

YANKEE GAS SERVICES COMPANY  
BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	September 30, 2016	December 31, 2015
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 6,324	\$ -
Receivables, Net	20,666	37,522
Accounts Receivable from Affiliated Companies	3,367	3,446
Unbilled Revenues	4,686	9,978
Taxes Receivable	6,776	16,566
Fuel, Materials and Supplies	25,812	33,733
Regulatory Assets	13,433	14,365
Prepayments	14,615	7,405
Total Current Assets	<u>95,679</u>	<u>123,015</u>
Property, Plant and Equipment, Net	<u>1,282,690</u>	<u>1,225,549</u>
Deferred Debits and Other Assets:		
Regulatory Assets	127,552	129,825
Goodwill	287,591	287,591
Other Long-Term Assets	4,491	4,593
Total Deferred Debits and Other Assets	<u>419,634</u>	<u>422,009</u>
Total Assets	<u>\$ 1,798,003</u>	<u>\$ 1,770,573</u>
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ -	\$ 25,900
Accounts Payable	35,033	37,288
Accounts Payable to Affiliated Companies	12,120	13,256
Accrued Interest	7,942	7,788
Regulatory Liabilities	5,890	1,912
Security Deposits	3,728	3,947
Other Current Liabilities	7,255	10,357
Total Current Liabilities	<u>71,968</u>	<u>100,448</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	326,093	303,270
Regulatory Liabilities	45,258	49,899
Accrued Pension, SERP and PBOP	68,888	72,480
Other Long-Term Liabilities	36,765	45,278
Total Deferred Credits and Other Liabilities	<u>477,004</u>	<u>470,927</u>
Capitalization:		
Long-Term Debt	<u>443,826</u>	<u>443,746</u>
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	707,169	667,169
Retained Earnings	98,889	89,238
Accumulated Other Comprehensive Loss	(858)	(960)
Common Stockholder's Equity	<u>805,205</u>	<u>755,452</u>
Total Capitalization	<u>1,249,031</u>	<u>1,199,198</u>
Total Liabilities and Capitalization	<u>\$ 1,798,003</u>	<u>\$ 1,770,573</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)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating Revenues	\$ 65,647	\$ 62,873	\$ 320,265	\$ 375,424
Operating Expenses:				
Cost of Natural Gas	16,885	14,309	112,780	152,583
Operations and Maintenance	23,520	24,210	70,846	75,449
Depreciation	8,477	8,207	25,356	24,571
Amortization of Regulatory (Liabilities)/Assets, Net	(328)	81	1,960	1,237
Energy Efficiency Programs	1,653	1,999	12,398	15,406
Taxes Other Than Income Taxes	9,904	9,065	34,577	35,901
Total Operating Expenses	60,111	57,871	257,917	305,147
Operating Income	5,536	5,002	62,348	70,277
Interest Expense	6,125	5,854	18,379	17,690
Other Income/(Loss), Net	183	(30)	(69)	21
(Loss)/Income Before Income Tax (Benefit)/Expense	(406)	(882)	43,900	52,608
Income Tax (Benefit)/Expense	(943)	(4,588)	15,048	16,327
Net Income	\$ 537	\$ 3,706	\$ 28,852	\$ 36,281

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

STATEMENTS OF COMPREHENSIVE INCOME

Net Income	\$ 537	\$ 3,706	\$ 28,852	\$ 36,281
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	23	23	70	70
Changes in Funded Status of SERP Benefit Plan	11	12	32	35
Other Comprehensive Income, Net of Tax	34	35	102	105
Comprehensive Income	\$ 571	\$ 3,741	\$ 28,954	\$ 36,386

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,	
	2016	2015
<b>Operating Activities:</b>		
Net Income	\$ 28,852	\$ 36,281
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	25,356	24,571
Deferred Income Taxes	13,766	7,825
Pension, SERP and PBOP Expense	2,493	5,159
Pension and PBOP Contributions	(6,264)	(24,658)
Regulatory Overrecoveries, Net	6,039	14,930
Amortization of Regulatory Assets, Net	1,960	1,237
Other	6,696	3,415
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	13,990	18,520
Fuel, Materials and Supplies	7,921	12,522
Taxes Receivable/Accrued, Net	7,687	(1,001)
Accounts Payable	(6,130)	(12,336)
Other Current Assets and Liabilities, Net	(8,236)	(6,516)
Net Cash Flows Provided by Operating Activities	<u>94,130</u>	<u>79,949</u>
<b>Investing Activities:</b>		
Investments in Property, Plant and Equipment	(82,702)	(61,484)
Other Investing Activities	-	70
Net Cash Flows Used in Investing Activities	<u>(82,702)</u>	<u>(61,414)</u>
<b>Financing Activities:</b>		
Cash Dividends on Common Stock	(19,200)	(18,000)
Issuance of Long-Term Debt	-	75,000
Decrease in Notes Payable to Eversource Parent	(25,900)	(94,800)
Capital Contributions from Parent	40,000	20,000
Other Financing Activities	(4)	(286)
Net Cash Flows Used in Financing Activities	<u>(5,104)</u>	<u>(18,086)</u>
Net Increase in Cash	6,324	449
Cash - Beginning of Period	-	1,007
Cash - End of Period	<u>\$ 6,324</u>	<u>\$ 1,456</u>

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