

YANKEE GAS SERVICES, DBA EVERSOURCE
INCOME STATEMENT
12 MONTHS ENDED March 31, 2018
(Whole Dollars & Sales MCF)

	REVENUES AND <u>INCOME</u>	SALES MCF	CUSTOMERS <u>AVERAGE</u>
SALES OF GAS:			
RESIDENTIAL SERVICE	236,365,840	15,838	204,140
COMMERCIAL FIRM SERVICE	174,009,082	21,779	25,072
INDUSTRIAL FIRM SERVICE	64,263,014	14,934	1,547
SEASONAL SERVICE	-	-	19
INTERRUPTIBLE SERVICE	5,834,539	3,367	7
SALES FOR RESALE	<u>6,178,639</u>		
TOTAL SALES OF GAS	486,651,114	55,918	230,785
OTHER GAS REVENUES	3,596,462	-	-
TOTAL GAS REVENUES	<u>490,247,576</u>	<u>55,918</u>	<u>230,785</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	315,287,047		
DEPRECIATION EXPENSE	36,632,826		
TAXES OTHER THAN INCOME	51,205,641		
INCOME TAXES	(11,694,097)		
INCOME TAXES DEFERRED - NET	28,822,520		
INVESTMENT TAX CREDIT	(226,587)		
AMORTIZATION OF REGULATORY ASSETS	1,557,996		
DISPOSITION OF UTILITY PLANT	<u>-</u>		
TOTAL OPERATING EXPENSES	<u>421,585,346</u>		
OPERATING INCOME	68,662,230		
OTHER INCOME AND DEDUCTIONS -NET	1,498,785		
AFUDC	<u>-</u>		
TOTAL INCOME	70,161,015		
INTEREST ON LONG-TERM DEBT	25,352,831		
AMORT. DEBT DISC., PREM & EXPENSE	284,949		
OTHER INTEREST EXPENSE	811,511		
AFUDC - CREDIT	<u>(846,809)</u>		
NET INTEREST CHARGES	<u>25,602,482</u>		
INCOME BEFORE PREFERRED DIVIDENDS	44,558,533		
PREFERRED DIVIDENDS	<u>-</u>		
BALANCE FOR COMMON	<u>44,558,533</u>		

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Rate Base
March 31, 2018
(Thousands of Dollars)

	Average *
Total Utility Plant In Service	1,781,492
Less: Reserve for Depreciation	460,999
Net Utility Plant	1,320,493
 Plus:	
Materials & Supplies, ex. fuel	3,100
Fuel Reserve (13 Month Average)	17,850
Working Capital Allowance	(5,119)
Prepayments	1,114
Other - additions	
Regulatory Asset - FAS 109	(33,866)
Deferred Hardship Charges, Net of Tax	5,149
Other Deferred Regulatory Assets, Net of Tax	279
 Less:	
Accumulated Provision for Deferred Income Tax	332,776
Regulatory Liability - FAS 109	(33,866)
Reserves, Net of Tax	7,664
Other - deductions	
Customer Advances for Construction	151
Customer Deposits	4,238
 Rate Base	 998,037
 Operating Income	 68,662
 Rate of Return	 6.88

* 5 Quarter Average Rate Base

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Common Equity
Cost of Capital Method
March 31, 2018
(Thousands of Dollars)

	Amount	Capitalization
	5-Q Average	Ratios
		5-Q Average
Short-Term Debt NOTE (a)	-	0.00%
Long-Term Debt	487,300	47.22%
Common Equity	544,642	52.78%
Total	1,031,942	100.00%
	Embedded	Average
	Cost	Capitalization
		Ratio
Short-Term Debt	0.00%	0.00%
Long-Term Debt	5.22%	47.22%
Weighted Costs		2.46%
Rate of Return on Rate Base		6.88%
Less: Weighted Costs		2.46%
Common Equity Component		4.42%
Percentage of Common Equity to Total Capitalization		52.78%
Return on Common Equity		8.37%

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, 2018

<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 2017	8.83%	8.92%	0.03% (b)	8.89%	-0.57%	8.32%
June 2017	8.83%	8.02%	0.03% (b)	7.99%	-0.80%	7.19%
September 2017	8.83%	7.95%	0.03% (b)	7.92%	-0.79%	7.13%
December 2017	8.83%	7.41%	0.03% (b)	7.38%	-0.40%	6.98%
March 2018	8.83%	8.37%	0.02% (b)	8.35%	-0.30%	8.05%

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).