

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	\$ 46,500	\$ 8,153
Receivables, Net	44,717	54,612
Accounts Receivable from Affiliated Companies	7,486	24,820
Unbilled Revenues	4,906	18,100
Fuel, Materials and Supplies	17,247	21,050
Regulatory Assets	16,299	17,355
Other Current Assets	6,899	8,900
Total Current Assets	<u>144,054</u>	<u>152,990</u>
Property, Plant and Equipment, Net	<u>1,474,252</u>	<u>1,428,012</u>
Deferred Debits and Other Assets:		
Regulatory Assets	138,509	137,179
Goodwill	287,591	287,591
Other Long-Term Assets	5,084	4,534
Total Deferred Debits and Other Assets	<u>431,184</u>	<u>429,304</u>
Total Assets	<u>\$ 2,049,490</u>	<u>\$ 2,010,306</u>
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Long-Term Debt - Current Portion	\$ 100,000	\$ 100,000
Accounts Payable	50,532	48,843
Accounts Payable to Affiliated Companies	15,503	17,243
Regulatory Liabilities	13,318	5,298
Other Current Liabilities	20,076	28,404
Total Current Liabilities	<u>199,429</u>	<u>199,788</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	208,220	200,665
Regulatory Liabilities	231,392	225,698
Accrued Pension, SERP and PBOP	55,991	68,181
Other Long-Term Liabilities	43,624	38,961
Total Deferred Credits and Other Liabilities	<u>539,227</u>	<u>533,505</u>
Long-Term Debt	<u>418,713</u>	<u>418,620</u>
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	780,962	780,962
Retained Earnings	112,062	78,438
Accumulated Other Comprehensive Loss	(908)	(1,012)
Common Stockholder's Equity	<u>892,121</u>	<u>858,393</u>
Total Liabilities and Capitalization	<u>\$ 2,049,490</u>	<u>\$ 2,010,306</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,	
	2018	2017	2018	2017
Operating Revenues	\$ 108,048	\$ 97,581	\$ 300,559	\$ 302,098
Operating Expenses:				
Cost of Natural Gas	45,128	39,240	133,965	142,523
Operations and Maintenance	23,634	24,566	50,424	50,749
Depreciation	9,333	8,880	18,632	17,595
Amortization of Regulatory Assets, Net	572	27	3,414	2,444
Energy Efficiency Programs	3,084	3,193	11,297	10,693
Taxes Other Than Income Taxes	12,172	11,488	27,726	27,926
Total Operating Expenses	93,923	87,394	245,458	251,930
Operating Income	14,125	10,187	55,101	50,168
Interest Expense	6,465	6,383	12,843	12,548
Other Income, Net	419	92	1,049	179
Income Before Income Tax Expense	8,079	3,896	43,307	37,799
Income Tax Expense	2,044	1,483	9,683	13,484
Net Income	\$ 6,035	\$ 2,413	\$ 33,624	\$ 24,315

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,	
	2018	2017	2018	2017
Net Income	\$ 6,035	\$ 2,413	\$ 33,624	\$ 24,315
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	24	23	47	46
Changes in Funded Status of SERP Benefit Plan	29	36	57	72
Other Comprehensive Income, Net of Tax	53	59	104	118
Comprehensive Income	\$ 6,088	\$ 2,472	\$ 33,728	\$ 24,433

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YANKEE GAS SERVICES COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Six Months Ended June 30,	
	2018	2017
Operating Activities:		
Net Income	\$ 33,624	\$ 24,315
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	18,632	17,595
Deferred Income Taxes	(537)	9,319
Pension, SERP and PBOP Expense	1,188	1,403
Pension Contributions	(9,575)	(6,350)
Amortization of Regulatory Assets, Net	3,414	2,444
Regulatory Overrecoveries, Net	12,964	32,731
Bad Debt Expense	2,817	2,975
Other	3,278	(2,844)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	34,922	15,864
Fuel, Materials and Supplies	3,804	2,825
Taxes Receivable/Accrued, Net	(7,817)	(4,221)
Accounts Payable	(1,141)	(16,951)
Other Current Assets and Liabilities, Net	3,304	5,343
Net Cash Flows Provided by Operating Activities	<u>98,877</u>	<u>84,448</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(60,530)	(70,155)
Net Cash Flows Used in Investing Activities	<u>(60,530)</u>	<u>(70,155)</u>
Financing Activities:		
Cash Dividends on Common Stock	—	(52,200)
Increase in Notes Payable to Eversource Parent	—	36,100
Net Cash Flows Used in Financing Activities	<u>—</u>	<u>(16,100)</u>
Net Increase/(Decrease) in Cash	38,347	(1,807)
Cash - Beginning of Period	8,153	1,807
Cash - End of Period	<u>\$ 46,500</u>	<u>\$ —</u>

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