

EVERSOURCE ENERGY  
Form 11-K  
June 16, 2017

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

---

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the Fiscal Year Ended December 31, 2016**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 2-93530**

Full title of the plan and the address of the plan, if different from that of the issuer named below:

**EVERSOURCE 401k PLAN  
107 Selden Street  
Berlin, Connecticut 06037-1616**

Name of the issuer of the securities held pursuant to the plan and address of its principal executive office:

**EVSOURCE ENERGY**  
**300 Cadwell Drive**  
**Springfield, Massachusetts 01104**

*Financial Statements and Supplemental Schedule*

*Eversource 401k Plan*

*Years ended December 31, 2016 and 2015*

*with Report of Independent Registered*

*Public Accounting Firm*

Financial Statements and Supplemental Schedule

Table of Contents

Report of Independent Registered Public Accounting Firm	1
Financial Statements:	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedule:	
Form 5500, Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year)	15
Signature	16

Edgar Filing: EVERSOURCE ENERGY - Form 11-K

Exhibit 23 Consent of Independent Registered Public Accounting Firm - Fiondella, Milone &

LaSaracina LLP

All other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Administrator and Participants of the  
Eversource 401k Plan

We have audited the accompanying statements of net assets available for benefits of the Eversource 401k Plan (the Plan) as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Company adopted ASU 2015-07, which changed the manner in which it discloses certain plan transactions effective January 1, 2015. Our opinion is not modified with respect to this matter.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2016, referred to as "supplemental information," is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to

Edgar Filing: EVERSOURCE ENERGY - Form 11-K

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

By: /s/ Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut

June 16, 2017

## Eversource 401k Plan

## Statements of Net Assets Available for Benefits

(Thousands of Dollars)	As of December 31,	
	2016	2015
<b>Assets:</b>		
Investments, at Fair Value:	\$	\$
Registered Investment Companies	1,269,701	1,228,080
ESOP Allocated Eversource Energy Common Shares	24,164	24,175
Eversource Common Shares Fund	696,685	672,876
Investments Held by Brokerage Link	66,984	61,728
Intermediate Bond Fund	66,982	62,930
Cash and Cash Equivalents	40,662	34,593
Total Investments, at Fair Value	2,165,178	2,084,382
Investments, at Contract Value:		
Investment Contract Held by Insurance Company	638,834	625,457
Total Investments	2,804,012	2,709,839
<b>Receivables:</b>		
Notes Receivable from Participants	38,117	41,209
Participant Contributions	2,628	2,111
Employer Contributions	1,023	811
Other Receivables	246	242
Total Receivables	42,014	44,373
	\$	\$
Net Assets Available for Benefits	2,846,026	2,754,212

*See accompanying notes to financial statements.*





## Eversource 401k Plan

## Statements of Changes in Net Assets Available for Benefits

(Thousands of Dollars)	For the Years Ended December 31,	
	2016	2015
<b>Additions:</b>	\$	\$
Participant Contributions (including Rollover Contributions)	82,204	81,850
Employer Contributions	31,980	30,672
Total Contributions	114,184	112,522
Net Appreciation in the Fair Value of Investments	98,344	-
Interest and Dividend Income	93,840	94,555
Other Income	952	1,007
Total Additions	307,320	208,084
<b>Deductions:</b>		
Net Depreciation in the Fair Value of Investments	-	81,070
Distributions to Participants	214,957	235,381
Administrative Expenses	549	350
Total Deductions	215,506	316,801
Net Increase / (Decrease)	91,814	(108,717)
Net Assets Available for Benefits, Beginning of Year	2,754,212	2,862,929
	\$	\$
Net Assets Available for Benefits, End of Year	2,846,026	2,754,212

*See accompanying notes to financial statements.*



Eversource 401k Plan

Notes to Financial Statements

**1.**

**Plan Description**

Eversource Energy Service Company ("Eversource Service"), on its behalf and that of other participating subsidiaries of Eversource Energy ("Eversource") (together, "the Company"), established the Eversource 401k Plan ("the Plan") on January 1, 1985, to provide a convenient method for Company employees to save for their retirement on a regular and long-term basis. As of December 31, 2016, all operating companies of Eversource and Eversource Service were participating companies of the Plan. The following is a brief description of the Plan, which is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

**General**

The Plan is a qualified defined contribution plan subject to the rules and regulations of the Employee Retirement Income Security Act of 1974 ("ERISA") that consists of two components: a profit-sharing plan qualified under Section 401(a) of the Internal Revenue Code ("IRC") with a cash or deferred arrangement under Section 401(k) of the IRC, and an Employee Stock Ownership Plan ("ESOP") within the meaning of Section 4975(e)(7) of the IRC designed to invest primarily in Eversource common shares and intended to qualify under Section 401(a) of the IRC as a stock bonus plan. The participants have the option of receiving distributions upon retirement or termination of employment in the form of cash, in-kind rollovers for Fidelity mutual funds, Eversource common shares, to the extent so invested, and may roll over all, or a portion of their Plan balances into an individual retirement account ("IRA") or other accepting employer qualified plan and may receive distributions in cash through in-service withdrawals of certain amounts.

The Plan is administered by the Executive Vice President Human Resources and Information Technology of the Company ("the Administrator"), who determines eligibility in accordance with Plan documents and makes other interpretations under the Plan at her discretion in conjunction with the Eversource Plan Administration Committee. The fiduciaries with respect to the Plan are Eversource Service, the Plan Sponsor, the Administrator, the Eversource Investment Management Committee, and the Plan Trustee, as defined below. The Board of Eversource Service is responsible for determining who has the authority to amend and terminate the Plan and certain other duties. The

Eversource Investment Management Committee is responsible for establishing and implementing Plan investment policies, selecting investment fund options available to participants under the Plan, and monitoring the performance and operations of Plan investment managers and the Plan Trustee.

Notes to Financial Statements (continued)

**1.**

**Plan Description (continued)**

**General (continued)**

Plan investment assets are held in a trust by Fidelity Management Trust Company ("Fidelity"), the Plan Trustee. Plan records are maintained by an affiliate of the Trustee, Fidelity Investments Institutional Operations Company, Inc., the Plan record keeper. The Plan Trustee retains the Plan assets and makes distributions as instructed by the Administrator or its designee. The Eversource Investment Management Committee is responsible for appointing and removing the Plan Trustee.

Under the Plan, employees may authorize payroll deductions for contributions to the Plan. An employer matching contribution to the Plan is provided in Eversource common shares (see Contributions, below). The allocation of Eversource common shares to a participant's account may be made from a combination of Eversource treasury shares and open market repurchases of Eversource common shares.

**TRAESOP/PAYSOP**

In 1992, the Plan was amended to provide for the merger into the Plan, of the Eversource Service Tax Reduction Act Employee Stock Ownership Plan ("TRAESOP") and the Eversource Service Payroll-Based Employee Stock Ownership Plan ("PAYSOP") Fund, which were two ESOPs for which the applicable tax credits had expired. Participants' accounts under the TRAESOP and PAYSOP are maintained as separate participant accounts under the Plan.

**Dividends**

Participants who have holdings in the Eversource Common Share Fund and/or the TRAESOP/PAYSOP Fund in their Plan account can elect to receive dividends paid by these funds on Eversource common shares in cash or continue to have them reinvested automatically in the Plan by allocation of Eversource common shares of equal value. If a participant holds each of the Eversource share funds, the dividend distribution election applies to all funds. If no active election is made, dividends will continue to be reinvested.

## **Contributions**

*Participant Contributions:* Under the Plan, active participants may contribute up to 50 percent of annual compensation on a pre-tax basis, an after-tax basis, a Roth basis, or a combination of the three, as defined in the Plan document, and as subject to certain Internal Revenue Service ("IRS") limitations. Employees who have not enrolled in the Plan or who have not elected a zero contribution rate within 60 days from their date of hire, are automatically enrolled in the Plan at a contribution rate of three percent of pre-tax eligible earnings, subject to their modification at any time.

Eversource 401k Plan

Notes to Financial Statements (continued)

1.

**Plan Description (continued)**

**Contributions (continued)**

All contributions are invested by the Trustee, as directed by each participant, in one or more investment options of the Plan, including the Eversource Common Shares Fund. For both 2016 and 2015, the maximum combined participant contribution was the lesser of \$18,000 or 50 percent of a participant's pre-tax compensation. For individuals who are age 50 or older during each of the 2016 and 2015 calendar years who have made the maximum allowable contribution, a catch-up contribution of an additional \$6,000 was permitted.

Plan participants direct their contributions among various investment options, as specified within the Plan documents.

*Employer Contributions:* For certain eligible employees, based on date of hire, union status, and participating employer, the Plan provides employer matching contributions of either 100 percent up to a maximum of three percent of eligible compensation or 50 percent up to a maximum of eight percent of eligible compensation. For newly hired employees with at least six months of service, the Plan provides employer matching contributions of 100 percent up to a maximum of three percent of eligible compensation, contributed on a pre-tax and/or Roth basis for each employee, as applicable, while employees with less than six months of service receive no Company match. The employer matching contribution is made to the Eversource Common Shares Fund. Participants are permitted to immediately diversify out of the Eversource Common Shares Fund into other funds within the Plan.

*K-Vantage Contributions:* The Plan provides an enhanced defined contribution feature (referred to as K-Vantage), for eligible employees, as defined in the Plan document. The K-Vantage contribution to the Plan, made on a payroll basis, is age and service based and is the amount of the participant's applicable Plan compensation, as defined by the Plan agreement, multiplied by the applicable percentage, according to the following formula:

**Sum of Age and Service Years**

**Company Contribution**



Edgar Filing: EVERSOURCE ENERGY - Form 11-K

Less than 40 years	2.5% of Plan compensation
40 years or more but less than 60 years	4.5% of Plan compensation
60 years or more	6.5% of Plan compensation

Eversource 401k Plan

Notes to Financial Statements (continued)

**1.**

**Plan Description (continued)**

**Vesting**

A participant is fully vested in his or her own contributions, as well as earnings thereon, immediately upon making the contribution. Participants are also immediately vested in employer matching contributions plus actual earnings thereon.

Participants who are eligible for K-Vantage vest in K-Vantage contributions plus actual earnings thereon after 3 years of service. Upon a termination of the Plan, death or disability of the participant, or upon the complete discontinuance of K-Vantage contributions under the Plan, all affected participants will become vested in these contributions in their accounts.

**Forfeitures**

As of December 31, 2016 and 2015, investments in the Fixed Income Fund option include \$8,716 and \$2,151, respectively, of forfeitures that may be used to offset future Company contributions to the Plan. These forfeitures resulted from participants who terminated prior to being vested in the K-Vantage feature. During 2016 and 2015, the Company used \$350,235 and \$376,586, respectively, of forfeitures to offset Company contributions to the Plan.

**Benefits**

Following termination or retirement, the participant has several options: participants may defer receipt of any balances in their account up to the time they attain age 70½ if their account balance is greater than \$1,000; they can initiate a direct rollover of all or a portion of their account in the Plan to another qualified plan or IRA; or they can

request a lump sum disbursement. Participants who have terminated employment may also take partial distributions. In-service withdrawals and loans are permitted if certain criteria are met.

### **Participant Accounts**

Individual accounts are maintained for Plan participants to reflect each participant's share of the Company's contribution, the participant's contribution and the Plan's income according to the participant's investment of his or her own account. Allocations of income are determined at the participant account level.

Notes to Financial Statements (continued)

1.

**Plan Description (continued)**

**Notes Receivable from Participants**

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned and was \$1.6 million and \$1.7 million for the years ended December 31, 2016 and 2015, respectively. No allowances for credit losses have been recorded as of December 31, 2016 and 2015. If a participant ceases to make loan repayments and the Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Subject to certain limitations, participants may apply for loans from their non-ESOP/non-K-Vantage account balances. Interest on the loan is set at the prime rate plus one percent at the time of borrowing, and the loans are secured by the balance in the participant's account. Loans are to be repaid within six months to five years (for a general purpose loan) or up to 30 years (for a primary residence loan).

**Termination Provision**

Although the Company intends to continue the Plan, Eversource Service may terminate the Plan, and each participating subsidiary of Eversource may terminate its participation in the Plan for any reason, in whole or in part, by action of its Board of Directors. Upon termination of the Plan or complete discontinuance of contributions thereunder, all affected participants shall become immediately vested in their accounts. In addition, the Plan recordkeeper shall make a final allocation of Company matching contributions and net earnings/losses to the participants after payments of all outstanding claims against the Plan have been made. Thereafter, the participants shall receive a lump sum payment no later than 60 days after the later of: (1) termination of the Plan or (2) receipt of an IRS determination letter stating that such termination does not adversely affect the qualified status of the Plan.

2.

**Summary of Significant Accounting Policies**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"), and in accordance with the rules and regulations of ERISA. The following is a summary of the significant accounting policies used.

Notes to Financial Statements (continued)

2.

**Summary of Significant Accounting Policies (continued)**

**Accounting Standards**

*Recently Adopted Accounting Standards:* In May 2015, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") 2015-07, Fair Value Measurement: Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). Under this ASU, the requirement to categorize within the fair value hierarchy investments for which fair value is measured using the net asset value ("NAV") practical expedient is eliminated. Entities are required to disclose the total fair value of such investments in order to reconcile to the balance sheet. On December 31, 2016, the Company adopted the new accounting guidance and applied it, retrospectively, to all prior periods presented in the financial statements. Investments that use NAV to measure fair value are now classified as "Uncategorized" within the fair value hierarchy (see Note 3). The adoption of this ASU did not impact the Statements of Net Assets Available for Benefits or Statements of Changes in Net Assets Available for Benefits of the Plan.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and short-term cash investments that are highly liquid in nature and have original maturities of three months or less.

**Plan Estimates**

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

## **Investments**

Plan investments are stated at fair value (with the exception of the Investment Contract Held by Insurance Company, which is stated at contract value, as discussed below). The fair value of Eversource common shares, investments at registered investment companies, and certain assets in the self-directed Brokerage Link account are based on the closing prices reported on active or non-active markets (see Note 3). Investments in the Eversource Common Shares Fund are stated at estimated fair values, which have been determined based on unit values. Unit values are determined by dividing the fund's net assets at fair value by its units outstanding at the valuation dates. The unit values of the Eversource Common Shares Fund were \$86.15 and \$79.77 as of December 31, 2016 and 2015, respectively.

Notes to Financial Statements (continued)

2.

**Summary of Significant Accounting Policies (continued)**

**Investments (continued)**

The accompanying Statements of Changes in Net Assets Available for Benefits include the net appreciation and depreciation in the fair value of investments, which consists of the realized gains and losses and the unrealized appreciation and depreciation on those investments. Dividend income is recorded on the ex-dividend date, and interest income is recorded as earned. Purchases and sales of securities are recorded as of the trade date.

The Plan has investment options for participants, which invest in various securities including registered investment companies, United States government securities, corporate debt instruments, and equity securities, including Eversource common shares. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, which could materially affect the amounts reported in the financial statements.

*Investment Contract Held by Insurance Company and Wrapper Contract:* This contract with The Prudential Insurance Company of America ("Prudential") is comprised of a mixture of government and non-government bonds, managed to the Barclays Capital Intermediate Government Credit Index, which are placed in a trust (with ownership by the Plan) rather than a separate account of the issuer. The contract is fully benefit-responsive and provides that participants must execute plan transactions at contract value, and insures the underlying assets at contract value.

The underlying assets of the contract are managed by Pacific Investment Management Company, LLC ("PIMCO") and Jennison Associates and had a contract value of \$638.8 million and \$625.5 million as of December 31, 2016 and 2015, respectively. There are no reserves against contract value for credit risk of the contract issuance or otherwise. Management believes that the occurrence of events that would cause the Plan to transact at less than contract value are not probable. Prudential may not terminate the contract at any amount less than contract value.



**Fair Value of Financial Instruments**

The Plan applies ASC 820, *Fair Value Measurement and Disclosures* ("ASC 820"), for all applicable financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820 defines fair value, establishes a fair value hierarchy, and expands disclosures about fair value measurements.

Notes to Financial Statements (continued)

2.

**Summary of Significant Accounting Policies (continued)**

**Fair Value of Financial Instruments (continued)**

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

3.

**Fair Value Measurements**

The Plan discloses fair value measurements pursuant to a framework for measuring fair value in accordance with GAAP. The Plan follows a fair value hierarchy that prioritizes the inputs used to determine fair value and requires the Plan to classify assets and liabilities carried at fair value based on the observability of these inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are:

Level 1 - Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. The fair values are therefore determined using model-based valuation techniques that include option pricing models, discounted cash flow models, and similar techniques. As of both December 31, 2016 and 2015, the Plan did not have any assets categorized as Level 3.

## Eversource 401k Plan

## Notes to Financial Statements (continued)

## 3.

## Fair Value Measurements (continued)

The following tables summarize the fair values and levels within the fair value hierarchy:

<b>Fair Value Measurements as of December 31, 2016</b>				
(Thousands of Dollars)	Level 1	Level 2	Uncategorized	Total
<i>Investments</i>				
Registered Investment Companies	\$	\$	\$	\$
	1,256,622	-	13,079	1,269,701
ESOP Allocated Eversource Energy Common Shares	24,164	-	-	24,164
Eversource Common Shares Fund	-	-	696,685	696,685
Investments Held by Brokerage Link	65,203	1,781	-	66,984
Intermediate Bond Fund	-	66,982	-	66,982
Cash and Cash Equivalents	40,662	-	-	40,662
Total Investments at Fair Value	\$	\$	\$	\$
	1,386,651	68,763	709,764	2,165,178

<b>Fair Value Measurements as of December 31, 2015</b>				
(Thousands of Dollars)	Level 1	Level 2	Uncategorized	Total
<i>Investments</i>				
Registered Investment Companies	\$	\$	\$	\$
	1,216,928	-	11,152	1,228,080
ESOP Allocated Eversource Energy Common Shares	24,175	-	-	24,175
Eversource Common Shares Fund	-	-	672,876	672,876
Investments Held by Brokerage Link	60,278	1,450	-	61,728
Intermediate Bond Fund	-	62,930	-	62,930
Cash and Cash Equivalents	34,593	-	-	34,593
Total Investments at Fair Value	\$	\$	\$	\$

1,335,974	64,380	684,028	2,084,382
-----------	--------	---------	-----------

Fair value of cash and cash equivalents and certain investments in registered investment companies represents the value of such shares as of the close of business at the end of the period based on quoted active market prices of the underlying investments. Fair value of the ESOP allocated Eversource Energy common shares and certain investments in the brokerage link assets, including common stock, rights/warrants, exchange-traded options and exchange-traded limited partnerships, are determined by quoted active market prices where available. These investments have all been categorized as Level 1.

Certificates of deposit in the Brokerage Link are valued at the balance reported by the issuing bank. Preferred stock, corporate and government bonds in the Brokerage Link and the intermediate bond fund are valued based on quoted prices in non-active markets. These investments have been categorized as Level 2.

Notes to Financial Statements (continued)

**3.**

**Fair Value Measurements (continued)**

The Company retrospectively adopted new accounting guidance that eliminates the requirement to classify assets valued at NAV, as a practical expedient, within the fair value hierarchy. The adoption of this guidance changes fair value measurement disclosures, but does not impact the methodology for valuing the investments or financial statement results. Investments in the Eversource Common Shares Fund are stated at estimated fair values determined based on NAV. Certain investments classified as registered investment companies are commingled funds recorded at NAV provided by the asset manager, which is based on the market prices of the underlying equity securities. These investments are classified as Uncategorized in the tables above. Prior to the adoption of this guidance, these investments were classified as Level 2 in the fair value hierarchy.

Investment in Contract Held by Insurance Company is stated at contract value in accordance with ASU 2015-12 and is therefore not included as an investment measured at fair value in the tables above.

**4.**

**Administrative Expenses**

Certain expenses incurred in the administration of the Plan are paid by the Plan, including:

.

Loan initiation fees and various fees associated with the Brokerage Link investment option. Certain fees are paid by the Plan and/or participants.

.

All investment-related expenses of the Plan, any other expenses of the Trustee necessitated by the terms of any particular investment option, and commissions paid with respect to the purchase or sale of common shares for the Plan. These expenses are paid by the Plan and participants, as applicable.

The Company, at its discretion, may choose to utilize available forfeiture and/or revenue credits (based on a revenue sharing agreement between Eversource Service and Fidelity) to pay for eligible expenses related to the administration of the Plan, including audit and legal fees. Credits received under this revenue sharing agreement are recognized as Other Income on the Statements of Changes in Net Assets Available for Benefits and may be used to pay certain eligible Plan expenses, or may be allocated to participant accounts at the discretion of the Administrator or the Plan fiduciaries. In June 2016, \$2.3 million in revenue credits were reallocated back to eligible participant accounts.

Eversource 401k Plan

Notes to Financial Statements (continued)

5.

**Tax Status**

The IRS has determined, and informed the Company by a letter dated October 17, 2014, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and that the related trust continues to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan is no longer subject to income tax examinations for years prior to 2013.

6.

**Related Parties and Exempt Party-In-Interest**

For the years ended December 31, 2016 and 2015, the Plan had investments in 13,059,893 and 13,647,368 common shares of Eversource (within the Eversource Common Shares Fund), respectively, with a cost basis of \$536.7 million and \$557.3 million, respectively. For the years ended December 31, 2016 and 2015, the Plan recorded dividend income on common shares of Eversource of \$22.4 million and \$21.8 million, respectively.

Certain Plan investments are shares of registered investment companies managed by the Trustee. Therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to \$0.5 million and \$0.2 million for the years ended December 31, 2016 and 2015, respectively.

Transactions under the Plan's revenue sharing agreement with the Trustee (see Note 4) qualify as exempt party-in-interest transactions. Amounts earned under this revenue sharing agreement were \$1 million for each of the years ended December 31, 2016 and 2015, of which \$0.3 million and \$0.2 million, respectively, was used to pay eligible plan expenses.





Supplemental Schedule

## Eversource 401k Plan

EIN 06-810627, Plan No. 005

Form 5500, Schedule H, Part IV, Line 4(i)

Schedule of Assets (Held at End of Year)

As of December 31, 2016

(Thousands of Dollars)

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(e) Current Value
	* Eversource Energy		\$
		Eversource Common Shares Fund (including the ESOP allocated Eversource Energy Common Shares), \$5 par	720,849
	Prudential	Investment Contract	638,834
	* Fidelity	Growth Company Fund Class K	242,143
	* Fidelity	Spartan 500 Index Fund Institutional Class	262,322
	* Fidelity	Low-Priced Stock Fund Class K	103,560
	* Fidelity	International Discovery Fund Class K	77,932
	* Fidelity	Freedom K Income Fund	9,154
	* Fidelity	Freedom K 2010 Fund	24,669
	* Fidelity	Freedom K 2020 Fund	164,020
	* Fidelity	Freedom K 2030 Fund	124,386
	* Fidelity	Freedom K 2040 Fund	50,187
	* Fidelity	Freedom K 2050 Fund	16,644
	* Fidelity	Freedom K 2060 Fund	850
	Morgan Stanley	Institutional Fund, Inc. Emerging Markets Portfolio Class I	15,106
		Institutional Fund, Inc. Small Company Growth Portfolio Class I	21,643
	Morgan Stanley		21,643
	Lord Abbett	Developing Growth Fund Class I	20,955
	Jennison Associates and PIMCO	Intermediate Bond Fund	66,982
	Frank Russell	Small Capitalization Fund	13,079
	Vanguard	Windsor II Fund Admiral Shares	123,051
	* Various	Brokerage Link	66,984
	* Plan Participants	Loans to Participants **	38,117
	* Eversource Energy	Cash and Cash Equivalents	40,662
			\$
			2,842,129

\*

*Indicates party-in-interest*

\*\*

*The participant loans have interest rates ranging from 3.25 percent to 10.5 percent with maturity dates ranging from January 1, 2017 to December 1, 2046.*

**SIGNATURE**

The Plan

Pursuant to the requirements of the Securities Exchange Act of 1934, the Board of Eversource Energy Service Company (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**EVSOURCE 401k PLAN**

Date: June 16, 2017

By: /s/ Jay S. Buth  
Jay S. Buth

Vice President, Controller and

Chief Accounting Officer