

YANKEE GAS SERVICES COMPANY  
BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	March 31, 2015	December 31, 2014
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 4,358	\$ 1,007
Receivables, Net	84,924	57,778
Accounts Receivable from Affiliated Companies	6,092	1,089
Unbilled Revenues	12,191	12,123
Taxes Receivable	52	11,820
Fuel, Materials and Supplies	18,322	49,450
Regulatory Assets	13,033	13,495
Prepayments and Other Current Assets	6,607	7,072
Total Current Assets	<u>145,579</u>	<u>153,834</u>
Property, Plant and Equipment, Net	<u>1,152,925</u>	<u>1,148,302</u>
Deferred Debits and Other Assets:		
Regulatory Assets	129,148	132,271
Goodwill	287,591	287,591
Other Long-Term Assets	6,543	6,267
Total Deferred Debits and Other Assets	<u>423,282</u>	<u>426,129</u>
Total Assets	<u>\$ 1,721,786</u>	<u>\$ 1,728,265</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
Current Liabilities:		
Notes Payable to ES Parent	\$ 57,400	\$ 108,200
Accounts Payable	26,271	37,127
Accounts Payable to Affiliated Companies	20,044	12,263
Accrued Taxes	9,579	4,919
Accrued Interest	7,679	7,010
Regulatory Liabilities	19,478	3,605
Other Current Liabilities	9,536	13,786
Total Current Liabilities	<u>149,987</u>	<u>186,910</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	286,047	266,619
Regulatory Liabilities	50,654	48,746
Accrued Pension, SERP and PBOP	92,082	97,855
Other Long-Term Liabilities	36,274	44,136
Total Deferred Credits and Other Liabilities	<u>465,057</u>	<u>457,356</u>
Capitalization:		
Long-Term Debt	<u>370,544</u>	<u>370,570</u>
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	647,168	647,030
Retained Earnings	90,070	67,474
Accumulated Other Comprehensive Loss	(1,045)	(1,080)
Common Stockholder's Equity	<u>736,198</u>	<u>713,429</u>
Total Capitalization	<u>1,106,742</u>	<u>1,083,999</u>
Total Liabilities and Capitalization	<u>\$ 1,721,786</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 March 31,	
	2015	2014
Operating Revenues	\$ 221,957	\$ 212,630
Operating Expenses:		
Cost of Natural Gas	106,695	102,977
Operations and Maintenance	27,681	26,497
Depreciation	8,206	7,717
Amortization of Regulatory Assets, Net	600	229
Energy Efficiency Programs	9,682	8,957
Taxes Other Than Income Taxes	16,613	14,763
Total Operating Expenses	<u>169,477</u>	<u>161,140</u>
Operating Income	52,480	51,490
Interest Expense:		
Interest on Long-Term Debt	5,358	5,364
Other Interest	630	(9)
Interest Expense	<u>5,988</u>	<u>5,355</u>
Other Loss, Net	<u>(136)</u>	<u>(79)</u>
Income Before Income Tax Expense	46,356	46,056
Income Tax Expense	17,760	17,501
Net Income	<u>\$ 28,596</u>	<u>\$ 28,555</u>
STATEMENTS OF COMPREHENSIVE INCOME		
Net Income	<u>\$ 28,596</u>	<u>\$ 28,555</u>
Other Comprehensive Income, Net of Tax:		
Qualified Cash Flow Hedging Instruments	23	23
Changes in Funded Status of SERP Benefit Plan	12	16
Other Comprehensive Income, Net of Tax	<u>35</u>	<u>39</u>
Comprehensive Income	<u>\$ 28,631</u>	<u>\$ 28,594</u>

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YANKEE GAS SERVICES COMPANY  
STATEMENT OF RETAINED EARNINGS  
(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31, 2015	
Balance at Beginning of Period	\$	67,474
Additions:		
Net Income		28,596
Deductions:		
Dividends on Common Stock		6,000
Balance at End of Period	<u>\$</u>	<u>90,070</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 Three Months Ended March 31,	
	2015	2014
Operating Activities:		
Net Income	\$ 28,596	\$ 28,555
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	8,206	7,717
Deferred Income Taxes	8,154	11,454
Pension, SERP and PBOP Expense	1,777	1,948
Pension and PBOP Contributions	(6,628)	(11)
Regulatory Overrecoveries, Net	20,875	5,845
Amortization of Regulatory Assets, Net	600	229
Other	2,092	2,699
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(36,428)	(26,527)
Fuel, Materials and Supplies	31,127	25,856
Taxes Receivable/Accrued, Net	16,824	(3,951)
Accounts Payable	3,608	13,328
Other Current Assets and Liabilities, Net	(254)	487
Net Cash Flows Provided by Operating Activities	<u>78,549</u>	<u>67,629</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(18,465)	(15,429)
Other Investing Activities	106	-
Net Cash Flows Used in Investing Activities	<u>(18,359)</u>	<u>(15,429)</u>
Financing Activities:		
Cash Dividends on Common Stock	(6,000)	(6,300)
Issuance of Long-Term Debt	-	100,000
Retirement of Long-Term Debt	-	(75,000)
Decrease in Notes Payable to ES Parent	(50,800)	(83,400)
Capital Contributions from Parent	-	15,000
Other Financing Activities	(39)	(13)
Net Cash Flows Used in Financing Activities	<u>(56,839)</u>	<u>(49,713)</u>
Net Increase in Cash	3,351	2,487
Cash - Beginning of Period	1,007	1,038
Cash - End of Period	<u>\$ 4,358</u>	<u>\$ 3,525</u>

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