC6 | Locally based suppliers | Eversource does not have a preference for local businesses in its purchasing policy. For instructions on how to do business with Eversource please refer to Business to Business . |
| EC8 | Investment and services for public benefit | In the Community Economic Benefit Assistance Programs Emergency Preparedness Reliability Performance & Resiliency Initiatives Infrastructure Protection & Reliability Compliance |
| EC9 | Indirect economic benefits | Economic Benefit |
| Environmental | | |
| Energy | | |
| EN5 | Energy saved due to conservation and efficiency improvements | Our Footprint Operations Optimization |
| EN6 | Initiatives to provide energy efficient or renewable energy based products and services | Energy Efficiency Programs Clean Energy Solutions Distributed Generation |
| EN7 | Initiatives to reduce indirect energy consumption | Our Footprint Sustainable Supply Chain Transportation Alternatives |
| Water | | |
| EN8 | Total water withdrawal by source | Water Resources |
| Biodiversity | | |
| EN11 | Land in protected areas or areas of high biodiversity value | Land Management Stewardship and Biodiversity |
| EN12 | Impacts on biodiversity | Land Management Stewardship and Biodiversity |
| EN13 | Habitats protected or restored | Land Management , Stewardship and Biodiversity |
| EN14 | Strategies for managing impacts on biodiversity | Land Management Stewardship and Biodiversity |
| Emissions, Effluents and Waste | | |

| | | |
|---|---|---|
| EN16 | Total direct and indirect greenhouse gas emissions | Our Footprint |
| EN17 | Other relevant indirect greenhouse gas emissions | Our Footprint |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved | Clean Energy Solutions |
| EN19 | Emissions of ozone-depleting substances by weight | Our Footprint |
| EN22 | Total weight of waste by type and disposal method | Waste Management and Pollution Prevention |
| EN23 | Total number and volume of significant spills | Environmental Management System |
| EN24 | Weight of transported, imported, exported or treated hazardous waste | Waste Management and Pollution Prevention |
| Products and Services | | |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation | Environmental Management System Waste Management and Pollution Prevention |
| Compliance | | |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | Environmental Management System |
| EN29 | Environmental impacts of transporting products use for operations, and transporting members of the workforce | Transportation Alternatives Our Footprint Operations Optimization |
| Human Rights | | |
| Investment and Procurement Practices | | |
| HR1, HR6, HR7 | Policy regarding human rights and labor practices | Workforce Investment Ethics and Risk Management |
| HR3 | Hours of employee training on policies and procedures concerning human rights | Ethics and Risk Management |
| Labor Practices and Decent Work | | |
| Compliance | | |
| LA1 | Total workforce by employment type, employment contract and region | Workforce Investment |
| LA2 | Employee turnover | Workforce Investment |
| LA3 | Full time, temporary, part-time employee benefits | Eversource Benefits Workforce Investment |
| Labor Management Relations | | |
| LA4 | Percentage of employees covered by collective bargaining agreements | Workforce Investment |
| Occupational Health and Safety | | |

| | | |
|--|--|--|
| LA7 | Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region | Health & Safety |
| LA8 | Serious disease education programs for employees | Wellness |
| Training and Education | | |
| LA10 | Average hours of training per employee | Workforce Investment |
| LA11 | Programs for skills management and lifelong learning | Workforce Investment |
| LA12 | Percentage of employees receiving performance reviews | Workforce Investment |
| Diversity and Equal Opportunity | | |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity | Board of Trustee Information Diversity and Inclusion |
| Society | | |
| Community Development | | |
| SO1 | Community engagement and development programs | Eversource Community Transmission - Stay Informed Diversity and Inclusion Customer Experience In the Community |
| SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures | Ethics and Risk Management |
| SO9 | Operations with potential or actual negative impacts on local communities | In the Community Emergency Preparedness Reliability Performance & Resiliency Initiatives Infrastructure Protection & Reliability Compliance |
| SO10 | Prevention and mitigation measures in operations with potential or actual negative impact on local communities | In the Community Emergency Preparedness Reliability Performance & Resiliency Initiatives Infrastructure Protection & Reliability Compliance |
| Corruption | | |
| SO6 | Contributions to political parties | Except for the Eversource Political Action Committee (EversourcePAC), Eversource does not make political contributions. EversourcePAC contributions are publically disclosed on the website of the US Federal Elections Commission |
| SO7 | Policy on anti-competitive behavior | Code of Business Conduct |
| Product Responsibility | | |
| Customer Health & Safety | | |
| PR1 | Health & safety impacts of product | Health & Safety Eversource Safety Transmission Consumer Safety Transmission Contractors Emergency Preparedness |

| | | |
|------------------------------------|--|--|
| PR5 | Customer Satisfaction | Customer Experience Eversource Billing Rights |
| PR6 | Programs for adherence to laws, standards, codes | Code of Business Conduct Eversource Billing Rights |
| Electric Utility Supplement | | |
| EU1 | Installed capacity (MW) | About Our Company |
| EU3 | Number of customer accounts | About Our Company |
| EU4 | Transmission & Distribution Lines | About Our Company |
| EU6 | Electricity availability and reliability | Infrastructure Protection & Reliability Compliance Reliability Performance & Resiliency Initiatives Distributed Generation |
| EU7 | Demand-side management programs | Energy Efficiency Programs |
| EU8 | Research & Development | R&D |
| EU9 | Decommissioning nuclear power sites | Annual Report |
| EU10 | Planned capacity against projected electricity demand over the long term | Clean Energy Solutions |
| EU14 | Programs to ensure availability of skilled workforce | Workforce Investment |
| EU16 | Health and safety policies for employees and contractors | Supplier Code of Conduct Health & Safety Transmission Contractors |
| EU19 | Stakeholder participation in decision making processes related to energy planning and infrastructure development | In the Community |
| EU21 | Contingency planning & disaster/emergency management plan | Ethics and Risk Management Infrastructure Protection & Reliability Compliance Emergency Preparedness |
| EU23 | Programs, including those in partnership with government, to maintain access to electricity and customer support services | Customer Experience Assistance Programs |
| EU24 | Practices to address language, cultural, low literacy and disability related barriers and safely use electricity and customer support services | Assistance Programs |
| EU28 | Power outage frequency | Reliability Performance & Resiliency Initiatives |
| EU29 | Average power outage duration | Reliability Performance & Resiliency Initiatives |

APPENDIX

Financial Performance Archive

Selected Financial Data

(Thousands of dollars, except share information and statistical data)

| | 2012 | 2011 |
|---|---------------|---------------|
| Operating Revenues | \$ 6,273,787 | \$ 4,465,657 |
| Operating Income | \$ 1,118,206 | \$ 794,176 |
| Net Income Attributable to NU Common Shares | \$ 525,945 | \$ 394,693 |
| Diluted Earnings per Common Share (GAAP) | \$ 1.89 | \$ 2.22 |
| Diluted Earnings per Common Share (Non-GAAP) | \$ 2.28 | \$ 2.38 |
| Diluted Common Shares Outstanding (Weighted Average) | 277,993,631 | 177,804,568 |
| Dividends Paid per Share | \$ 1.323 | \$ 1.10 |
| Sales of Electricity (Regulated Retail, kWh-millions) | 49,718 | 33,812 |
| Electric Customers (As of Year End) | 3,091,265 | 1,934,467 |
| Firm Sales of Natural Gas (Million cubic feet) | 64,140 | 38,197 |
| Natural Gas Customers (As of Year End) | 487,478 | 209,595 |
| Investments in Property, Plant and Equipment | \$ 1,472,272 | \$ 1,076,730 |
| Property, Plant and Equipment, Net (As of Year End) | \$ 16,605,010 | \$ 10,403,065 |
| Market Capitalization (As of Year End) | \$ 12,273,216 | \$ 6,390,114 |
| Share Price (As of Year End) | \$ 39.08 | \$ 36.07 |

Note: Diluted Earnings per Common Share (Non-GAAP) was adjusted to exclude merger-related costs and a 2011 storm fund reserve. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the accompanying Form 10-K for a reconciliation to GAAP.

SELECTED FINANCIAL DATA

(Thousands of dollars, except share information and statistical data)

| | 2010 | 2009 |
|---|--------------|--------------|
| Operating Revenues | \$ 4,898,167 | \$ 5,439,430 |
| Operating Income | \$ 799,891 | \$ 751,375 |
| Net Income Attributable to NU Common Shares | \$ 387,949 | \$ 330,033 |
| Diluted Earnings per Common Share | \$ 2.19 | \$ 1.91 |
| Diluted Common Shares Outstanding (Weighted Average) | 176,885,387 | 172,717,246 |
| Dividends per Share | \$ 1.025 | \$ 0.950 |
| Sales of Electricity (Regulated Retail, KWH-millions) | 34,230 | 33,645 |
| Electric Customers (Average) | 1,909,905 | 1,900,776 |
| Natural Gas Customers (Average) | 205,885 | 206,438 |
| Property, Plant and Equipment, Net (As of Year End) | \$ 9,567,726 | \$ 8,839,965 |
| Market Capitalization (As of Year End) | \$ 5,625,165 | \$ 4,529,240 |
| Share Price (As of Year End) | \$ 31.88 | \$ 25.79 |

Safety Statistics Archive

Safety 2013

Company DART Rates 2013

(DART Rates are the number of employee injuries requiring restricted duty or days away from work per 100 employees)

| | TARGET | ACTUAL |
|------------------------------|-------------|-------------|
| CL&P | 3.09 | 2.62 |
| PSNH | 1.33 | 1.73 |
| WMECo | 1.32 | 0.73 |
| NSTAR Electric | 2.56 | 1.79 |
| NSTAR Gas | 3.93 | 4.09 |
| Yankee Gas | 3.37 | 5.27 |
| NU Transmission | 1.00 | 0.45 |
| NU TOTALS¹ | 1.70 | 1.56 |

¹ Northeast Utilities Totals include all companies

Preventable Motor Vehicle Accidents 2013

(PMVA Rates are based on the number of accidents per 1 million miles driven.)

| | TARGET | ACTUAL |
|-----------------|--------|--------|
| CL&P | 3.00 | 2.77 |
| PSNH | 2.46 | 3.78 |
| WMECo | 2.85 | 2.13 |
| NSTAR Electric | 4.03 | 3.41 |
| NSTAR Gas | 4.47 | 3.70 |
| Yankee Gas | 2.50 | 2.41 |
| NU Transmission | 1.71 | 0.35 |

Safety 2012

Company DART Rates 2012

(DART Rates are the number of employee injuries requiring restricted duty or days away from work per 100 employees)

| | TARGET | ACTUAL |
|------------------------------|-------------|-------------|
| CL&P | 3.81 | 3.52 |
| PSNH | 1.67 | 1.09 |
| WMECo | 1.70 | 1.83 |
| NSTAR Electric | 2.93 | 2.57 |
| NSTAR Gas | 4.80 | 4.15 |
| Yankee Gas | 2.77 | 3.97 |
| NU Transmission | 1.00 | 0.20 |
| NU TOTALS¹ | 2.07 | 1.85 |

¹ Northeast Utilities Totals include all companies

Company Preventable Motor Vehicle Accidents 2012
 (PMVA Rates are based on the number of accidents per 1 million miles driven.)

| | TARGET | ACTUAL |
|------------------------------|-------------|-------------|
| CL&P | 3.25 | 2.60 |
| PSNH | 2.84 | 2.54 |
| WMECo | 2.42 | 3.03 |
| NSTAR Electric | 6.75 | 4.26 |
| NSTAR Gas | 7.78 | 3.43 |
| Yankee Gas | 1.61 | 2.38 |
| NU Transmission | 1.67 | 1.25 |
| NU TOTALS¹ | 4.11 | 2.92 |

¹ Northeast Utilities Totals include all companies

Safety 2011

Company DART Rates - 2011
 (DART Rates are the number of employee injuries requiring restricted duty or days away from work per 100 employees)

| | TARGET | ACTUAL |
|------------------------------|-----------|-------------|
| CL&P | 3.91 | 4.13 |
| PSNH | 1.28 | 1.83 |
| WMECo | 1.61 | 1.68 |
| Yankee Gas | 2.39 | 4.04 |
| NU Transmission | 1.00 | 1.15 |
| NU TOTALS¹ | NA | 2.51 |

¹ Northeast Utilities Totals include all companies

Company Preventable Motor Vehicle Accidents - 2011
 (PMVA Rates are based on the number of accidents per 1 million miles driven.)

| | TARGET | ACTUAL |
|------------------------------|-----------|-------------|
| CL&P | 3.52 | 3.68 |
| PSNH | 3.19 | 2.40 |
| WMECo | 1.86 | 7.60 |
| Yankee Gas | 1.78 | 1.63 |
| NU Transmission | 1.67 | 1.92 |
| NU TOTALS¹ | NA | 3.35 |

¹ Northeast Utilities Totals include all companies

NU Transmission Safety Performance – 2011
(Chairman’s 2011 Safety Award Winner)

| | TARGET | ACTUAL |
|--|--------|--------|
| Employee Recordable Injury Rate | 1.00 | 1.15 |
| Employee Preventable Motor Vehicle Accidents | 1.67 | 1.92 |
| (Accidents per 1 million miles driven) | | |

Safety 2010

Company DART Rates - 2010
(DART Rates are the number of employee injuries requiring restricted duty or days away from work per 100 employees)

| | TARGET | ACTUAL |
|------------------------------|-----------|-------------|
| CL&P | 2.70 | 4.34 |
| PSNH | 1.58 | 1.37 |
| WMECo | 2.7 | 1.79 |
| Yankee Gas | 2.9 | 2.87 |
| NU Transmission | 1.21 | 0.96 |
| NU TOTALS¹ | NA | 2.51 |

¹ Northeast Utilities Totals include all companies

Company Preventable Motor Vehicle Accidents - 2010
(PMVA Rates are based on the number of accidents per 1 million miles driven.)

| | TARGET | ACTUAL |
|------------------------------|-----------|-------------|
| CL&P | 3.06 | 4.14 |
| PSNH | 3.47 | 3.19 |
| WMECo | 2.87 | 1.86 |
| Yankee Gas | 1.78 | 3.05 |
| NU Transmission | 1.78 | 2.24 |
| NU TOTALS¹ | NA | 3.41 |

¹Northeast Utilities Totals include all companies

PSNH Safety Performance – 2010
(Chairman’s 2010 Safety Award Winner)

| | TARGET | ACTUAL |
|--|--------|--------|
|--|--------|--------|

| | | |
|--|------|------|
| Employee Recordable Injury Rate | 1.58 | 1.37 |
| Employee Preventable Motor Vehicle Accidents | 3.47 | 3.19 |
| (Accidents per 1 million miles driven) | | |

Reliability Performance Historical Targets and Results

| Performance Measure | 2014 Actual | 2014 Target | 2013 Actual | 2013 Target | 2012 Actual | 2012 Target |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Electric Reliability (1) | 15.4 | 13.1 | 14.4 | 12.5 | 13.4 | 12.4 |
| Electric Restoration (2) | 82.0 | 96.1 | 86.2 | 108.3 | 104.1 | 111.5 |
| Gas Emergency Response (3) | 99.2% | 99.1% | 99.0% | 99.1% | 99.5% | 99.0% |

1. Average Number of Months Between Interruptions ($12 \div \text{SAIFI}$)
2. System Average Time in Minutes to Restore Service to Customers (SAIDI)
3. Respond to Site Within Specific Time Threshold (set by state regulators)

*IEEE-1366 2.5 Beta Method, Excluding Planned Outages is used for electric reliability calculations.

Energy Efficiency Programs 2013-2011

| 2013 Actual Energy Efficiency Data | CL&P | NSTAR Electric | PSNH | WMECo | Electric Total |
|---|---------------|----------------|--------------|---------------|----------------------|
| Customers Participated | 344,792 | 960,271 | 81,966 | 70,091 | 1,457,120 |
| Spend (US\$) | \$90,100,753 | \$167,177,303 | \$20,218,601 | \$38,948,432 | \$316,445,090 |
| Annual kWh Saved | 218,304,574 | 487,398,052 | 47,937,123 | 89,922,123 | 843,561,871 |
| Lifetime kWh Saved | 2,355,405,795 | 5,861,806,149 | 626,715,807 | 1,029,083,057 | 9,873,010,807 |
| Summer Peak Annual kW | 27,721 | 65,374 | 6,208 | 14,112 | 113,415 |
| Winter Peak Annual kW | 41,599 | 66,186 | 6,481 | 15,019 | 129,285 |
| Annual CO ₂ reduced in Ton | 106,921 | 180,711 | 23,272 | 32,581 | 343,485 |
| Lifetime CO ₂ reduced in Ton | 1,153,631 | 1,948,431 | 304,245 | 327,223 | 3,733,530 |
| Customer \$\$ Saved Annually | \$31,929,211 | \$74,023,677 | \$7,272,541 | \$13,237,728 | \$126,463,157 |

| | | | | | |
|-------------------------------------|---------------|---------------|--------------|---------------|------------------------|
| Customer \$\$ Saved Lifetime | \$338,206,602 | \$847,185,153 | \$95,079,055 | \$143,936,355 | \$1,424,407,164 |
| Fuel Neutral MMBTU Savings Annual | 138,093 | 188,843 | 70,924 | 36,925 | 434,785 |
| Fuel Neutral MMBTU Savings Lifetime | 2,765,667 | 3,589,274 | 1,269,562 | 740,201 | 8,364,704 |

| 2013 Actual Energy Efficiency Data | NSTAR Gas | Yankee Gas | Gas Total |
|---|------------------|-------------------|------------------|
| Customers Participated | 111,088 | 6,479 | 117,567 |
| Spend (US\$) | \$30,717,826 | \$7,936,197 | \$38,654,023 |
| Annual Therm Saved | 5,842,155 | 1,685,821 | 7,527,976 |
| Lifetime Therm Saved | 83,635,257 | 25,001,601 | 108,636,858 |
| Winter Therm Peak | - | 11,768 | 11,768 |
| Annual CO2 reduced in Ton | 34,628 | 9,927 | 44,555 |
| Lifetime CO2 reduced in Ton | 499,375 | 147,218 | 646,593 |
| Customer \$\$ Saved Annually | \$5,638,043 | \$1,348,445 | \$6,986,488 |
| Customer \$\$ Saved Lifetime | \$81,459,204 | \$21,017,766 | \$102,476,970 |

| | CL&P | NSTAR Electric | PSNH | WMECo | Electric Total |
|---|--------------------|-----------------------|--------------------|--------------------|-----------------------|
| 2012 Actual Energy Efficiency Data | 2012 Actual | 2012 Actual | 2012 Actual | 2012 Actual | 2012 Actual |
| Customers Participated | 366,963 | 419,002 | 84,067 | 223,546 | 1,093,578 |
| Spend (US\$) | \$92,599,982 | \$162,571,180 | \$13,753,565 | \$31,641,002 | \$300,565,728 |

| | | | | | |
|---|---------------|---------------|--------------|---------------|-----------------|
| Annual kWh Saved | 249,317,468 | 452,788,322 | 41,547,435 | 67,971,194 | 811,624,419 |
| Lifetime kWh Saved | 2,536,324,282 | 5,336,714,492 | 511,729,394 | 747,611,442 | 9,132,379,609 |
| Summer Peak Annual kW Saved | 33,348 | 56,308 | 5,723 | 8,676 | 104,055 |
| Winter Peak Annual kW Saved | 47,999 | 66,167 | 6,760 | 11,556 | 132,482 |
| Annual CO ₂ reduced in Ton | 138,956 | 174,600 | 20,349 | 28,032 | 361,937 |
| Lifetime CO ₂ reduced in Ton | 1,529,530 | 2,062,955 | 250,635 | 288,996 | 4,132,116 |
| Customer \$\$ Saved Annually | \$37,147,578 | \$70,607,361 | \$6,188,490 | \$10,050,627 | \$123,994,057 |
| Customer \$\$ Saved Lifetime | \$410,676,912 | \$806,729,191 | \$76,222,093 | \$106,086,429 | \$1,399,714,624 |
| Fuel Neutral MMBTU Savings Annual | 129,130 | 164,408 | 32,999 | 38,736 | 365,272 |
| Fuel Neutral MMBTU Savings Lifetime | 2,560,793 | 3,236,986 | 674,675 | 735,767 | 7,208,221 |

| | NSTAR Gas | Yankee Gas | Gas Total |
|---|--------------------|--------------------|--------------------|
| 2012 Actual Energy Efficiency Data | 2012 Actual | 2012 Actual | 2012 Actual |
| Customers Participated | 24,734 | 6,132 | 30,866 |
| Spend (US\$) | \$23,969,094 | \$6,468,765 | \$30,437,859 |
| Annual ccf Saved | 4,057,346 | 1,234,230 | 5,291,576 |
| Lifetime ccf Saved | 60,048,675 | 18,408,014 | 78,456,689 |
| Winter ccf Peak | - | 11,686 | 11,686 |
| Annual CO ₂ reduced in Ton | 24,547 | 7,442 | 31,989 |

| | | | |
|---|--------------|--------------|--------------|
| Lifetime CO ₂ reduced in Ton | 363,606 | 110,994 | 474,600 |
| Customer \$\$ Saved Annually | \$3,194,712 | \$1,071,225 | \$4,265,937 |
| Customer \$\$ Saved Lifetime | \$48,857,699 | \$16,796,044 | \$65,653,743 |

DISCLAIMER: Please note that the above tables are for informational purposes only and are subject to revision, reconciliation and approval by regulatory bodies in the state in which each company operates.

| 2011 Energy Efficiency Data | CL&P | WMECO | PSNH | Total |
|---|---------------|--------------|--------------|----------------------|
| Customers Participated | 523,453 | 89,640 | 73,263 | 686,356 |
| Spend (US\$) | \$93,222,634 | \$20,489,572 | \$13,872,769 | \$127,584,975 |
| Annual kWh Saved | 290,843,768 | 48,033,182 | 47,023,905 | 385,900,855 |
| Lifetime kWh Saved | 2,397,877,009 | 575,353,468 | 549,835,397 | 3,523,065,874 |
| Summer Peak Annual kW | 33,627 | 6,638 | 10,400 | 50,665 |
| Winter Peak Annual kW | 56,462 | 6,663 | 9,120 | 72,245 |
| Annual CO ₂ reduced in Ton | 146,062 | 24,123 | 24,504 | 194,689 |
| Lifetime CO ₂ reduced in Ton | 1,204,214 | 288,951 | 286,519 | 1,779,684 |
| 2011 Energy Efficiency Data - Yankee Gas | | | | |
| Customers Participated | 4,649 | | | |
| Spend | \$7,972,013 | | | |
| Annual ccf Saved | 3,034,424 | | | |
| Lifetime ccf Saved | 53,176,226 | | | |
| Annual CO ₂ reduced in Ton | 18,297 | | | |
| Lifetime CO ₂ reduced in Ton | 320,634 | | | |

Waste Management and Pollution Prevention Archive

| Total weight of waste by type and disposal method (Tons) – 2013 | | | | | |
|---|--------------|---------------|--------------|-----------|---------------|
| | Incinerated | Landfilled | Recycled | Other | Total |
| Hazardous Waste | 31 | 1,824 | 2 | 27 | 1,884 |
| PCB Waste | 609 | 532 | 57 | 6 | 1,204 |
| Non-Hazardous Waste | 76 | 16,292 | 659 | 30 | 17,057 |
| Universal Waste | 0 | 0 | 28 | 0 | 28 |
| Municipal Waste (Estimated) | 4,767 | 1,285 | 2,821 | 0 | 8,873 |
| Total | 5,482 | 19,933 | 3,567 | 63 | 29,046 |
| Waste Prevented (Tons) – 2013 | | | | | |

| | Prevented/Recycled |
|-----------------------------|--------------------|
| Electrical Equipment | 2,237 |
| Fly Ash | 625 |
| Metal | 4,574 |
| Fly Ash/Wood Ash (recycled) | 20,419 |
| Mixed Recyclables | 2,821 |
| Wood | 171 |
| Total | 30,847 |

In 2012, our service territory experienced another severe weather year, with two major storms causing significant damage to our system. Super Storm Sandy resulted in the greatest number of transformer oil spills in the company's history. As a result, the volume of spill debris generated and sent to landfills exceeded the number from prior years.

| Total weight of waste by type and disposal method (Tons) – 2012 | | | | | | |
|---|--------------|---------------|--------------|--------------|---------------|------------|
| | Incinerated | Landfilled | Recycled | Other | Total | % Recycled |
| Hazardous Waste | 33 | 1,483 | 689 | 17 | 2,222 | 31% |
| PCB Waste | 380 | 952 | 93 | 29 | 1,454 | 6% |
| Non-Hazardous Waste | 1,409 | 20,222 | 1,615 | 1,521 | 24,768 | 7% |
| Universal Waste | 0 | 0 | 33 | 0 | 33 | 100% |
| Municipal Solid Waste* | 4,777 | 1,290 | 2,331 | 0 | 8,398 | 28% |
| Total | 6,600 | 23,947 | 4,761 | 1,567 | 36,875 | 13% |

*Municipal solid waste information excludes NSTAR. We are working to amend contracts with municipalities to enable tracking NSTAR going forward.

| Total weight of waste by type and disposal method (Tons) – 2011 | | | | | |
|---|-----------------|-----------------|-----------------|------------------|------------|
| | Incinerated | Landfilled | Recycled | Total | % Recycled |
| Hazardous Waste | 31.79 | 212.86 | 450.92 | 695.57 | 65% |
| PCB Waste | 285.70 | 1,975.25 | 0.00 | 2,260.95 | 0% |
| Non-Hazardous Waste | 15.46 | 4,097.09 | 1,074.17 | 5,186.72 | 21% |
| Universal Waste | 0.19 | 0.00 | 25.65 | 25.84 | 99% |
| Municipal Solid Waste | 2,508.00 | 769.00 | 1087.00 | 4,364.00 | 25% |
| Total | 2,841.41 | 7,054.20 | 1,550.74 | 11,446.08 | 14% |

Note: In Connecticut and Massachusetts, manhole sludge is managed conservatively as a hazardous waste and accounts for 61 percent of the hazardous waste disposed of by Eversource in 2011. Water from the sludge is extracted, treated and discharged and is included in the recycled numbers above. Sludge solids are landfilled.

| Total weight of waste by type and disposal method (US Tons) – 2010 | | | | | |
|--|---------------|-----------------|-----------------|-----------------|------------|
| | Incinerated | Landfilled | Recycled | Total | % Recycled |
| Hazardous Waste | 114.77 | 860.53 | 769.64 | 1,744.94 | 44% |
| PCB Waste | 234.26 | 664.84 | 18.29 | 917.42 | 2% |
| Non-Hazardous Waste | 509.03 | 1,884.07 | 837.47 | 3,230.57 | 26% |
| Universal Waste | 0.29 | 0.19 | 18.50 | 18.98 | 97% |
| Total | 858.35 | 3,409.66 | 1,643.90 | 5,911.91 | 28% |

Note: In Connecticut, manhole sludge is managed conservatively as a hazardous waste and accounts for 61 percent of the hazardous waste disposed of by Eversource in 2010. Water from the sludge is extracted, treated and discharged and is included in the recycled numbers above. Sludge solids are landfilled.