

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Income Statement
12 Months Ended September 30, 2016
(Thousands of Dollars and MCFs)

	REVENUES AND INCOME	SALES MCF	CUSTOMERS AVERAGE
SALES OF GAS:			
RESIDENTIAL SERVICE	198,772	13,798	198,860
COMMERCIAL FIRM SERVICE	150,896	19,238	25,103
INDUSTRIAL FIRM SERVICE	58,291	14,442	1,623
SEASONAL SERVICE		0	21
INTERRUPTIBLE SERVICE	7,953	3,532	9
SALES FOR RESALE	4,050		0
'TOTAL SALES OF GAS	419,962	51,010	225,616
OTHER GAS REVENUES	3,457		0
TOTAL GAS REVENUES	423,419	51,010	225,616
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	257,866		
DEPRECIATION EXPENSE	34,427		
TAXES OTHER THAN INCOME	45,706		
INCOME TAXES	-6,228		
INCOME TAXES DEFERRED - NET	28,115		
INVESTMENT TAX CREDIT	-284		
AMORTIZATION OF REGULATORY ASSETS	1,340		
DISPOSITION OF UTILITY PLANT			
TOTAL OPERATING EXPENSES	360,942		
OPERATING INCOME	62,477		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	317		
TOTAL INCOME	62,794		
INTEREST ON LONG-TERM DEBT	23,893		
AMORT. DEBT DISC.,PREM & EXPENSE	250		
OTHER INTEREST EXPENSE	576		
AFUDC - CREDIT	-259		
NET INTEREST CHARGES	24,460		
INCOME BEFORE PREFERRED DIVIDENDS	38,334		
PREFERRED DIVIDENDS			
BALANCE FOR COMMON	38,334		

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Rate Base
September 30, 2016
(Thousands of Dollars)

	Average *
Total Utility Plant In Service	1,596,042
Less: Reserve for Depreciation	435,885
Net Utility Plant	1,160,157
Plus:	
Materials & Supplies, ex. fuel	3,062
Fuel Reserve (13 Month Average)	24,993
Working Capital Allowance	(4,435)
Prepayments	1,065
Other - additions	
Regulatory Asset - FAS 109	33,067
Deferred Hardship Charges, Net of Tax	6,444
Other Deferred Regulatory Assets, Net of Tax	813
Less:	
Accumulated Provision for Deferred Income Tax	281,049
Regulatory Liability - FAS 109	33,067
Reserves, Net of Tax	7,353
Non-Firm Margin Credit CES, Net of Tax	6,074
Other - deductions	
Customer Advances for Construction	184
Customer Deposits	3,810
Rate Base	893,629
Operating Income	62,477
Rate of Return	6.99

* 5 Quarter Average Rate Base

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Common Equity
Cost of Capital Method
September 30, 2016
(Thousands of Dollars)

	<u>Amount</u> <u>5-Q Average</u>	<u>Capitalization</u> <u>Ratios</u> <u>5-Q Average</u>
Short-Term Debt NOTE (a)	-	0.00%
Long-Term Debt	441,792	46.93%
Common Equity	<u>499,531</u>	<u>53.07%</u>
Total	<u><u>941,323</u></u>	<u><u>100.00%</u></u>
	<u>Average</u>	
	<u>Embedded</u> <u>Cost</u>	<u>Capitalization</u> <u>Ratio</u>
		<u>Weighted</u> <u>Cost</u>
Short-Term Debt	0.00%	0.00%
Long-Term Debt	5.47%	46.93%
Weighted Costs		<u><u>2.57%</u></u>
Rate of Return on Rate Base		6.99%
Less: Weighted Costs		<u>2.57%</u>
Common Equity Component		4.42%
Percentage of Common Equity to Total Capitalization		<u>53.07%</u>
Return on Common Equity		<u><u>8.33%</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
September 30, 2016

<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>
September 2015	8.83%	11.33%	0.02%	11.31%	-0.73%	10.58%
December 2015	8.83%	9.98%	0.04% (b)	9.94%	0.11%	10.05%
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%

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).