

YANKEE GAS SERVICES, DBA EVERSOURCE
INCOME STATEMENT
12 MONTHS ENDED September 30, 2018
(Thousands of Dollars & Sales MCF)

	REVENUES AND <u>INCOME</u>	SALES MCF	CUSTOMERS AVERAGE
SALES OF GAS:			
RESIDENTIAL SERVICE	241,399	16,214	205,638
COMMERCIAL FIRM SERVICE	182,484	22,186	25,414
INDUSTRIAL FIRM SERVICE	67,979	15,104	1,545
SEASONAL SERVICE	-	-	22
INTERRUPTIBLE SERVICE	7,043	3,610	6
SALES FOR RESALE	<u>6,509</u>		
TOTAL SALES OF GAS	505,413	57,114	232,625
OTHER GAS REVENUES	(2,058)	-	-
TOTAL GAS REVENUES	<u>503,355</u>	<u>57,114</u>	<u>232,625</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	329,486		
DEPRECIATION EXPENSE	37,283		
TAXES OTHER THAN INCOME	52,231		
INCOME TAXES	12,668		
INCOME TAXES DEFERRED - NET	2,576		
INVESTMENT TAX CREDIT	(158)		
AMORTIZATION OF REGULATORY ASSETS	2,412		
DISPOSITION OF UTILITY PLANT	<u>-</u>		
TOTAL OPERATING EXPENSES	<u>436,498</u>		
OPERATING INCOME	66,858		
OTHER INCOME AND DEDUCTIONS -NET	797		
AFUDC	<u>-</u>		
TOTAL INCOME	67,654		
INTEREST ON LONG-TERM DEBT	26,208		
AMORT. DEBT DISC., PREM & EXPENSE	305		
OTHER INTEREST EXPENSE	228		
AFUDC - CREDIT	(1,152)		
NET INTEREST CHARGES	<u>25,589</u>		
INCOME BEFORE PREFERRED DIVIDENDS	42,065		
PREFERRED DIVIDENDS	<u>-</u>		
BALANCE FOR COMMON	<u>42,065</u>		

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

	Average *
Total Utility Plant In Service	1,828,771
Less: Reserve for Depreciation	465,846
Net Utility Plant	1,362,925
 Plus:	
Materials & Supplies, ex. fuel	3,002
Fuel Reserve (13 Month Average)	16,839
Working Capital Allowance	(5,252)
Prepayments	1,099
Other - additions	
Regulatory Asset - FAS 109	(103,505)
Deferred Hardship Charges, Net of Tax	5,498
Other Deferred Regulatory Assets, Net of Tax	131
 Less:	
Accumulated Provision for Deferred Income Tax	338,923
Regulatory Liability - FAS 109	(103,505)
Reserves, Net of Tax	9,465
Other - deductions	
Customer Advances for Construction	114
Customer Deposits	4,297
 Rate Base	 1,031,443
 Operating Income	 66,858
 Rate of Return	 6.48%

* 5 Quarter Average Rate Base

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Common Equity
Cost of Capital Method
September 30, 2018
(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	527,352	47.58%
Common Equity	<u>580,964</u>	<u>52.42%</u>
 Total	 <u><u>1,108,316</u></u>	 <u><u>100.00%</u></u>
	 Average	
	<u>Embedded</u> <u>Cost</u>	<u>Average</u> <u>Capitalization</u> <u>Ratio</u>
		<u>Weighted</u> <u>Cost</u>
Short-Term Debt	0.00%	0.00%
Long-Term Debt	5.03%	47.58%
Weighted Costs		<u><u>2.39%</u></u>
 Rate of Return on Rate Base		6.48%
Less: Weighted Costs		<u>2.39%</u>
Common Equity Component		4.09%
 Percentage of Common Equity to Total Capitalization		<u><u>52.42%</u></u>
 Return on Common Equity		<u><u>7.80%</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, 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>
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%
September 2018	8.83%	7.80%	0.02% (b)	7.78%	0.04%	7.82%

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).