

YANKEE GAS SERVICES
d/b/a EVERSOURCE ENERGY
INCOME STATEMENT
12 MONTHS ENDED MARCH 31, 2015
(THOUSANDS OF DOLLARS)

	REVENUES AND INCOME	SALES MCF	CUSTOMERS AVERAGE
SALES OF GAS:			
RESIDENTIAL SERVICE	256,389	16,896	194,090
COMMERCIAL FIRM SERVICE	182,418	21,439	24,725
INDUSTRIAL FIRM SERVICE	70,204	16,143	1,615
SEASONAL SERVICE		0	27
INTERRUPTIBLE SERVICE	6,428	3,433	9
SALES FOR RESALE	9,910		0
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'TOTAL SALES OF GAS	525,349	57,911	220,466
OTHER GAS REVENUES	5,252		0
TOTAL GAS REVENUES	<u>530,600</u>	<u>57,911</u>	<u>220,466</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	353,157		
DEPRECIATION EXPENSE	32,878		
TAXES OTHER THAN INCOME	46,617		
INCOME TAXES	1,896		
INCOME TAXES DEFERRED - NET	27,302		
INVESTMENT TAX CREDIT	-357		
AMORTIZATION OF REGULATORY ASSETS	567		
DISPOSITION OF UTILITY PLANT			
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TOTAL OPERATING EXPENSES	<u>462,062</u>		
OPERATING INCOME	68,539		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	137		
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TOTAL INCOME	68,676		
INTEREST ON LONG-TERM DEBT	21,579		
AMORT. DEBT DISC., PREM & EXPENSE	192		
OTHER INTEREST EXPENSE	784		
AFUDC - CREDIT	-103		
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NET INTEREST CHARGES	<u>22,452</u>		
INCOME BEFORE PREFERRED DIVIDENDS	46,223		
PREFERRED DIVIDENDS			
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BALANCE FOR COMMON	<u>46,223</u>		

YANKEE GAS SERVICES COMPANY
d/b/a EVERSOURCE ENERGY
Rate of Return on Rate Base
March 31, 2015
(Thousands of Dollars)

	Average *
Total Utility Plant In Service	1,477,046
Less: Reserve for Depreciation	417,349
Net Utility Plant	1,059,697
 Plus:	
Materials & Supplies, ex. fuel	2,979
Fuel Reserve (13 Month Average)	35,633
Working Capital Allowance	(5,492)
Prepayments	969
Other - additions	
Regulatory Asset - FAS 109	28,786
Deferred Hardship Charges, Net of Tax	4,922
Other Deferred Regulatory Assets, Net of Tax	1,391
 Less:	
Accumulated Provision for Deferred Income Tax	245,683
Regulatory Liability - FAS 109	28,786
Reserves, Net of Tax	7,193
Non-Firm Margin Credit CES, Net of Tax	1,272
Other - deductions	
Customer Advances for Construction	184
Customer Deposits	2,980
 Rate Base	 842,787
 Operating Income	 68,539
 Rate of Return	 8.13

* 5 Quarter Average Rate Base

YANKEE GAS SERVICES COMPANY
d/b/a EVERSOURCE ENERGY
Rate of Return on Common Equity
Cost of Capital Method
March 31, 2015
(Thousands of Dollars)

	<u>Amount</u> <u>5-Q Average</u>	<u>Capitalization</u> <u>Ratios</u> <u>5-Q Average</u>	
Short-Term Debt NOTE (a)	-	0.00%	
Long-Term Debt	366,470	46.36%	
Common Equity	423,980	53.64%	
Total	<u>790,450</u>	<u>100.00%</u>	
	<u>Average</u>		
	<u>Embedded</u> <u>Cost</u>	<u>Capitalization</u> <u>Ratio</u>	<u>Weighted</u> <u>Cost</u>
Short-Term Debt	0.00%	0.00%	0.00%
Long-Term Debt	5.90%	46.36%	2.74%
Weighted Costs			<u>2.74%</u>
Rate of Return on Rate Base			8.13%
Less: Weighted Costs			<u>2.74%</u>
Common Equity Component			5.40%
Percentage of Common Equity to Total Capitalization			<u>53.64%</u>
Return on Common Equity			<u>10.06%</u>

Notes:

(a) Beginning with the 3/31/05 Filing Short-Term Debt will no longer be included in the YGS capitalization.

YANKEE GAS SERVICES
d/b/a EVERSOURCE ENERGY
Return on Equity Reflecting Adjustments For
Retained Interruptible, ILEP, Capacity Release and Off-System Sales Margins and Weather Normalization
March 31, 2015

<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>
March 2014	8.83%	9.05%	0.04%	9.01%	0.02%	9.03%
June 2014	8.83%	10.45%	0.02%	10.43%	-0.93%	9.50%
September 2014	8.83%	9.94%	0.02%	9.92%	-0.80%	9.12%
December 2014	8.83%	9.99%	0.02%	9.97%	-0.78%	9.19%
March 2015	8.83%	10.06%	0.02% (b)	10.04%	-0.99%	9.05%

Notes:

- (a) Per the Final Decision to the YGS Rate Case in Docket No. 10-12-02.
- (b) Beginning January 2014 100% of the Non-Firm Margin credit will be applied toward CES rate base and to offset CES expansion costs costs per Docket No. 13-06-02 PURA Investigation of Connecticut's Local Distribution Companies' Proposed Expansion Plans to Comply with Connecticut's Comprehensive Energy Strategy. Yankee will no longer be allocated the 1% share of the excess margins as was previously reported above.

**Yankee Gas Services Company
d/b/a EVERSOURCE ENERGY
Bradley Field Heating Degree Days ("HDD")**

4/14 - 3/15 Actual HDD 6227
12 Month Normal HDD* 5896

Annual HDD Since 1988:**Monthly HDD's Jan15- Mar15**

<u>Year</u>	<u>Actual HDD</u>	<u>Year</u>	<u>Month</u>	<u>Actual HDD</u>	<u>Normal HDD</u>
2014	6062	2015	1	1271	1173
2013	5933	2015	2	1322	983
2012	5059	2015	3	987	840
2011	5675	Total		3580	2996
2010	5332				
2009	5975				
2008	5792				
2007	5839				
2006	5272				
2005	6129				
2004	6066				
2003	6265				
2002	5656				
2001	5697				
2000	6161				
1999	5592				
1998	5146				
1997	6111				
1996	6212				
1995	5994				
1994	6096				
1993	6226				
1992	6320				
1991	5395				
1990	5228				
1989	6298				
1988	6384				
Average	5849				

* Normal based on 30-year average (1984-2013) degree days