

YANKEE GAS SERVICES, DBA EVERSOURCE
INCOME STATEMENT
12 MONTHS ENDED June 30, 2018
(Whole Dollars & Sales MMCF)

	REVENUES AND <u>INCOME</u>	SALES <u>MMCF</u>	CUSTOMERS <u>AVERAGE</u>
SALES OF GAS:			
RESIDENTIAL SERVICE	240,884,130	16,282	204,888
COMMERCIAL FIRM SERVICE	178,956,299	22,190	25,222
INDUSTRIAL FIRM SERVICE	66,559,928	15,143	1,543
SEASONAL SERVICE	-	-	22
INTERRUPTIBLE SERVICE	6,582,703	3,400	5
SALES FOR RESALE	<u>6,203,668</u>		
TOTAL SALES OF GAS	499,186,728	57,015	231,680
OTHER GAS REVENUES	1,527,476	-	-
TOTAL GAS REVENUES	<u>500,714,204</u>	<u>57,015</u>	<u>231,680</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	320,305,963		
DEPRECIATION EXPENSE	36,910,714		
TAXES OTHER THAN INCOME	51,888,633		
INCOME TAXES	(3,548,415)		
INCOME TAXES DEFERRED - NET	20,903,393		
INVESTMENT TAX CREDIT	(192,402)		
AMORTIZATION OF REGULATORY ASSETS	2,103,366		
DISPOSITION OF UTILITY PLANT	<u>-</u>		
TOTAL OPERATING EXPENSES	<u>428,371,252</u>		
OPERATING INCOME	72,342,952		
OTHER INCOME AND DEDUCTIONS -NET	1,521,914		
AFUDC	<u>-</u>		
TOTAL INCOME	73,864,866		
INTEREST ON LONG-TERM DEBT	25,899,054		
AMORT. DEBT DISC., PREM & EXPENSE	297,118		
OTHER INTEREST EXPENSE	446,975		
AFUDC - CREDIT	<u>(958,529)</u>		
NET INTEREST CHARGES	<u>25,684,618</u>		
INCOME BEFORE PREFERRED DIVIDENDS	48,180,248		
PREFERRED DIVIDENDS	<u>-</u>		
BALANCE FOR COMMON	<u>48,180,248</u>		

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Rate Base
June 30, 2018
(Thousands of Dollars)

	Average *
Total Utility Plant In Service	1,804,494
Less: Reserve for Depreciation	463,721
Net Utility Plant	1,340,773
 Plus:	
Materials & Supplies, ex. fuel	3,044
Fuel Reserve (13 Month Average)	16,841
Working Capital Allowance	(5,229)
Prepayments	1,134
Other - additions	
Regulatory Asset - FAS 109	(69,299)
Deferred Hardship Charges, Net of Tax	5,259
Other Deferred Regulatory Assets, Net of Tax	183
 Less:	
Accumulated Provision for Deferred Income Tax	336,901
Regulatory Liability - FAS 109	(69,299)
Reserves, Net of Tax	7,775
Other - deductions	
Customer Advances for Construction	140
Customer Deposits	4,269
 Rate Base	 1,012,920
 Operating Income	 72,343
 Rate of Return	 7.14

* 5 Quarter Average Rate Base

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Common Equity
Cost of Capital Method
June 30, 2018
(Thousands of Dollars)

	Amount	Capitalization
	5-Q Average	Ratios
		5-Q Average
Short-Term Debt NOTE (a)	-	0.00%
Long-Term Debt	502,354	47.24%
Common Equity	561,020	52.76%
Total	1,063,374	100.00%
	Embedded	Average
	Cost	Capitalization
		Ratio
		Weighted
		Cost
Short-Term Debt	0.00%	0.00%
Long-Term Debt	5.18%	47.24%
Weighted Costs		2.45%
Rate of Return on Rate Base		7.14%
Less: Weighted Costs		2.45%
Common Equity Component		4.69%
Percentage of Common Equity to Total Capitalization		52.76%
Return on Common Equity		8.89%

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, 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>
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%
June 2018	8.83%	8.89%	0.02% (b)	8.87%	0.02%	8.89%

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).