

YANKEE GAS SERVICES, DBA EVERSOURCE
INCOME STATEMENT
12 MONTHS ENDED December 31, 2017
(Whole Dollars & Sales MCF)

	REVENUES AND <u>INCOME</u>	SALES MCF	CUSTOMERS <u>AVERAGE</u>
SALES OF GAS:			
RESIDENTIAL SERVICE	240,417,313	15,502	203,327
COMMERCIAL FIRM SERVICE	178,227,961	21,133	25,124
INDUSTRIAL FIRM SERVICE	66,783,999	14,731	1,572
SEASONAL SERVICE	-	-	22
INTERRUPTIBLE SERVICE	8,362,914	3,433	4
SALES FOR RESALE	<u>4,894,594</u>		
TOTAL SALES OF GAS	498,686,781	54,799	230,049
OTHER GAS REVENUES	3,566,415	-	-
TOTAL GAS REVENUES	<u>502,253,196</u>	<u>54,799</u>	<u>230,049</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	328,739,384		
DEPRECIATION EXPENSE	36,134,729		
TAXES OTHER THAN INCOME	52,087,492		
INCOME TAXES	(9,258,669)		
INCOME TAXES DEFERRED - NET	30,767,693		
INVESTMENT TAX CREDIT	(260,772)		
AMORTIZATION OF REGULATORY ASSETS	1,134,063		
DISPOSITION OF UTILITY PLANT	<u>-</u>		
TOTAL OPERATING EXPENSES	<u>439,343,920</u>		
OPERATING INCOME	62,909,276		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	1,351,421		
	<u>-</u>		
TOTAL INCOME	64,260,697		
INTEREST ON LONG-TERM DEBT	24,809,385		
AMORT. DEBT DISC., PREM & EXPENSE	272,780		
OTHER INTEREST EXPENSE	1,064,292		
AFUDC - CREDIT	<u>(756,139)</u>		
NET INTEREST CHARGES	<u>25,390,318</u>		
INCOME BEFORE PREFERRED DIVIDENDS	38,870,379		
PREFERRED DIVIDENDS	<u>-</u>		
BALANCE FOR COMMON	<u>38,870,379</u>		

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Rate Base
December 31, 2017
(Thousands of Dollars)

	Average *
Total Utility Plant In Service	1,756,933
Less: Reserve for Depreciation	457,711
Net Utility Plant	1,299,222
 Plus:	
Materials & Supplies, ex. fuel	3,075
Fuel Reserve (13 Month Average)	19,359
Working Capital Allowance	(5,261)
Prepayments	1,068
Other - additions	
Regulatory Asset - FAS 109	1,617
Deferred Hardship Charges, Net of Tax	5,309
Other Deferred Regulatory Assets, Net of Tax	373
 Less:	
Accumulated Provision for Deferred Income Tax	328,040
Regulatory Liability - FAS 109	1,617
Reserves, Net of Tax	7,386
Other - deductions	
Customer Advances for Construction	162
Customer Deposits	4,192
Rate Base	983,365
Operating Income	62,909
Rate of Return	6.40

* 5 Quarter Average Rate Base

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Common Equity
Cost of Capital Method
December 31, 2017
(Thousands of Dollars)

	<u>Amount</u> <u>5-Q Average</u>	<u>Capitalization</u> <u>Ratios</u> <u>5-Q Average</u>
Short-Term Debt	-	0.00%
Long-Term Debt	472,249	47.10%
Common Equity	<u>530,311</u>	<u>52.90%</u>
Total	<u><u>1,002,560</u></u>	<u><u>100.00%</u></u>
	<u>Average</u>	
	<u>Embedded</u> <u>Cost</u>	<u>Average</u> <u>Capitalization</u> <u>Ratio</u>
Short-Term Debt	0.00%	0.00%
Long-Term Debt	5.27%	47.10%
Weighted Costs		<u><u>2.48%</u></u>
Rate of Return on Rate Base		6.40%
Less: Weighted Costs		<u>2.48%</u>
Common Equity Component		3.92%
Percentage of Common Equity to Total Capitalization		<u>52.90%</u>
Return on Common Equity		<u><u>7.41%</u></u>

Notes:

(a) Beginning with the 3/31/05 Filing Short-Term Debt will no longer be included in the YGS capitalization.

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Return on Equity Reflecting Adjustments For
Retained Interruptible, Capacity Release, Off-System Sales Margins, ILEP and Weather Normalization
December 31, 2017

<u>Month</u>	<u>Allowed Return on Equity (a)</u>	<u>Calculated Return on Equity</u>	<u>Less Margins Over Target</u>	<u>Balance Adjusted For Margins</u>	<u>Weather Normalization Adjustment</u>	<u>Balance Comparable to Rate Case Return on Equity</u>
December 2016	8.83%	9.29%	0.03% (b)	9.26%	-0.88%	8.38%
March 2017	8.83%	8.92%	0.03% (b)	8.89%	-0.57%	8.32%
June 2017	8.83%	8.02%	0.03% (b)	7.99%	-0.80%	7.19%
September 2017	8.83%	7.95%	0.03% (b)	7.92%	-0.79%	7.13%
December 2017	8.83%	7.41%	0.03% (b)	7.38%	-0.40%	6.98%

Notes:

(a) Per the Final Decision to the YGS Rate Case in Docket No. 10-12-02.

(b) Reflects margins associated with the Interruptible Line Extension Policy (ILEP).