

YANKEE GAS SERVICES COMPANY  
BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	September 30, 2015	December 31, 2014
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,456	\$ 1,007
Receivables, Net	28,373	57,778
Accounts Receivable from Affiliated Companies	8,101	1,089
Unbilled Revenues	4,955	12,123
Taxes Receivable	11,128	11,820
Fuel, Materials and Supplies	36,928	49,450
Regulatory Assets	12,522	13,495
Prepayments and Other Current Assets	13,560	7,072
Total Current Assets	<u>117,023</u>	<u>153,834</u>
Property, Plant and Equipment, Net	<u>1,189,653</u>	<u>1,148,302</u>
Deferred Debits and Other Assets:		
Regulatory Assets	143,371	132,271
Goodwill	287,591	287,591
Other Long-Term Assets	6,336	6,267
Total Deferred Debits and Other Assets	<u>437,298</u>	<u>426,129</u>
Total Assets	<u>\$ 1,743,974</u>	<u>\$ 1,728,265</u>
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 13,400	\$ 108,200
Accounts Payable	27,090	37,127
Accounts Payable to Affiliated Companies	9,891	12,263
Accrued Interest	7,841	7,010
Regulatory Liabilities	12,232	3,605
Other Current Liabilities	12,571	18,705
Total Current Liabilities	<u>83,025</u>	<u>186,910</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	294,033	266,619
Regulatory Liabilities	49,762	48,746
Accrued Pension, SERP and PBOP	82,171	97,855
Other Long-Term Liabilities	37,537	44,136
Total Deferred Credits and Other Liabilities	<u>463,503</u>	<u>457,356</u>
Capitalization:		
Long-Term Debt	<u>445,493</u>	<u>370,570</u>
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	667,168	647,030
Retained Earnings	85,755	67,474
Accumulated Other Comprehensive Loss	(975)	(1,080)
Common Stockholder's Equity	<u>751,953</u>	<u>713,429</u>
Total Capitalization	<u>1,197,446</u>	<u>1,083,999</u>
Total Liabilities and Capitalization	<u>\$ 1,743,974</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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Operating Revenues	\$ 62,873	\$ 67,849	\$ 375,424	\$ 387,040
Operating Expenses:				
Cost of Natural Gas	14,309	19,809	152,583	169,923
Operations and Maintenance	24,210	25,208	75,449	79,527
Depreciation	8,207	7,889	24,571	23,403
Amortization of Regulatory Assets/(Liabilities), Net	81	(130)	1,237	76
Energy Efficiency Programs	1,999	2,288	15,406	15,420
Taxes Other Than Income Taxes	9,065	8,721	35,901	33,586
Total Operating Expenses	57,871	63,785	305,147	321,935
Operating Income	5,002	4,064	70,277	65,105
Interest Expense	5,854	5,495	17,690	16,463
Other Income, Net	(30)	95	21	-
Income/(Loss) Before Income Tax Expense	(882)	(1,336)	52,608	48,642
Income Tax Expense	(4,588)	93	16,327	19,270
Net Income/(Loss)	\$ 3,706	\$ (1,429)	\$ 36,281	\$ 29,372
STATEMENTS OF COMPREHENSIVE INCOME				
Net Income/(Loss)	\$ 3,706	\$ (1,429)	\$ 36,281	\$ 29,372
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	23	23	70	70
Changes in Funded Status of SERP Benefit Plan	12	16	35	49
Other Comprehensive Income, Net of Tax	35	39	105	119
Comprehensive Income/(Loss)	\$ 3,741	\$ (1,390)	\$ 36,386	\$ 29,491

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 CASH FLOWS  
(Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30,	
	2015	2014
<b>Operating Activities:</b>		
Net Income	\$ 36,281	\$ 29,372
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	24,571	23,403
Deferred Income Taxes	7,825	11,388
Pension, SERP and PBOP Expense	5,159	5,524
Pension and PBOP Contributions	(24,658)	(9,493)
Regulatory Overrecoveries, Net	14,930	12,808
Amortization of Regulatory Assets, Net	1,237	76
Other	3,415	4,090
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	18,520	29,118
Fuel, Materials and Supplies	12,522	(3,531)
Taxes Receivable/Accrued, Net	(1,001)	(14,003)
Accounts Payable	(12,336)	(12,683)
Other Current Assets and Liabilities, Net	(6,516)	(6,961)
Net Cash Flows Provided by Operating Activities	<u>79,949</u>	<u>69,108</u>
<b>Investing Activities:</b>		
Investments in Property, Plant and Equipment	(61,484)	(63,116)
Other Investing Activities	70	-
Net Cash Flows Used in Investing Activities	<u>(61,414)</u>	<u>(63,116)</u>
<b>Financing Activities:</b>		
Cash Dividends on Common Stock	(18,000)	(18,900)
Issuance of Long-Term Debt	75,000	100,000
Retirement of Long-Term Debt	-	(75,000)
Decrease in Notes Payable to Eversource Parent	(94,800)	(42,400)
Capital Contributions from Parent	20,000	30,000
Other Financing Activities	(286)	(621)
Net Cash Flows Used in Financing Activities	<u>(18,086)</u>	<u>(6,921)</u>
Net Increase/(Decrease) in Cash	449	(929)
Cash - Beginning of Period	1,007	1,038
Cash - End of Period	<u>\$ 1,456</u>	<u>\$ 109</u>

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