

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash	\$ 6,325	\$ 1,807
Receivables, Net	27,626	47,250
Accounts Receivable from Affiliated Companies	7,490	3,182
Unbilled Revenues	4,730	15,026
Taxes Receivable	10,911	11,812
Fuel, Materials and Supplies	25,244	24,109
Regulatory Assets	17,011	18,585
Prepayments	15,913	8,005
Total Current Assets	115,250	129,776
Property, Plant and Equipment, Net	1,394,360	1,313,915
Deferred Debits and Other Assets:		
Regulatory Assets	126,304	128,913
Goodwill	287,591	287,591
Other Long-Term Assets	4,550	4,579
Total Deferred Debits and Other Assets	418,445	421,083
Total Assets	\$ 1,928,055	\$ 1,864,774
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ —	\$ 17,300
Accounts Payable	31,645	52,210
Accounts Payable to Affiliated Companies	18,900	13,180
Accrued Interest	8,042	7,859
Regulatory Liabilities	10,699	1,535
Other Current Liabilities	11,651	15,348
Total Current Liabilities	80,937	107,432
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	371,437	344,008
Regulatory Liabilities	46,690	43,570
Accrued Pension, SERP and PBOP	60,441	69,463
Other Long-Term Liabilities	34,913	42,479
Total Deferred Credits and Other Liabilities	513,481	499,520
Capitalization:		
Long-Term Debt	518,667	443,858
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	743,815	707,168
Retained Earnings	72,347	108,167
Accumulated Other Comprehensive Loss	(1,197)	(1,376)
Common Stockholder's Equity	814,970	813,964
Total Capitalization	1,333,637	1,257,822
Total Liabilities and Capitalization	\$ 1,928,055	\$ 1,864,774

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

YANKEE GAS SERVICES COMPANY
STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Operating Revenues	\$ 67,587	\$ 65,647	\$ 369,686	\$ 320,265
Operating Expenses:				
Cost of Natural Gas	19,217	16,885	161,741	112,780
Operations and Maintenance	23,160	23,520	74,017	70,846
Depreciation	8,953	8,477	26,547	25,356
Amortization of Regulatory (Liabilities)/Assets, Net	(1,154)	(328)	1,291	1,960
Energy Efficiency Programs	1,532	1,653	12,224	12,398
Taxes Other Than Income Taxes	10,694	9,904	38,621	34,577
Total Operating Expenses	62,402	60,111	314,441	257,917
Operating Income	5,185	5,536	55,245	62,348
Interest Expense	6,364	6,125	18,910	18,379
Other Income/(Loss), Net	287	183	573	(69)
(Loss)/Income Before Income Tax (Benefit)/Expense	(892)	(406)	36,908	43,900
Income Tax (Benefit)/Expense	(1,157)	(943)	12,329	15,048
Net Income	\$ 265	\$ 537	\$ 24,579	\$ 28,852

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

STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Net Income	\$ 265	\$ 537	\$ 24,579	\$ 28,852
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	24	23	70	70
Changes in Funded Status of SERP Benefit Plan	37	11	109	32
Other Comprehensive Income, Net of Tax	61	34	179	102
Comprehensive Income	\$ 326	\$ 571	\$ 24,758	\$ 28,954

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

YANKEE GAS SERVICES COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

For the Nine Months Ended September 30,

(Thousands of Dollars)

2017

2016

Operating Activities:

Net Income	\$	24,579	\$	28,852
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:				
Depreciation		26,547		25,356
Deferred Income Taxes		18,814		13,766
Pension, SERP and PBOP Expense		2,101		2,493
Pension and PBOP Contributions		(9,525)		(6,264)
Amortization of Regulatory Assets, Net		1,291		1,960
Regulatory Overrecoveries, Net		18,647		6,039
Bad Debt Expense		3,538		3,674
Other		(4,742)		3,022
Changes in Current Assets and Liabilities:				
Receivables and Unbilled Revenues, Net		18,239		13,990
Fuel, Materials and Supplies		(1,135)		7,921
Taxes Receivable/Accrued, Net		(1,813)		7,687
Accounts Payable		(10,926)		(6,130)
Other Current Assets and Liabilities, Net		(7,991)		(8,236)
Net Cash Flows Provided by Operating Activities		<u>77,624</u>		<u>94,130</u>

Investing Activities:

Investments in Property, Plant and Equipment		(106,758)		(82,702)
Net Cash Flows Used in Investing Activities		<u>(106,758)</u>		<u>(82,702)</u>

Financing Activities:

Cash Dividends on Common Stock		(60,400)		(19,200)
Capital Contributions from Parent		36,647		40,000
Decrease in Notes Payable to Eversource Parent		(17,300)		(25,900)
Issuance of Long Term Debt		75,000		—
Other Financing Activities		(295)		(4)
Net Cash Flows Provided by/(Used in) Financing Activities		<u>33,652</u>		<u>(5,104)</u>
Net Increase in Cash		4,518		6,324
Cash - Beginning of Period		1,807		—
Cash - End of Period	\$	<u>6,325</u>	\$	<u>6,324</u>

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