Risk Factors Comparison 2024-02-14 to 2023-02-15 Form: 10-K

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In addition to the matters set forth under" Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995" included immediately prior to Item 1, Business, above, we are subject to a variety of material risks. Our susceptibility to certain risks, including those discussed in detail below, could exacerbate other risks. These risk factors should be considered carefully in evaluating our risk profile. There may be additional risks and uncertainties (either currently unknown or not currently believed to be material) that could adversely affect our financial position, results of operations, and cash flows. Cybersecurity **Threats** and **Attacks** ~~Data Privacy Risks~~ : Cyberattacks, including acts of war or terrorism, targeted directly on or indirectly affecting our systems or the systems of third parties on which we rely, could severely impair operations, negatively impact our business, lead to the disclosure of confidential information and adversely affect our reputation. Cyberattacks that seek to exploit potential vulnerabilities in the utility industry and seek to disrupt electric, natural gas and water transmission and distribution systems are increasing in sophistication, magnitude and frequency. **Various geo- political conflicts** ~~In the first quarter of 2022, the federal government notified the owners~~ and ~~operators~~ **acts** of **war around the world continue to result in increased cyberattacks against** critical infrastructure ~~that the conflict between Russia and Ukraine has increased the likelihood of a cyberattack on such systems~~ . A successful cyberattack on the information technology systems that control our transmission, distribution, natural gas and water systems or other assets could impair or prevent us from managing these systems and facilities, operating our systems effectively, or properly managing our data, networks and programs. The breach of certain information technology systems could adversely affect our ability to correctly record, process and report financial information. A major cyber incident could result in significant expenses to investigate and to repair system damage or security breaches and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and damage to our reputation. We have instituted safeguards to protect our information technology systems and assets. We deploy substantial technologies to system and application security, encryption and other measures to protect our computer systems and infrastructure from unauthorized access or misuse. Specifically, regarding vulnerabilities, we patch systems where patches are available to deploy, and have technologies that detect exploits of vulnerabilities and proactively block the exploit when it happens. We also interface with numerous external entities to improve our cybersecurity situational awareness. The FERC, through the North American Electric Reliability Corporation (NERC), requires certain safeguards to be implemented to deter cyberattacks. These safeguards may not always be effective due to the evolving nature of cyberattacks. We maintain cyber insurance to cover damages **, potential ransom** and defense costs related to breaches of networks or operational technology, but it may be insufficient in limits and coverage exclusions to cover all losses. Any such cyberattacks could result in loss of service to customers and a significant decrease in revenues, which could have a material adverse impact on our financial position, results of operations and cash flows. **For further information, see Item 1C, Cybersecurity included in this Annual Report on Form 10- K.** The unauthorized access to, and the misappropriation of, confidential and proprietary **Company,** customer, employee, financial or system operating information could adversely affect our business operations and adversely impact our reputation. In the regular course of business, we, and our third- party suppliers, rely on information technology to maintain sensitive **Company,** customer, employee, financial and system operating information. We are required by various federal and state laws to safeguard this information. Cyber intrusions, security breaches, theft or loss of this information by cybercrime or otherwise could lead to the release of critical operating information or confidential **Company,** customer or employee information, which could adversely affect our business operations or adversely impact our reputation, and could result in significant costs, fines and litigation. We employ system controls to prevent the dissemination of certain confidential information and periodically train employees on phishing risks. We maintain cyber insurance to cover damages **, potential ransom** and defense costs arising from unauthorized disclosure of, or failure to protect, private information, as well as costs for notification to, or for credit monitoring of, customers, employees and other persons in the event of a breach of private information. This insurance covers amounts paid to address a network attack or the disclosure of personal information, and costs of a qualified forensics firm to determine the cause, source and extent of a network attack or to investigate, examine and analyze our network to find the cause, source and extent of a data breach, but it may be insufficient to cover all losses. While we have implemented measures designed to prevent network attacks and mitigate their effects should they occur, these measures may not be effective due to the continually evolving nature of efforts to access confidential information. **Offshore Wind** Business ~~and Operational Risks~~ **Risk** : ~~Strategic development opportunities associated with~~ **Our financial position and future results could be materially adversely affected if we are unable to sell our 50 percent interests in three** offshore wind **projects on the timelines, terms and pricing we expect, if we and the counterparties are unable to satisfy all closing conditions and consummate the purchase and sale transactions with respect to** ~~or~~ **our offshore wind assets, if Sunrise Wind does not win in the OREC contract solicitation process, if we are unable to qualify for** investment **tax credits related to these** ~~opportunities in electric transmission, distributed generation, or clean- energy opportunities may not be successful, and~~ projects ~~may~~ **, if we experience variability in the projected construction costs of the offshore wind projects, if there is a deterioration of market conditions in the offshore wind industry, and if the projects do** not commence operation as scheduled or within budget ~~,~~ or ~~be~~ **are not** completed **. Our offshore wind** ~~, which could have a material adverse effect on our~~ business **includes 50 percent ownership interests in three jointly- owned offshore wind** ~~prospects~~ **projects being developed and constructed** . **The** ~~We are pursuing broader strategic~~ development **and** ~~investment opportunities that will benefit the Northeast region related to the development,~~ construction ~~and operation~~ of **these** offshore wind electric generation facilities ~~, and investment opportunities in electric transmission facilities,~~

~~distributed generation and other clean- energy infrastructure. The states in which we provide service have implemented selection procedures for such new facilities that require the review of competing projects and permit the selection of only those projects that are expected to provide the greatest benefit to customers. Accordingly, our projects may not be selected for construction. The development and construction of projects selected for construction~~ involves numerous significant risks including **meeting construction schedules, federal, state and local permitting and regulatory approval processes,** scheduling **or permitting** delays, ~~increased costs~~ - **cost overruns, higher interest rates** , tax strategies and changes to federal tax laws ~~, federal, state and local permitting and regulatory approval processes, specifically BOEM' s approval processes, new legislation~~ impacting the ~~industry, future legislative or regulatory actions that could result in these projects not being probable of entering the construction phase, economic events or factors, environmental and community concerns, design and siting issues, difficulties in obtaining required rights of way, competition from incumbent utilities and other entities, actions of our strategic partners, and capacity factors once projects are placed in operation. Also, supply constraints in New England are leading to historic increases in fuel and commodity costs which may impact our ability to accomplish our strategic objectives. Our~~ offshore wind partnership' s ability to ~~generate returns from its~~ **monetize tax attributes, new legislation impacting the industry, the cancellation of any projects, and actions of our strategic partner. Operational risks of these** offshore wind **electric generation facilities include** ~~projects will depend on meeting construction schedules, controlling project costs,~~ maintaining continuing interconnection arrangements, power purchase agreements, or other market mechanisms **,** as well as interconnecting utility and Regional Transmission Organizations rules, policies, procedures and FERC tariffs that permit future offshore wind project operations ~~. Additionally~~ , **and capacity factors once** ~~scheduling or permitting delays in offshore wind~~ projects ~~, increases~~ **are placed** in **operation. These risks could** ~~cost estimates, higher interest rates, changes to tax laws impacting~~ --- **impact** ~~the~~ **our** offshore wind partnership' s ability to **generate returns from its offshore wind** ~~monetize tax attributes, or the cancellation of any~~ projects **and result in lower investment returns. We have entered into agreements to sell our interest in the three offshore wind projects** , **however we may be unable to complete the sales of these projects on the timelines and for the sales value we expect. If the ultimate sales value of our interest in these projects is lower than expected, or we are unable to sell our interests, it could have an adverse effect on our financial condition and results of operations. The sales agreements are subject to certain regulatory approvals** as well as ~~the~~ other ~~risk factors described~~ **conditions, and we may be unable to satisfy all closing conditions necessary to consummate the purchase and sale transactions. The purchaser of the Revolution Wind and South Fork Wind projects may be unable to reach a partnership agreement with Ørsted, which is a condition of closing that transaction. The sale of the Sunrise Wind project to Ørsted is dependent on the successful outcome of Sunrise Wind' s re- bidding process of its OREC contract in the New York solicitation. If Sunrise Wind were to lose to a competing bid in the New York solicitation, then the existing OREC contract for Sunrise Wind will be cancelled according to the state' s requirements, and Eversource and Ørsted' s joint venture for Sunrise Wind will remain in place. That scenario could adversely impact the ability to sell the Sunrise Wind project in the future, and could result in the project to be abandoned. If the Sunrise Wind project were to be abandoned, there would be cancellation and other abandonment costs incurred, and those costs could be** above **amounts already assumed in our impairment evaluation and reflected in the current fair value on our balance sheet** , **which could have an adverse effect on our financial condition and results of operations. Future cash flows resulting from the expected sales are also impacted by the ability to qualify the Revolution Wind project for investment tax credit adders, as included in the Inflation Reduction Act. Evaluating the project' s qualifications to achieve these investment tax credit adders requires significant judgment, and we may be unable to meet these qualifications. Additionally, for Revolution Wind and South Fork Wind, there could be cost overruns on the projects through each project' s respective commercial operation date, which** ~~could~~ **would not be recovered in the expected sales price and other potential future payments to maintain transaction economics required of Eversource. Amounts incurred above those that have already been assumed in our impairment evaluation and reflected in the current fair value on our balance sheet would adversely impact our financial position, results of operations and cash flows. These risks could adversely affect the ultimate value of the wind projects and** result in ~~lower investment returns and~~ - **an additional** , ~~if~~ significant ~~enough, an~~ impairment **in a future period, which** ~~of the carrying value of our investment. Such an impairment~~ could have a material adverse effect on our financial ~~adverse~~ **condition and results of operations.Lower- than- expected sales prices,or the inability to sell the wind projects,could also result in liquidity issues,negatively** impact ~~on~~ **certain of** our financial **metrics and** ~~position,results of~~ operations **plan** ~~and cash flows.We maintain property and liability insurance~~ , **or** ~~but it may be insufficient in limits and coverage exclusions to cover all losses.In addition,physical attacks against third- party providers~~ could ~~have~~ **result in** a ~~similar effect on the operation~~ **downgrade in our credit rating,which could increase our cost** of **borrowing and cost of capital** ~~our~~ - **or** ~~systems~~ **restrict our ability to access the capital markets** .Regulatory,Legislative and Compliance Risks:The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity.The rates that our electric,natural gas and water companies charge their customers are determined by their state regulatory commissions ~~and by the FERC~~ .These commissions also regulate the companies' accounting,operations,the issuance of certain securities and certain other matters.The FERC ~~also~~ regulates the transmission of electric energy,the sale of electric energy at wholesale,accounting,issuance of certain securities and certain other matters,including reliability standards through the NERC.The regulatory process may be adversely affected by the political,regulatory and economic environment in the states in which we operate.Under state and federal law,our electric,natural gas and water companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their prudently incurred operating and capital costs and a reasonable rate of return on invested capital,to attract needed capital and maintain their financial integrity,while also protecting relevant public interests.Our electric,natural gas and water companies are required to engage in regulatory approval proceedings as a part of the process of establishing the terms and rates for their respective services.Each of these companies prepares and submits periodic rate filings with their respective **state** regulatory commissions for review and approval,which allows for various entities to challenge our current or future rates,structures or mechanisms and could alter or limit the rates we are allowed to charge our customers.These proceedings typically involve multiple parties,including governmental bodies and officials,consumer advocacy groups,and various consumers of energy,who have differing concerns.Any change in rates,including changes in allowed rate of return,are subject to regulatory approval proceedings that can be contentious,lengthy,and subject to appeal.This may lead to uncertainty as to the ultimate result of those proceedings.Established rates are also subject to subsequent prudency reviews by state regulators,whereby various portions of rates could be adjusted,subject to refund or disallowed,including cost recovery mechanisms.The ultimate outcome and timing of regulatory rate proceedings **,** or challenges to certain provisions in our distribution tariffs could have a significant effect on our ability to recover costs or earn an adequate return.Adverse decisions in our proceedings could adversely affect our financial ~~position,results of operations and cash flows.The federal,~~ position, results of operations ~~,~~ and cash flows ~~,~~ **. We continue to experience challenges related to the regulatory environment in Connecticut with respect to** ~~or~~ **our** ~~our~~ **electric distribution, natural gas, and water businesses. The federal, state and local political and economic environment currently has, and may in the** future ~~growth opportunities~~ **have, an adverse effect on regulatory decisions with negative consequences for us. These decisions may require us to cancel, reduce, or delay planned development activities or other planned capital expenditures or investments or otherwise incur costs that we** may not be ~~realized~~ **able** to recover through rates.There can be no assurance that regulators will approve the recovery of all costs incurred by our electric,natural gas and water companies,including costs for construction,operation and maintenance,and storm restoration.The inability to recover a significant amount of operating costs could have an adverse effect on our financial position,results of operations,and cash flows.Changes to rates may occur at times different from when costs are incurred.Additionally,catastrophic events at other utilities could result in our regulators and legislators imposing additional requirements that may lead to additional costs for the companies.In addition to the risk of disallowance of incurred costs,regulators may also impose downward adjustments in a company' s allowed ROE ~~as~~ as ~~anticipated There can be no assurance that regulators will approve the recovery of all costs incurred by our electric,natural gas and water companies,including costs for construction,operation and maintenance,and storm restoration.The inability to recover a significant amount of operating costs could have an adverse effect on our financial position,results of operations,and cash flows.Changes to rates may occur at times different from when costs are incurred.Additionally,catastrophic events at other utilities could result in our regulators and legislators imposing additional requirements that may lead to additional costs for the companies.In addition to the risk of disallowance of incurred costs,regulators may also impose downward adjustments in a company' s allowed ROE as~~ well as assess penalties and fines.These actions would have an adverse effect on our financial position,results of operations and cash flows.The FERC has jurisdiction over our transmission costs recovery and our allowed ROEs.If FERC changes ~~their~~ **its** ~~methodologies~~ **methodology** on developing ROEs **,** there could be a negative impact on our results of operations and cash flows.Additionally,certain outside parties have filed four complaints against ~~all~~ **transmission- owning** electric companies **within** ~~under the jurisdiction of~~ ISO- NE alleging that our allowed ROEs are unjust and unreasonable.An adverse decision in any of these four complaints **could adversely affect our financial position,results of operations and cash flows.The FERC also has jurisdiction over our transmission rate incentives such as the regional transmission organization (RTO) participation ROE incentive adder,CWIP in rate base incentive and the abandoned plant incentive.If the FERC changes its policies regarding these incentives,there could be a negative impact on our financial position,results of operations and cash flows.Additionally,the FERC issued a Supplemental Notice of Proposed Rulemaking (NOPR) on Transmission Incentives that proposes to eliminate the existing RTO ROE incentive adder for utilities that have been participating in an RTO for more than three years.A FERC decision approving this proposal** could adversely affect our financial position,results of operations and cash flows.FERC' s policy has encouraged competition for transmission projects,even within existing service territories of electric companies **,as it looks to expand the transmission system to accommodate state and federal policy goals to utilize more renewable energy resources as well as to enhance reliability and resilience for extreme weather events** .Implementation of FERC' s goals,including within our service territories,may expose us to competition for construction of transmission projects,additional regulatory considerations,and potential delay with respect to future transmission projects,which may adversely affect our results of operations and lower rate base growth.Changes in tax laws, ~~including the Inflation Reduction Act (IRA) of 2022,~~ as well as the potential tax effects of business decisions could negatively impact our business,results of operations ~~(including our expected project returns from our planned offshore wind facilities)~~ ,financial condition and cash flows ~~.We are~~ . We ~~assess~~ **are exposed to significant reputational risks, which make us vulnerable to increased regulatory oversight** ~~our~~ - **or** ~~investments (recorded or~~ other sanctions.Because utility companies,including our electric,natural gas and water utility subsidiaries,have large customer bases,they are subject to adverse publicity focused on the reliability of their distribution services and the speed with which they are able to respond to electric outages,natural gas leaks and similar interruptions caused by storm damage or other unanticipated events,including those related to climate change.Adverse publicity of this nature could harm our reputation and the reputation of our subsidiaries;may make state legislatures,utility commissions and other regulatory authorities less likely to view us in a favorable light;and may cause us to be subject to less favorable legislative and regulatory outcomes,legal claims or increased regulatory oversight.Unfavorable regulatory outcomes can include more stringent laws and regulations governing our operations, **such** as ~~either long~~ **reliability and customer service quality standards or vegetation management requirements, as well as fines, penalties or other sanctions or requirements. Further, we rely upon purchased power and purchased natural gas supply from third parties to meet customers' energy requirements. Due to a variety of factors, including the inflationary economic environment, geo** - ~~lived assets~~ **political conflicts, and increased customer energy demand, the cost of energy supply in New England remains high. We also may be required to implement rolling blackouts by ISO- NE, the region' s independent grid operator if enough capacity is not available in the area to meet peak demand needs. The significant supply cost increases, as well as any failure to meet**

customer energy requirements, could negatively impact the satisfaction of ~~or~~ **our** ~~equity method investments)~~ **customers and our customers' ability to pay their utility bills, which could have an adverse impact on our business, reputation, financial position, results of operations and cash flows. Addressing any adverse publicity, regulatory scrutiny or enforcement or other legal proceedings is time consuming and expensive and, regardless of the factual basis** for ~~impairment whenever events~~ **the assertions being made, can have a negative impact on the reputation of** ~~or~~ **our** ~~circumstances indicate~~ **business, on the morale and performance of our employees and on our relationships with respective regulators, customers and counterparties. We are unable to predict future legislative or regulatory changes, initiatives or interpretations or other legal proceedings, and there can be no assurance** that ~~the carrying amount~~ **we will be able to respond adequately to such actions. The direct and indirect effects** of **negative publicity, and** the ~~investment~~ **demands of responding to and addressing it,** may ~~not be recoverable. To the extent the value of the investment becomes impaired, the impairment charge could~~ have a material adverse effect on our financial ~~condition and~~ **position,** results of operations **and cash flows.Costs of compliance with environmental laws and regulations,including those related to climate change,may increase and have an adverse effect on our business and results of operations.Our subsidiaries' operations are subject to extensive and increasing federal,state and local environmental statutes,rules and regulations that govern,among other things,water quality (including treatment of PFAS (Per- and Polyfluoroalkyl Substances) and lead),water discharges,the management of hazardous material and solid waste,and air emissions.Compliance with these requirements requires us to incur significant costs relating to environmental permitting,monitoring,maintenance and upgrading of facilities,remediation,and reporting.For our water business,compliance with proposed water quality regulations,including those for PFAS and lead,could require the construction of facilities and replacement of customer lead service lines,respectively.The costs of compliance with existing legal requirements or legal requirements not yet adopted may increase in the future.Although we have recorded liabilities for known environmental obligations,these costs can be difficult to estimate due to uncertainties about the extent of contamination,remediation alternatives,the remediation levels required by state and federal agencies,and the financial ability of other potentially responsible parties.An increase in such costs,unless promptly recovered,could have an adverse impact on our business and our financial position,results of operations and cash flows.For further information,see Item 1,Business – Other Regulatory and Environmental Matters,included in this Annual Report on Form 10- K.** Risks Related to the Environment and Catastrophic Events:The effects of climate change,including severe storms,could cause significant damage to any of our facilities requiring extensive expenditures,the recovery for which is subject to approval by regulators.Climate change creates physical and financial risks to our operations.Physical risks from climate change may include an increase in sea levels and changes in weather conditions,such as changes in precipitation,extreme heat and extreme weather events.Customers' energy and water needs vary with weather conditions,primarily temperature and humidity.For residential customers,heating and cooling represent their largest energy use.For water customers,conservation measures imposed by the communities we serve could impact water usage.To the extent weather conditions are affected by climate change,customers' energy and water usage could increase or decrease depending on the duration and magnitude of the changes.Severe weather **induced by climate change** ,such as **extreme and frequent** ice and snow storms,tornadoes,micro- bursts,hurricanes,floods,droughts **,wildfires** ,and other natural disasters,may cause outages and property damage,which may require us to incur additional costs that may not be recoverable from customers.The cost of repairing damage to our operating subsidiaries' facilities and the potential disruption of their operations due to storms,natural disasters or other catastrophic events could be substantial,particularly as regulators and customers demand better and quicker response times to outages.If,upon review,any of our state regulatory authorities finds that our actions were imprudent,some of those restoration costs may not be recoverable from customers ~~,~~ and could result in penalties or fines.The inability to recover a significant amount of such costs could have an adverse effect on our financial position,results of operations and cash flows ~~.We maintain property insurance,but it may be insufficient in limits and coverage exclusions to cover all losses.Additionally,these types of weather events risk interruption of the supply chain and could disrupt the delivery of goods and services required for our operations.Transitional impacts related to climate change may have an adverse effect on our business and results of operations due to costs associated with new technologies,evolving customer expectations and changing workforce needs.Initiatives to mitigate the impacts of climate change,support a transition to cleaner energy,and reduce emissions,may have a material adverse financial impact to our business.These impacts include the costs associated with the development and implementation of new technologies to maintain system reliability and resiliency and lower emissions,including grid modernization and energy storage.An increase in such costs,unless promptly recovered,could have an adverse impact on our financial position,results of operations and cash flows.There may also be financial and reputational risks if we fail to meet evolving customer expectations,including enabling the integration of residential renewables and providing low carbon solutions,such as electric vehicle infrastructure and energy efficiency services.Additionally,actions to mitigate climate change may result in a transition in our workforce that must adapt to meet the need for new job skills.Associated costs include training programs for existing employees and workforce development as we transition to new technologies and clean energy solutions.Adequacy of water supplies and contamination of our water supplies,the failure of dams on reservoirs providing water to our customers,or requirements to repair,upgrade or dismantle any of these~~ . We ~~rely~~ **maintain property insurance, but it may be insufficient in limits and coverage exclusions to cover all losses. Additionally, these types of weather events risk interruption of the supply chain and could disrupt the delivery of goods and services required for our operations. Transitional impacts related to climate change may have an adverse effect** on **our business and results of operations due to costs associated with new technologies,evolving customer expectations and changing workforce needs.Initiatives to mitigate the** impacts of climate change,support a transition to cleaner energy,and reduce emissions,may have a material adverse financial impact to our business.These impacts include the costs associated with the development and implementation of new technologies to maintain system reliability and resiliency and lower emissions,including grid modernization and energy storage.An increase in such costs,unless promptly recovered,could have an adverse impact on our financial position,results of operations and cash flows.There may also be financial and reputational risks if we fail to meet evolving customer expectations,including enabling the integration of residential renewables and providing low carbon solutions,such as electric vehicle infrastructure and energy efficiency services.Additionally,actions to mitigate climate change may result in a transition in our workforce that must adapt to meet the need for new job skills.Associated costs include training programs for existing employees and workforce development as we transition to new technologies and clean energy solutions.Adequacy of water supplies and contamination of our water supplies,the failure of dams on reservoirs providing water to our customers,or requirements to repair,upgrade or dismantle any of these dams,may disrupt our ability to distribute water to our customers and result in substantial additional costs,which could adversely affect our financial position,results of operations and cash flows.Our water business faces an inherent strategic risk related to adequacy of supply (i.e.,water scarcity).Water scarcity risk is heightened by multiple factors.We expect that climate change will cause both an increase in demand due to increasing temperatures and a potential for a decrease of available supply due to shifting rainfall and recharge patterns.Regulatory constraints also present challenges to permit new sources of supply in the region.In Connecticut,where the vast majority of our dams are located,impounded waterways are required to release minimum downstream flow.New regulations are being phased into effect over the next one to five years that will increase the volume of downstream releases required across our Connecticut service territory,depleting the volume of supply in storage that is used to meet customer demands.This combination of factors may cause an increased likelihood of drought emergencies and water use restrictions that could adversely affect our ability to provide water to our customers,and reputational / brand damage that could negatively impact our water business.Our water supplies,including water provided to our customers,are also subject to possible contamination from naturally occurring compounds **and elements** or ~~man~~ **non** - ~~made~~ **organic** substances **,including PFAS and lead** .Our water systems include impounding dams and reservoirs of various sizes.Although we believe our dams are structurally sound and well-maintained,significant damage to these facilities,or a significant decrease in the water in our reservoirs,could adversely affect our ability to provide water to our customers until the facilities and a sufficient amount of water in our reservoirs can be restored.A failure of a dam could result in personal injuries and downstream property damage for which we may be liable.The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our customers.Any losses or liabilities incurred due to a failure of one of our dams may not be recoverable in rates and may have a material adverse effect on our financial position,results of operations and cash flows.We maintain liability insurance,but it may be insufficient in limits and coverage exclusions to cover all losses.Physical attacks,including acts of war or terrorism,both threatened and actual,could adversely affect our ability to operate our systems and could adversely affect our financial results and liquidity.Physical attacks,including acts of war or terrorism,both threatened and actual,that damage our transmission and distribution systems or other assets could negatively impact our ability to transmit or distribute energy,water,natural gas,or operate our systems efficiently or at all.Because our electric transmission systems are part of an interconnected regional grid,we face the risk of widespread blackouts due to grid disturbances or disruptions on a neighboring interconnected system.Similarly,our natural gas distribution system is connected to transmission pipelines not owned by Eversource.If there was an attack on the transmission pipelines,it could impact our ability to deliver natural gas.If our assets were physically damaged and were not recovered in a timely manner,it could result in a loss of service to customers,a significant decrease in revenues,significant expense to repair system damage,costs associated with governmental actions in response to such attacks,and liability claims,all of which could have a material adverse impact on our financial position,results of operations and cash flows.We maintain property and liability insurance,but it may be insufficient in limits and coverage exclusions to cover all losses.In addition,physical attacks against ~~third- party providers could have a similar effect on the operation of our systems.Regulatory,Legislative and Compliance Risks:The actions of regulators and legislators could result in outcomes~~ third- party ~~suppliers~~ **providers could have a similar effect on the operation of our systems. Business and Operational Risks: Strategic development** ~~for~~ - **or** ~~equipment~~ **investment opportunities in electric transmission** , **distributed generation, or clean- energy technologies may not be successful, which could have a** ~~materials~~ - **material adverse effect on our** ~~, and services and we outsource certain~~ business ~~functions to third~~ **prospects. We are pursuing investment opportunities in electric transmission facilities, distributed generation and other clean** - **energy infrastructure** ~~party suppliers and service providers~~ , ~~and substandard performance or inability to fulfill obligations by those third parties could harm our business, reputation and results of operations. We outsource certain services to third parties in areas~~ including **interconnection facilities** ~~information technology, transaction processing, human resources, payroll and payroll processing and certain operational areas~~ . ~~Outsourcing~~ **The development** of **these projects involve numerous significant risks including federal** ~~services to third parties could expose us to substandard quality of service delivery or substandard deliverables~~ , **state and local permitting and regulatory approval processes, scheduling or permitting delays, increased costs, tax strategies and changes to federal tax laws, new legislation impacting the industry, economic events or factors, environmental and community concerns, design and siting issues, difficulties in obtaining required rights of way, and competition from incumbent utilities and other entities. Also, supply constraints in New England have led to significant increases in commodity costs** which may **impact** ~~result in missed deadlines or~~ **our** ~~other timeliness issues~~ **ability to accomplish our strategic objectives. Further** , ~~non- compliance (including~~ **regional clean energy goals may not be achieved if local, state, and federal policy is not in alignment** with **integrated planning of** ~~applicable legal requirements and industry standards) or~~ **our infrastructure investments** ~~reputational harm, which could negatively impact our results of operations. Our contractual arrangements with these contractors typically include performance standards, progress payments, insurance requirements and security for performance. We also continue to pursue enhancements to standardize our systems and processes. The global supply chain of goods and services is currently being negatively impacted by several factors, including the geopolitical climate, labor shortages, domestic and international shipping constraints, increased demand, and shortages of raw materials. As a result, we are seeing delivery delays of certain goods. Additionally, the prices for equipment,~~

~~materials, and contractor services have increased, and may continue to increase. If significant difficulties in the global supply chain cycle or inflationary impacts were to continue or worsen, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers or employees~~. Our transmission and distribution systems may not operate as expected, and could require unplanned expenditures, which could adversely affect our financial position, results of operations and cash flows. Our ability to properly operate our transmission and distribution systems is critical to the financial performance of our business. Our transmission and distribution businesses face several operational risks, including the breakdown, failure of, or damage to operating equipment, information technology systems, or processes, especially due to age; labor disputes; disruptions in the delivery of electricity, natural gas and water; increased capital expenditure requirements, including those due to environmental regulation; catastrophic events **resulting from equipment failures** such as ~~fires,~~ **wildfires and** explosions, **or external events such as** a solar event, an electromagnetic event, or other similar occurrences; increasingly severe weather conditions due to climate change beyond equipment and plant design capacity; human error; global supply chain disruptions; and potential claims for property damage or personal injuries beyond the scope of our insurance coverage. Many of our transmission projects are expected to alleviate identified reliability issues and reduce customers' costs. However, if the in- service date for one or more of these projects is delayed due to economic events or factors, or regulatory or other delays, **including permitting and siting,** the risk of failures in the electric transmission system may increase. We also implement new information technology systems from time to time, which may disrupt operations. Any failure of our transmission and distribution systems to operate as planned may result in increased capital costs, reduced earnings or unplanned increases in operations and maintenance costs. The inability to recover a significant amount of such costs could have an adverse effect on our financial position, results of operations and cash flows. New technology and alternative energy sources could adversely affect our operations and financial results. Advances in technology that reduce the costs of alternative methods of producing electric energy to a level that is competitive with that of current electric production methods, could result in loss of market share and customers, and may require us to make significant expenditures to remain competitive. These changes in technology, including micro- grids and advances in energy or battery storage, could also alter the channels through which electric customers buy or utilize energy, which could reduce our revenues or increase our expenses. Economic downturns or periods of high energy supply costs typically can lead to the development of legislative and regulatory policy designed to promote reductions in energy consumption and increased energy efficiency and self- generation by customers. Additionally, in response to risks posed by climate change, we may need to make investments in our system including upgrades or retrofits to meet enhanced design criteria, which can incur additional costs over conventional solutions. **We rely on third- party suppliers for equipment, materials, and services and we outsource certain business functions to third- party suppliers and service providers, and substandard performance or inability to fulfill obligations by those third parties could harm our business, reputation and results of operations. We outsource certain services to third parties in areas including information technology, transaction processing, human resources, payroll and payroll processing and certain operational areas. Outsourcing of services to third parties could expose us to substandard quality of service delivery or substandard deliverables, which may result in missed deadlines or other timeliness issues, non- compliance (including with applicable legal requirements and industry standards) or reputational harm, which could negatively impact our results of operations. Our contractual arrangements with these contractors typically include performance standards, progress payments, insurance requirements and security for performance. The global supply chain of goods and services remains volatile, and as a result, we are seeing delivery delays of certain goods, particularly certain types of transformers. If significant difficulties in the global supply chain cycle or inflationary impacts were to worsen, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers or employees.** The loss of key personnel, the inability to hire and retain qualified employees, or the failure to maintain a positive relationship with our workforce could have an adverse effect on our business, financial position and results of operations. Our operations depend on the continued efforts of our employees. Retaining key employees and maintaining the ability to attract new employees are important to both our operational and financial performance. We cannot guarantee that any member of our management or any key employee at the Eversource parent or subsidiary level will continue to serve in any capacity for any particular period of time. Our workforce in our subsidiaries includes many workers with highly specialized skills maintaining and servicing the electric, natural gas and water infrastructure that cannot be quickly replaced due to the technically complex work they perform. We have developed strategic workforce plans to identify key functions and proactively implement plans to assure a ready and qualified workforce, but we cannot predict the impact of these plans on our ability to hire and retain key employees. Labor disputes, work stoppages or an inability to negotiate future collective bargaining agreements on commercially reasonable terms, as well as the increased competition for talent or the intentional misconduct of employees or contractors, may also have an adverse effect on our business, financial position and results of operations. Risks Related to the Environment and Catastrophic...... Report on Form 10- K. Financial, Economic, and Market Risks: Limits on our access to, or increases in, the cost of capital may adversely impact our ability to execute our business plan. We use short- term debt and the long- term capital markets as a significant source of liquidity and funding for capital requirements not obtained from our operating cash flow. If access to these sources of liquidity becomes constrained, our ability to implement our business strategy could be adversely affected. In addition, interest rates have increased and may continue to increase in the future. As a result, interest rates on future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly, which could adversely impact our financial position, results of operations and cash flows. A downgrade of our credit ratings or events beyond our control, such as a disruption in global capital and credit markets, could increase our cost of borrowing and cost of capital or restrict our ability to access the capital markets and negatively affect our ability to maintain and to expand our businesses. Market performance or changes in assumptions may require us to make significant contributions to our pension and other postretirement benefit plans. We provide a defined benefit pension plan and other postretirement benefits for a substantial number of employees, former employees and retirees. Our future pension obligations, costs and liabilities are highly dependent on a variety of factors, many of which are beyond our control. These factors include estimated investment returns, interest rates, discount rates, health care cost trends, benefit changes, salary increases and the demographics of plan participants. If our assumptions prove to be inaccurate, our future costs could increase significantly. In addition, various factors, including underperformance of plan investments and changes in law or regulation, could increase the amount of contributions required to fund our pension plan in the future. Additional large funding requirements, when combined with the financing requirements of our construction program, could impact the timing, amounts, and number of future financings and negatively affect our financial position, results of operations and cash flows. ~~Our goodwill~~ **Goodwill** ~~is recorded at~~ **, investments in equity method investments,** ~~an~~ **and** ~~amount that,~~ **long- lived assets** if impaired and written down, could adversely affect our future operating results and total capitalization. We have a significant amount of goodwill on our consolidated balance sheet, which, as of December 31, ~~2022~~ **2023** , totaled $ 4. ~~52~~ **53** billion. The carrying value of goodwill represents the fair value of an acquired business in excess of the fair value of identifiable assets and liabilities as of the acquisition date. We test our goodwill balances for impairment on an annual basis or whenever events occur, or circumstances change that would indicate a potential for impairment. A determination that goodwill is deemed to be impaired would result in a non- cash charge that could materially adversely affect our financial position, results of operations and total capitalization **. We assess our investments (recorded as either long- lived assets or equity method investments) for impairment whenever events or circumstances indicate that the carrying amount of the investment may not be recoverable. To the extent the value of the investment becomes impaired, the impairment charge could have a material adverse effect on our financial condition and results of operations** . Our counterparties may not meet their obligations to us or may elect to exercise their termination rights, which could adversely affect our earnings. We are exposed to the risk that counterparties to various arrangements that owe us money, have contracted to supply us with energy or other commodities or services, or that work with us as strategic partners, including on significant capital projects, will not be able to perform their obligations, will terminate such arrangements or, with respect to our credit facilities, fail to honor their commitments. Should any of these counterparties fail to perform their obligations or terminate such arrangements, we might be forced to replace the underlying commitment at higher market prices and / or have to delay the completion of, or cancel, a capital project. Should any lenders under our credit facilities fail to perform, the level of borrowing capacity under those arrangements could decrease. In any such events, our financial position, results of operations, or cash flows could be adversely affected. As a holding company with no revenue- generating operations, Eversource parent' s liquidity is dependent on dividends from its subsidiaries, its commercial paper program, and its ability to access the long- term debt and equity capital markets. Eversource parent is a holding company and as such, has no revenue- generating operations of its own. Its ability to meet its debt service obligations and to pay dividends on its common shares is largely dependent on the ability of its subsidiaries to pay dividends to, or repay borrowings from, Eversource parent, and / or Eversource parent' s ability to access its commercial paper program or the long- term debt and equity capital markets. Prior to funding Eversource parent, the subsidiary companies have financial obligations that must be satisfied, including among others, their operating expenses, debt service, preferred dividends of certain subsidiaries, and obligations to trade creditors. Should the subsidiary companies not be able to pay dividends or repay funds due to Eversource parent, or if Eversource parent cannot access its commercial paper programs or the long- term debt and equity capital markets, Eversource parent' s ability to pay interest, dividends and its own debt obligations would be restricted.