

YANKEE GAS SERVICES, DBA EVERSOURCE
INCOME STATEMENT
12 MONTHS ENDED March 31 , 2017
(Thousands of Dollars & Sales MCF)

	REVENUES AND INCOME	SALES MCF	CUSTOMERS AVERAGE
SALES OF GAS:			
RESIDENTIAL SERVICE	238,388	15,570	200,698
COMMERCIAL FIRM SERVICE	176,157	20,762	25,163
INDUSTRIAL FIRM SERVICE	65,023	14,603	1,606
SEASONAL SERVICE	-	-	19
INTERRUPTIBLE SERVICE	8,236	3,747	10
SALES FOR RESALE	3,114		-
TOTAL SALES OF GAS	490,918	54,682	227,496
OTHER GAS REVENUES	3,761	-	-
TOTAL GAS REVENUES	494,679	54,682	227,496
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	315,825		
DEPRECIATION EXPENSE	35,087		
TAXES OTHER THAN INCOME	49,856		
INCOME TAXES	(9,574)		
INCOME TAXES DEFERRED - NET	33,248		
INVESTMENT TAX CREDIT	(269)		
AMORTIZATION OF REGULATORY ASSETS	2,684		
DISPOSITION OF UTILITY PLANT	-		
TOTAL OPERATING EXPENSES	426,857		
OPERATING INCOME	67,822		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	1,020		-
TOTAL INCOME	68,842		
INTEREST ON LONG-TERM DEBT	23,871		
AMORT. DEBT DISC., PREM & EXPENSE	256		
OTHER INTEREST EXPENSE	936		
AFUDC - CREDIT	(426)		
NET INTEREST CHARGES	24,637		
INCOME BEFORE PREFERRED DIVIDENDS	44,205		
PREFERRED DIVIDENDS	-		
BALANCE FOR COMMON	44,205		

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Rate Base
March 31, 2017
(Thousands of Dollars)

	Average *
Total Utility Plant In Service	1,659,972
Less: Reserve for Depreciation	443,917
Net Utility Plant	1,216,055
 Plus:	
Materials & Supplies, ex. fuel	3,200
Fuel Reserve (13 Month Average)	20,235
Working Capital Allowance	(5,199)
Prepayments	1,139
Other - additions	
Regulatory Asset - FAS 109	34,881
Deferred Hardship Charges, Net of Tax	5,800
Other Deferred Regulatory Assets, Net of Tax	635
 Less:	
Accumulated Provision for Deferred Income Tax	297,874
Regulatory Liability - FAS 109	34,881
Reserves, Net of Tax	7,331
Non-Firm Margin Credit CES, Net of Tax	8,065
Other - deductions	
Customer Advances for Construction	184
Customer Deposits	4,030
 Rate Base	 924,381
 Operating Income	 67,822
 Rate of Return	 7.34

* 5 Quarter Average Rate Base

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Common Equity
Cost of Capital Method
March 31, 2017
(Thousands of Dollars)

	<u>Amount</u>	<u>Capitalization</u>
	<u>5-Q Average</u>	<u>Ratios</u>
	<u>5-Q Average</u>	<u>5-Q Average</u>
Short-Term Debt NOTE (a)	-	0.00%
Long-Term Debt	442,011	45.77%
Common Equity	<u>523,751</u>	<u>54.23%</u>
 Total	 <u><u>965,762</u></u>	 <u><u>100.00%</u></u>
	 <u>Average</u>	
	<u>Embedded</u>	<u>Capitalization</u>
	<u>Cost</u>	<u>Ratio</u>
	<u>Weighted</u>	<u>Cost</u>
	<u>Cost</u>	<u>Cost</u>
Short-Term Debt	0.00%	0.00%
Long-Term Debt	5.47%	45.77%
Weighted Costs		<u>2.50%</u>
 Rate of Return on Rate Base		7.34%
Less: Weighted Costs		<u>2.50%</u>
Common Equity Component		4.84%
 Percentage of Common Equity to Total Capitalization		<u>54.23%</u>
 Return on Common Equity		<u><u>8.92%</u></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, DBA EVERSOURCE ENERGY
Return on Equity Reflecting Adjustments For
Retained Interruptible, Capacity Release, Off-System Sales Margins, ILEP and Weather Normalization
March 31, 2017

<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 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%
September 2016	8.83%	8.33%	0.04% (b)	8.29%	0.43%	8.72%
December 2016	8.83%	9.29%	0.03% (b)	9.26%	-0.88%	8.38%
March 2017	8.83%	8.92%	0.03% (b)	8.89%	-0.57%	8.32%

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).