

**YANKEE GAS SERVICES, DBA EVERSOURCE**  
**INCOME STATEMENT**  
**12 MONTHS ENDED June 30, 2017**  
**(Thousands of Dollars & Sales MCF)**

	REVENUES AND INCOME	SALES MCF	CUSTOMERS AVERAGE
SALES OF GAS:			
RESIDENTIAL SERVICE	236,474	15,066	201,336
COMMERCIAL FIRM SERVICE	175,784	20,788	25,204
INDUSTRIAL FIRM SERVICE	65,044	14,589	1,607
SEASONAL SERVICE	-	-	20
INTERRUPTIBLE SERVICE	7,930	3,751	9
SALES FOR RESALE	3,325		-
<b>TOTAL SALES OF GAS</b>	<b>488,557</b>	<b>54,194</b>	<b>228,176</b>
OTHER GAS REVENUES	3,736	-	-
<b>TOTAL GAS REVENUES</b>	<b>492,293</b>	<b>54,194</b>	<b>228,176</b>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	318,672		
DEPRECIATION EXPENSE	35,366		
TAXES OTHER THAN INCOME	50,418		
INCOME TAXES	(12,256)		
INCOME TAXES DEFERRED - NET	33,597		
INVESTMENT TAX CREDIT	(266)		
AMORTIZATION OF REGULATORY ASSETS	2,199		
DISPOSITION OF UTILITY PLANT	-		
<b>TOTAL OPERATING EXPENSES</b>	<b>427,730</b>		
OPERATING INCOME	64,563		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	754 -		
<b>TOTAL INCOME</b>	<b>65,317</b>		
INTEREST ON LONG-TERM DEBT	23,883		
AMORT. DEBT DISC., PREM & EXPENSE	257		
OTHER INTEREST EXPENSE	1,172		
AFUDC - CREDIT	(525)		
<b>NET INTEREST CHARGES</b>	<b>24,787</b>		
INCOME BEFORE PREFERRED DIVIDENDS	40,530		
PREFERRED DIVIDENDS	-		
<b>BALANCE FOR COMMON</b>	<b>40,530</b>		

**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Rate of Return on Rate Base**  
**June 30, 2017**  
**(Thousands of Dollars)**

	<b>Average *</b>
Total Utility Plant In Service	1,692,017
Less: Reserve for Depreciation	448,936
<b>Net Utility Plant</b>	<b>1,243,081</b>
 <b>Plus:</b>	
Materials & Supplies, ex. fuel	3,201
Fuel Reserve (13 Month Average)	19,832
Working Capital Allowance	(5,171)
Prepayments	1,147
<b>Other - additions</b>	
Regulatory Asset - FAS 109	35,828
Deferred Hardship Charges, Net of Tax	5,929
Other Deferred Regulatory Assets, Net of Tax	549
 <b>Less:</b>	
Accumulated Provision for Deferred Income Tax	305,177
Regulatory Liability - FAS 109	35,828
Reserves, Net of Tax	7,291
Non-Firm Margin Credit CES, Net of Tax	9,110
<b>Other - deductions</b>	
Customer Advances for Construction	184
Customer Deposits	4,057
 Rate Base	 942,749
 Operating Income	 64,563
 Rate of Return	 6.85

\* 5 Quarter Average Rate Base

**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Rate of Return on Common Equity**  
**Cost of Capital Method**  
**June 30, 2017**  
**(Thousands of Dollars)**

	<b>Amount</b>	<b>Capitalization</b>
	<b>5-Q Average</b>	<b>Ratios</b>
		<b>5-Q Average</b>
Short-Term Debt <b>NOTE (a)</b>	-	0.00%
Long-Term Debt	442,133	46.01%
Common Equity	518,794	53.99%
 Total	960,927	100.00%
	<b>Embedded</b>	<b>Average</b>
	<b>Cost</b>	<b>Capitalization</b>
		<b>Ratio</b>
		<b>Weighted</b>
		<b>Cost</b>
Short-Term Debt	0.00%	0.00%
Long-Term Debt	5.47%	46.01%
Weighted Costs		2.52%
 Rate of Return on Rate Base		6.85%
Less: Weighted Costs		2.52%
Common Equity Component		4.33%
 Percentage of Common Equity to Total Capitalization		53.99%
 Return on Common Equity		8.02%

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**  
**June 30, 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>
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%
June 2017	8.83%	8.02%	0.03% (b)	7.99%	-0.80%	7.19%

## 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).