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STATE OF CONNECTICUT

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# TREASURER SHAWN T. WOODEN

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## **EVERSOURCE SHAREHOLDER STATE TREASURER WOODEN CALLS FOR INCREASED BOARD OVERSIGHT, TRANSPARENCY AND ACCOUNTABILITY**

*VOTED AGAINST RE-ELECTION OF EVERSOURCE CEO IN MAY BASED ON GOVERNANCE CONCERNS;  
CALLS FOR THE BOARD TO PRIORITIZE RISK OVERSIGHT, GREATER ACCOUNTABILITY*

Hartford, CT – Tuesday, August 11, 2020 – [State Treasurer Shawn T. Wooden called on the governing board of Eversource](#) to report to shareholders its risk management strategy – asking for specific disclosures related to the company’s preparation for and response to Tropical Storm Isaias, as thousands across Connecticut remain without power and as recovery efforts continue.

The Connecticut Retirement Plans and Trust Funds’ (CRPTF) current investments in Eversource are valued at roughly \$7.2 million. Treasurer Wooden urged swift action by the Board, given the intense scrutiny of the company’s slow restoration of power, and the associated increase in regulatory action, reputational harm, and potential impairment of long-term shareholder value.

“Many of Eversource’s consumers across Connecticut remained without power days after Tropical Storm Isaias hit,” said State Treasurer Wooden. “Between the ongoing effects of climate change and COVID-19, the Board’s sole focus should be staying on top of management, holding them accountable for managing these risks.”

Treasurer Wooden formally requested that Eversource’s Board of Trustees undertake an immediate review of the Company’s preparations for, and response to, this most recent storm, with a focus on ensuring that it is prepared for the next, inevitable weather disruption.

Treasurer Wooden posed the following questions to Eversource:

- In November of 2017, published reports<sup>1</sup> cited the Company’s plans “to seek additional internal staffing” following widespread criticism of its response to a storm resulting in power outages for roughly 300,000 Connecticut customers. How have staffing levels changed since November of 2017? What other changes have been made to Eversource’s infrastructure during this timeframe?

- To what extent does Eversource rely on crews from outside of Connecticut to supplement its response to outages in Connecticut?
- How quickly can the Company deploy additional crews and other resources when damage is worse than projected, and what are the associated increased costs?
- What steps will the Board and management take, going forward, to assure consumers that the company can adequately address the impacts of more severe storms?
- Amid the COVID-19 outbreak, was the workforce reduced? If so, by how much? Please provide specifics regarding staffing by numbers and categories (e.g., total of line workers, engineers, tree cutters, etc.).

In addition to addressing these key areas of inquiry, Treasurer Wooden called for the Eversource board to separate the roles of board chairman and chief executive officer. At Eversource's last annual general meeting in May, at the direction of the Treasurer, the CRPTF voted against Eversource Chairman, President & CEO James J. Judge' re-election to the board of trustees, given his dual role as both board chairman and chief executive officer.

Treasurer Wooden stated, "Eversource has lost the public's confidence in its ability to deliver an essential service. It's clear that the Board needs to step up, and the person leading that charge can't be part of the management that created the problem. Stakeholders are best served when a board serves as an independent check on management."

Shareholders have, over the last several years, increasingly favored a corporate governance structure that separates the roles of board chair and CEO. According to a 2018 report from Ernst & Young, roughly 60% of the top 1,500 companies listed on the S&P have separate individuals serving as chair and CEO, as compared with just 27% of these companies that separated the roles in 2000<sup>2</sup>. A recent study published in the Harvard Business Review, *Why the CEO Shouldn't Also Be the Board Chair?*<sup>3</sup>, also noted that "the Two Job — One Person model can deny the organization talent at the top and lead to blind spots that undermine the organization's ability to manage risks."

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