

YANKEE GAS SERVICES COMPANY  
BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,040	\$ 1,007
Receivables, Net	38,289	57,778
Accounts Receivable from Affiliated Companies	3,245	1,089
Unbilled Revenues	4,858	12,123
Taxes Receivable	15,262	11,820
Fuel, Materials and Supplies	28,120	49,450
Regulatory Assets	12,107	13,495
Prepayments and Other Current Assets	2,458	7,072
Total Current Assets	<u>105,379</u>	<u>153,834</u>
Property, Plant and Equipment, Net	<u>1,167,515</u>	<u>1,148,302</u>
Deferred Debits and Other Assets:		
Regulatory Assets	139,012	132,271
Goodwill	287,591	287,591
Other Long-Term Assets	6,619	6,267
Total Deferred Debits and Other Assets	<u>433,222</u>	<u>426,129</u>
Total Assets	<u>\$ 1,706,116</u>	<u>\$ 1,728,265</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 53,700	\$ 108,200
Accounts Payable	25,744	37,127
Accounts Payable to Affiliated Companies	8,215	12,263
Accrued Interest	6,997	7,010
Regulatory Liabilities	23,124	3,605
Other Current Liabilities	11,982	18,705
Total Current Liabilities	<u>129,762</u>	<u>186,910</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	286,316	266,619
Regulatory Liabilities	48,916	48,746
Accrued Pension, SERP and PBOP	99,234	97,855
Other Long-Term Liabilities	37,157	44,136
Total Deferred Credits and Other Liabilities	<u>471,623</u>	<u>457,356</u>
Capitalization:		
Long-Term Debt	<u>370,518</u>	<u>370,570</u>
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	647,168	647,030
Retained Earnings	88,050	67,474
Accumulated Other Comprehensive Loss	(1,010)	(1,080)
Common Stockholder's Equity	<u>734,213</u>	<u>713,429</u>
Total Capitalization	<u>1,104,731</u>	<u>1,083,999</u>
Total Liabilities and Capitalization	<u>\$ 1,706,116</u>	<u>\$ 1,728,265</u>

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

YANKEE GAS SERVICES COMPANY  
 STATEMENTS OF INCOME  
 (Unaudited)

(Thousands of Dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues	\$ 90,594	\$ 106,561	\$ 312,551	\$ 319,191
Operating Expenses:				
Cost of Natural Gas	31,579	47,138	138,274	150,115
Operations and Maintenance	23,558	27,822	51,239	54,319
Depreciation	8,158	7,797	16,364	15,514
Amortization of Regulatory Assets/(Liabilities), Net	555	(23)	1,156	206
Energy Efficiency Programs	3,726	4,175	13,407	13,132
Taxes Other Than Income Taxes	10,223	10,101	26,836	24,864
Total Operating Expenses	77,799	97,010	247,276	258,150
Operating Income	12,795	9,551	65,275	61,041
Interest Expense:				
Interest on Long-Term Debt	5,351	5,355	10,708	10,720
Other Interest Expense	496	259	1,128	249
Interest Expense	5,847	5,614	11,836	10,969
Other Income/(Loss), Net	187	(16)	51	(95)
Income Before Income Tax Expense	7,135	3,921	53,490	49,977
Income Tax Expense	3,155	1,676	20,915	19,176
Net Income	\$ 3,980	\$ 2,245	\$ 32,575	\$ 30,801
STATEMENTS OF COMPREHENSIVE INCOME				
Net Income	\$ 3,980	\$ 2,245	\$ 32,575	\$ 30,801
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	24	23	47	46
Changes in Funded Status of SERP Benefit Plan	11	17	23	33
Other Comprehensive Income, Net of Tax	35	40	70	79
Comprehensive Income	\$ 4,015	\$ 2,285	\$ 32,645	\$ 30,880

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YANKEE GAS SERVICES COMPANY  
STATEMENT OF RETAINED EARNINGS  
(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2015	
Balance at Beginning of Period	\$	67,474
Additions:		
Net Income		32,575
Deductions:		
Dividends on Common Stock		11,999
Balance at End of Period	<u>\$</u>	<u>88,050</u>

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

YANKEE GAS SERVICES COMPANY  
STATEMENTS OF CASH FLOWS  
(Unaudited)

(Thousands of Dollars)	For the Six Months Ended June 30,	
	2015	2014
Operating Activities:		
Net Income	\$ 32,575	\$ 30,801
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	16,364	15,514
Deferred Income Taxes	5,802	12,363
Pension, SERP and PBOP Expense	3,392	3,723
Pension and PBOP Contributions	(6,632)	(4,752)
Regulatory Overrecoveries, Net	21,612	14,222
Amortization of Regulatory Assets, Net	1,156	206
Other	3,546	5,981
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	15,765	21,136
Fuel, Materials and Supplies	21,330	9,489
Taxes Receivable/Accrued, Net	(4,863)	(25,934)
Accounts Payable	(13,038)	(8,783)
Other Current Assets and Liabilities, Net	4,613	3,250
Net Cash Flows Provided by Operating Activities	<u>101,622</u>	<u>77,216</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(35,141)	(35,362)
Other Investing Activities	70	-
Net Cash Flows Used in Investing Activities	<u>(35,071)</u>	<u>(35,362)</u>
Financing Activities:		
Cash Dividends on Common Stock	(12,000)	(12,600)
Issuance of Long-Term Debt	-	100,000
Retirement of Long-Term Debt	-	(75,000)
Decrease in Notes Payable to Eversource Parent	(54,500)	(68,100)
Capital Contributions from Parent	-	15,000
Other Financing Activities	(18)	(614)
Net Cash Flows Used in Financing Activities	<u>(66,518)</u>	<u>(41,314)</u>
Net Increase in Cash	33	540
Cash - Beginning of Period	1,007	1,038
Cash - End of Period	<u>\$ 1,040</u>	<u>\$ 1,578</u>

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