

YANKEE GAS SERVICES, DBA EVERSOURCE
INCOME STATEMENT
12 MONTHS ENDED SEPTEMBER 30 , 2015
(THOUSANDS OF DOLLARS)

	REVENUES AND INCOME	SALES MCF	CUSTOMERS AVERAGE
SALES OF GAS:			
RESIDENTIAL SERVICE	243,785	16,820	195,377
COMMERCIAL FIRM SERVICE	178,597	21,655	24,678
INDUSTRIAL FIRM SERVICE	67,995	15,913	1,617
SEASONAL SERVICE		0	24
INTERRUPTIBLE SERVICE	6,546	3,145	10
SALES FOR RESALE	8,749		0
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TOTAL SALES OF GAS	505,672	57,533	221,706
OTHER GAS REVENUES	4,586		0
TOTAL GAS REVENUES	<u>510,258</u>	<u>57,533</u>	<u>221,706</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	325,907		
DEPRECIATION EXPENSE	33,512		
TAXES OTHER THAN INCOME	47,076		
INCOME TAXES	22		
INCOME TAXES DEFERRED - NET	27,040		
INVESTMENT TAX CREDIT	-334		
AMORTIZATION OF REGULATORY ASSETS	1,357		
DISPOSITION OF UTILITY PLANT			
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TOTAL OPERATING EXPENSES	<u>434,580</u>		
OPERATING INCOME	75,678		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	461		
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TOTAL INCOME	76,139		
INTEREST ON LONG-TERM DEBT	21,733		
AMORT. DEBT DISC.,PREM & EXPENSE	198		
OTHER INTEREST EXPENSE	1,233		
AFUDC - CREDIT	-117		
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NET INTEREST CHARGES	<u>23,047</u>		
INCOME BEFORE PREFERRED DIVIDENDS	53,092		
PREFERRED DIVIDENDS			
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BALANCE FOR COMMON	<u><u>53,092</u></u>		

YANKEE GAS SERVICES COMPANY
Rate of Return on Rate Base
September 30, 2015
(Thousands of Dollars)

	Average *
Total Utility Plant In Service	1,515,568
Less: Reserve for Depreciation	423,776
Net Utility Plant	1,091,792
Plus:	
Materials & Supplies, ex. fuel	2,963
Fuel Reserve (13 Month Average)	33,097
Working Capital Allowance	(5,295)
Prepayments	938
Other - additions	
Regulatory Asset - FAS 109	26,077
Deferred Hardship Charges, Net of Tax	5,914
Other Deferred Regulatory Assets, Net of Tax	1,183
Less:	
Accumulated Provision for Deferred Income Tax	250,675
Regulatory Liability - FAS 109	26,077
Reserves, Net of Tax	7,084
Non-Firm Margin Credit CES, Net of Tax	2,848
Other - deductions	
Customer Advances for Construction	184
Customer Deposits	3,300
Rate Base	866,499
Operating Income	75,678
Rate of Return	8.73

* 5 Quarter Average Rate Base

**Rate of Return on Common Equity
Cost of Capital Method
September 30, 2015
(Thousands of Dollars)**

	<u>Amount</u> <u>5-Q Average</u>		
Short-Term Debt	-	NOTE (a)	
Long-Term Debt	381,685		
Common Equity	<u>440,261</u>		
 Total	 <u><u>821,946</u></u>		
			<u>Average</u>
	<u>Embedded</u>		<u>Capitalization</u>
	<u>Cost</u>		<u>Ratio</u>
Short-Term Debt	0.00%		0.00%
Long-Term Debt	5.72%		46.44%
Weighted Costs			

Rate of Return on Rate Base
Less: Weighted Costs
Common Equity Component

Percentage of Common Equity to Total Capitalization

Return on Common Equity

Notes:

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

**Capitalization
Ratios**

5-Q Average

0.00%

46.44%

53.56%

100.00%

**Weighted
Cost**

0.00%

2.66%

2.66%

8.73%

2.66%

6.07%

53.56%

11.33%

Capitalization.

**Return on Equity Reflecting Adjustments For
Retained Interruptible, ILEP, Capacity Release and Off-System Sales Margins and W
September 30, 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>
September 2014	8.83%	9.99%	0.02%	9.97%
December 2014	8.83%	10.15%	0.02%	10.13%
March 2015	8.83%	10.06%	0.02%	10.04%
June 2015	8.83%	10.32%	0.02%	10.30%
September 2015	8.83%	11.33%	0.02% (b)	11.31%

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).

Weather Normalization

Weather Normalization Adjustment	Balance Comparable to Rate Case Return on Equity
-0.78%	9.19%
-0.30%	9.83%
-0.99%	9.05%
-0.74%	9.56%
-0.73%	10.58%