

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2019	As of December 31, 2018
ASSETS		
Current Assets:		
Cash	\$ 2,563	\$ 1,973
Receivables, Net	44,338	57,519
Accounts Receivable from Affiliated Companies	37,711	4,443
Unbilled Revenues	4,162	13,031
Fuel, Materials and Supplies	16,867	26,290
Taxes Receivable	16,601	1
Regulatory Assets	14,164	33,218
Prepaid Property Taxes	—	7,463
Other Current Assets	869	1,213
Total Current Assets	<u>137,275</u>	<u>145,151</u>
Property, Plant and Equipment, Net	<u>1,623,518</u>	<u>1,560,262</u>
Deferred Debits and Other Assets:		
Regulatory Assets	144,905	145,732
Goodwill	287,591	287,591
Other Long-Term Assets	6,471	6,309
Total Deferred Debits and Other Assets	<u>438,967</u>	<u>439,632</u>
Total Assets	<u>\$ 2,199,760</u>	<u>\$ 2,145,045</u>
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 182,800	\$ 171,200
Long-Term Debt - Current Portion	100,000	50,000
Accounts Payable	50,338	67,798
Accounts Payable to Affiliated Companies	22,472	23,228
Regulatory Liabilities	18,836	13,743
Other Current Liabilities	17,395	25,868
Total Current Liabilities	<u>391,841</u>	<u>351,837</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	217,881	214,438
Regulatory Liabilities	210,641	211,611
Accrued Pension, SERP and PBOP	45,187	49,147
Other Long-Term Liabilities	44,671	44,957
Total Deferred Credits and Other Liabilities	<u>518,380</u>	<u>520,153</u>
Long-Term Debt	<u>368,504</u>	<u>418,452</u>
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	823,962	780,962
Retained Earnings	97,669	74,285
Accumulated Other Comprehensive Loss	(601)	(649)
Common Stockholder's Equity	<u>921,035</u>	<u>854,603</u>
Total Liabilities and Capitalization	<u>\$ 2,199,760</u>	<u>\$ 2,145,045</u>

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 June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Operating Revenues	\$ 110,923	\$ 108,048	\$ 340,181	\$ 300,559
Operating Expenses:				
Cost of Natural Gas	50,854	45,128	157,338	133,965
Operations and Maintenance	29,081	23,634	57,582	50,424
Depreciation	10,289	9,333	20,329	18,632
Amortization of Regulatory Assets/(Liabilities), Net	512	572	(2,686)	3,414
Energy Efficiency Programs	3,843	3,084	12,797	11,297
Taxes Other Than Income Taxes	13,356	12,172	31,515	27,726
Total Operating Expenses	107,935	93,923	276,875	245,458
Operating Income	2,988	14,125	63,306	55,101
Interest Expense	6,187	6,465	12,391	12,843
Other (Loss)/Income, Net	(669)	419	(856)	1,049
(Loss)/Income Before Income Tax (Benefit)/Expense	(3,868)	8,079	50,059	43,307
Income Tax (Benefit)/Expense	(351)	2,044	8,475	9,683
Net (Loss)/Income	\$ (3,517)	\$ 6,035	\$ 41,584	\$ 33,624

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 June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net (Loss)/Income	\$ (3,517)	\$ 6,035	\$ 41,584	\$ 33,624
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	7	24	13	47
Changes in Funded Status of SERP Benefit Plan	18	29	35	57
Other Comprehensive Income, Net of Tax	25	53	48	104
Comprehensive (Loss)/Income	\$ (3,492)	\$ 6,088	\$ 41,632	\$ 33,728

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
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY
(Unaudited)

For the Six Months Ended June 30, 2019						
(Thousands of Dollars, Except Stock Information)	Common Stock		Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stockholder's Equity
	Stock	Amount				
Balance as of January 1, 2019	1,000	\$ 5	\$ 780,962	\$ 74,285	\$ (649)	\$ 854,603
Net Income				45,101		45,101
Dividends on Common Stock				(9,100)		(9,100)
Capital Contribution from Eversource Parent			31,600			31,600
Other Comprehensive Income					23	23
Balance as of March 31, 2019	1,000	5	812,562	110,286	(626)	922,227
Net Loss				(3,517)		(3,517)
Dividends on Common Stock				(9,100)		(9,100)
Capital Contributions from Eversource Parent			11,400			11,400
Other Comprehensive Income					25	25
Balance as of June 30, 2019	1,000	\$ 5	\$ 823,962	\$ 97,669	\$ (601)	\$ 921,035

For the Six Months Ended June 30, 2018						
(Thousands of Dollars, Except Stock Information)	Common Stock		Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stockholder's Equity
	Stock	Amount				
Balance as of January 1, 2018	1,000	\$ 5	\$ 780,962	\$ 78,438	\$ (1,012)	\$ 858,393
Net Income				27,589		27,589
Other Comprehensive Income					51	51
Balance as of March 31, 2018	1,000	5	780,962	106,027	(961)	886,033
Net Income				6,035		6,035
Other Comprehensive Income					53	53
Balance as of June 30, 2018	1,000	\$ 5	\$ 780,962	\$ 112,062	\$ (908)	\$ 892,121

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)

(Thousands of Dollars)	For the Six Months Ended June 30,	
	2019	2018
Operating Activities:		
Net Income	\$ 41,584	\$ 33,624
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	20,329	18,632
Deferred Income Taxes	(6,838)	(537)
Pension, SERP and PBOP Expense	1,158	1,188
Pension Contributions	—	(9,575)
Amortization of Regulatory (Liabilities)/Assets, Net	(2,686)	3,414
Regulatory Overrecoveries, Net	28,291	12,964
Uncollectible Expense	4,155	2,817
Other	798	3,278
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(17,080)	34,922
Fuel, Materials and Supplies	9,423	3,804
Taxes Receivable/Accrued, Net	(19,659)	(7,817)
Accounts Payable	(12,994)	(1,141)
Other Current Assets and Liabilities, Net	5,769	3,304
Net Cash Flows Provided by Operating Activities	<u>52,250</u>	<u>98,877</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(88,060)	(60,530)
Net Cash Flows Used in Investing Activities	<u>(88,060)</u>	<u>(60,530)</u>
Financing Activities:		
Cash Dividends on Common Stock	(18,200)	—
Capital Contributions from Parent	43,000	—
Increase in Notes Payable to Eversource Parent	11,600	—
Net Cash Flows Provided by Financing Activities	<u>36,400</u>	<u>—</u>
Net Increase in Cash	590	38,347
Cash - Beginning of Period	1,973	8,153
Cash - End of Period	<u>\$ 2,563</u>	<u>\$ 46,500</u>

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