

parent of utilities with 3.3 mill. electric, 887,000 gas, 226,000 water customers. Supplies power to most of Connecticut and gas to part of Connecticut; supplies power to 3/4 of New Hampshire's population; supplies power to western Massachusetts and parts of eastern MA & gas to central & eastern MA; supplies water to CT, MA, & NH.

rev. breakdown: residential, 53%; commercial, 33%; industrial, 5%; other, 9%. Fuel costs: 34% of revs. '21 reported depr. rate: 3.1% Has 9,200 empls. Chairman: James J. Judge. Pres. & CEO: Joseph R. Nolan, Jr. Inc.: MA. Address: 300 Cadwell Drive, Springfield, MA 01104. Tel.: 413-785-5871. Internet: www.eversource.com.

319 345 324 Fixed Charge Cov. (%) ANNUAL RATES Past Past Est'd '19-'21 of change (per sh) 10 Yrs. to '25-'27 2.0% 7.0% 5.0% Revenues -.5% 3.0% 'Cash Flow' 3.0% 5.5% 8.5% 5.5% 6.0% Earnings 6.5% 4.5% Dividends Book Value

% Change Customers (vr-end)

NA

NΑ

NA NA

NA

+.8

NΑ

NA NA

+.6

Cal- endar	QUAR Mar.31	TERLY RE Jun.30	VENUES (Sep.30	\$ mill.) Dec.31	Full Year
2019	2415	1884	2175	2050	8526.5
2020	2373	1953	2343	2233	8904.4
2021	2825	2122	2432	2481	9863.0
2022	2900	2200	2550	2500	10150
2023	2950	2300	2650	2550	10450
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2019	.97	.74	.98	.76	3.45
2020	1.01	.75	1.01	.78	3.55
2021	1.06	.77	.82	.89	3.54
2022	1.17	.87	1.08	.93	4.05
2023	1.25	.90	1.13	.97	4.25
Cal-	QUARTERLY DIVIDENDS PAID B =				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2018	.505	.505	.505	.505	2.02
2019	.535	.535	.535	.535	2.14
2020	.5675	.5675	.5675	.5675	2.27
2021	.6025	.6025	.6025	.6025	2.41
2022	.6375				

Eversource Energy's earnings will almost certainly rise substantially in 2022. The comparison is easy. Last year, the costs of a regulatory settlement in Connecticut and expenses associated with a gas-utility acquisition reduced share net by \$0.32. There will probably still be some transition costs associated with the acquisition, but these should be relatively low and diminish after the second quarter. Besides the easy comparison, Eversource will benefit from transmission spending, which increases the company's earning power annually through a forward-looking regulatory mechanism. In addition, Eversource will benefit from a full year's effect of a gas rate increase in Massachusetts on November 1, 2021 and additional rate relief on November 1, 2022. Our 2022 share-earnings estimate is within management's targeted range of \$4.00-\$4.17.

An electric rate case is pending in Massachusetts. NSTAR requested increases of \$46 million and \$47 million at the start of 2023 and 2024, respectively, based on a 10.5% return on equity and a 53.8% common-equity ratio. The utility is also asking for a specific tariff for recovery

of a proposed plan to install advanced meters at a cost of \$575 million.

We expect further earnings growth in **2023.** This is based on continued transmission and further rate relief in Massachusetts. Our estimate would produce 5% profit growth, within Eversource's goal of 5%-7% annually.

Eversource is building offshore wind. The company has joint ventures in three projects, for a total investment of about \$9 billion, by 2025. The partners have broken ground on the first project. However, in recent months some costs have been higher than planned. This illustrates offshore wind's construction risk.

The board of trustees raised the dividend in the first quarter. The increase was \$0.14 a share (5.8%) annually, the same as in 2021. Eversource's goal for annual dividend hikes is 5%-7%, matching its target for profit growth.

This top-quality stock has a dividend yield that is a cut below the utility average. Total return potential is low for the next 18 months and the 3- to 5-year period.

Paul E. Debbas, CFA May 13, 2022

(A) Diluted EPS. Excl. nonrecurring gain (losses): '08, (19¢); '10, 9¢; '19, (64¢). Next earnings report due early Aug. (B) Div'ds his-mill. (E) Rate allowed on com. eq. in MA: Regulatory Climate: CT, Below Average; NH, torically paid late Mar., June, Sept., & Dec.

(elec.) '18, 10.0%; (gas) '20, 9.7%-9.9%; in CT: Average; MA, Above Average.

Company's Financial Strength Stock's Price Stability 85 Price Growth Persistence 60 **Earnings Predictability** 100

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