

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
INCOME STATEMENT
12 MONTHS ENDED JUNE 30 , 2016
(THOUSANDS OF DOLLARS & Sales MCF)

| | REVENUES AND INCOME | SALES MCF | CUSTOMERS AVERAGE |
|---|------------------------------------|----------------------|------------------------------|
| SALES OF GAS: | | | |
| RESIDENTIAL SERVICE | 196,807 | 13,797 | 198,008 |
| COMMERCIAL FIRM SERVICE | 149,453 | 19,160 | 24,996 |
| INDUSTRIAL FIRM SERVICE | 58,787 | 14,606 | 1,628 |
| SEASONAL SERVICE | | 0 | 24 |
| INTERRUPTIBLE SERVICE | 7,889 | 3,187 | 8 |
| SALES FOR RESALE | <u>4,327</u> | | <u>0</u> |
| TOTAL SALES OF GAS | 417,263 | 50,750 | 224,664 |
| OTHER GAS REVENUES | 3,443 | | 0 |
| TOTAL GAS REVENUES | <u>420,706</u> | <u>50,750</u> | <u>224,664</u> |
| OPERATING EXPENSES: | | | |
| OPERATION & MAINTENANCE EXPENSE | 255,983 | | |
| DEPRECIATION EXPENSE | 34,087 | | |
| TAXES OTHER THAN INCOME | 44,868 | | |
| INCOME TAXES | -6,420 | | |
| INCOME TAXES DEFERRED - NET | 25,582 | | |
| INVESTMENT TAX CREDIT | -297 | | |
| AMORTIZATION OF REGULATORY ASSETS | 1,749 | | |
| DISPOSITION OF UTILITY PLANT | | | |
| TOTAL OPERATING EXPENSES | <u>355,552</u> | | |
| OPERATING INCOME | 65,154 | | |
| OTHER INCOME AND DEDUCTIONS -NET AFUDC | <u>538</u> | | |
| TOTAL INCOME | 65,692 | | |
| INTEREST ON LONG-TERM DEBT | 23,466 | | |
| AMORT. DEBT DISC., PREM & EXPENSE | 237 | | |
| OTHER INTEREST EXPENSE | 669 | | |
| AFUDC - CREDIT | <u>-182</u> | | |
| NET INTEREST CHARGES | <u>24,190</u> | | |
| INCOME BEFORE PREFERRED DIVIDENDS | 41,502 | | |
| PREFERRED DIVIDENDS | | | |
| BALANCE FOR COMMON | <u><u>41,502</u></u> | | |

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Rate Base
June 30, 2016
(Thousands of Dollars)

| | Average * |
|---|------------------|
| Total Utility Plant In Service | 1,571,672 |
| Less: Reserve for Depreciation | 432,489 |
| Net Utility Plant | 1,139,183 |
| | |
| Plus: | |
| Materials & Supplies, ex. fuel | 3,023 |
| Fuel Reserve (13 Month Average) | 26,480 |
| Working Capital Allowance | (4,403) |
| Prepayments | 1,067 |
| Other - additions | |
| Regulatory Asset - FAS 109 | 31,109 |
| Deferred Hardship Charges, Net of Tax | 6,650 |
| Other Deferred Regulatory Assets, Net of Tax | 901 |
| | |
| Less: | |
| Accumulated Provision for Deferred Income Tax | 275,321 |
| Regulatory Liability - FAS 109 | 31,109 |
| Reserves, Net of Tax | 7,455 |
| Non-Firm Margin Credit CES, Net of Tax | 5,272 |
| Other - deductions | |
| Customer Advances for Construction | 184 |
| Customer Deposits | 3,743 |
| | |
| Rate Base | 880,926 |
| | |
| Operating Income | 65,155 |
| | |
| Rate of Return | 7.40 |

* 5 Quarter Average Rate Base

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Return on Equity Reflecting Adjustments For
Retained Interruptible, Capacity Release, Off-System Sales Margins, ILEP and Weather Normalization
June 30, 2016

| <u>Month</u> | <u>Allowed Return on Equity (a)</u> | <u>Calculated Return on Equity</u> | <u>Less Margins Over Target</u> | <u>Balance Adjusted For Margins</u> | <u>Weather Normalization Adjustment</u> | <u>Balance Comparable to Rate Case Return on Equity</u> |
|----------------|---|--|-------------------------------------|---|---|---|
| June 2015 | 8.83% | 10.32% | 0.02% | 10.30% | -0.74% | 9.56% |
| September 2015 | 8.83% | 11.33% | 0.02% | 11.31% | -0.73% | 10.58% |
| December 2015 | 8.83% | 9.98% | 0.04% (b) | 9.94% | 0.11% | 10.05% |
| March 2016 | 8.83% | 8.70% | 0.04% (b) | 8.66% | 2.23% | 10.89% |
| June 2016 | 8.83% | 9.02% | 0.04% (b) | 8.98% | 0.60% | 9.58% |

Notes:

(a) Per the Final Decision to the YGS Rate Case in Docket No. 10-12-02.

(b) Reflects margins associated with the Interruptible Line Extension Policy (ILEP).