

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash	\$ —	\$ 1,807
Receivables, Net	34,952	47,250
Accounts Receivable from Affiliated Companies	3,605	3,182
Unbilled Revenues	4,709	15,026
Taxes Receivable	15,349	11,812
Fuel, Materials and Supplies	21,285	24,109
Regulatory Assets	14,509	18,585
Prepayments	1,346	8,005
Total Current Assets	95,755	129,776
Property, Plant and Equipment, Net	1,357,244	1,313,915
Deferred Debits and Other Assets:		
Regulatory Assets	128,022	128,913
Goodwill	287,591	287,591
Other Long-Term Assets	4,505	4,579
Total Deferred Debits and Other Assets	420,118	421,083
Total Assets	\$ 1,873,117	\$ 1,864,774
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 53,400	\$ 17,300
Accounts Payable	23,790	52,210
Accounts Payable to Affiliated Companies	12,738	13,180
Accrued Interest	7,839	7,859
Regulatory Liabilities	23,505	1,535
Other Current Liabilities	13,005	15,348
Total Current Liabilities	134,277	107,432
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	362,975	344,008
Regulatory Liabilities	48,135	43,570
Accrued Pension, SERP and PBOP	63,634	69,463
Other Long-Term Liabilities	33,972	42,479
Total Deferred Credits and Other Liabilities	508,716	499,520
Capitalization:		
Long-Term Debt	443,927	443,858
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	707,168	707,168
Retained Earnings	80,282	108,167
Accumulated Other Comprehensive Loss	(1,258)	(1,376)
Common Stockholder's Equity	786,197	813,964
Total Capitalization	1,230,124	1,257,822
Total Liabilities and Capitalization	\$ 1,873,117	\$ 1,864,774

Note: In the opinion of the Company, all adjustments for a fair presentation of the financial position for the periods shown have been made.

YANKEE GAS SERVICES COMPANY
STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Operating Revenues	\$ 97,581	\$ 100,005	\$ 302,098	\$ 254,618
Operating Expenses:				
Cost of Natural Gas	39,240	37,707	142,523	95,895
Operations and Maintenance	24,622	23,467	50,857	47,326
Depreciation	8,880	8,453	17,595	16,879
Amortization of Regulatory Assets, Net	27	512	2,444	2,288
Energy Efficiency Programs	3,193	3,496	10,693	10,745
Taxes Other Than Income Taxes	11,488	10,928	27,926	24,674
Total Operating Expenses	87,450	84,563	252,038	197,807
Operating Income	10,131	15,442	50,060	56,811
Interest Expense	6,383	6,233	12,548	12,253
Other Income/(Loss), Net	148	(40)	287	(252)
Income Before Income Tax Expense	3,896	9,169	37,799	44,306
Income Tax Expense	1,483	3,080	13,484	15,992
Net Income	\$ 2,413	\$ 6,089	\$ 24,315	\$ 28,314

Note: In the opinion of the Company, all adjustments for a fair presentation of the financial position for the periods shown have been made.

STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Net Income	\$ 2,413	\$ 6,089	\$ 24,315	\$ 28,314
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	23	23	46	46
Changes in Funded Status of SERP Benefit Plan	36	11	72	22
Other Comprehensive Income, Net of Tax	59	34	118	68
Comprehensive Income	\$ 2,472	\$ 6,123	\$ 24,433	\$ 28,382

Note: In the opinion of the Company, all adjustments for a fair presentation of the financial position for the periods shown have been made.

YANKEE GAS SERVICES COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

For the Six Months Ended June 30,
2017 2016

(Thousands of Dollars)

Operating Activities:

Net Income	\$ 24,315	\$ 28,314
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	17,595	16,879
Deferred Income Taxes	9,319	9,210
Pension, SERP and PBOP Expense	1,403	1,634
Pension and PBOP Contributions	(6,350)	(3,123)
Amortization of Regulatory Assets, Net	2,444	2,288
Regulatory Overrecoveries, Net	32,731	15,738
Bad Debt Expense	2,975	2,857
Other	(2,844)	(1,466)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	15,864	(26,056)
Fuel, Materials and Supplies	2,825	10,792
Taxes Receivable/Accrued, Net	(4,221)	2,917
Accounts Payable	(16,951)	(7,293)
Other Current Assets and Liabilities, Net	5,343	4,049
Net Cash Flows Provided by Operating Activities	<u>84,448</u>	<u>56,740</u>

Investing Activities:

Investments in Property, Plant and Equipment	(70,155)	(52,147)
Net Cash Flows Used in Investing Activities	<u>(70,155)</u>	<u>(52,147)</u>

Financing Activities:

Cash Dividends on Common Stock	(52,200)	(12,800)
Capital Contributions from Parent	—	40,000
Increase/(Decrease)in Notes Payable to Eversource Parent	36,100	(25,900)
Other Financing Activities	—	(4)
Net Cash Flows (Used in)/Provided by Financing Activities	<u>(16,100)</u>	<u>1,296</u>
Net (Decrease)/Increase in Cash	(1,807)	5,889
Cash - Beginning of Period	1,807	—
Cash - End of Period	<u>\$ —</u>	<u>\$ 5,889</u>

Note: In the opinion of the Company, all adjustments for a fair representation of financial position for the periods shown have been made.