

**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Income Statement**  
**12 Months Ended December 31, 2016**  
**(Thousands of Dollars and MCFs)**

	REVENUES AND INCOME	SALES MCF	CUSTOMERS AVERAGE
SALES OF GAS:			
RESIDENTIAL SERVICE	213,120	15,118	199,754
COMMERCIAL FIRM SERVICE	157,558	20,313	25,043
INDUSTRIAL FIRM SERVICE	59,341	14,580	1,599
SEASONAL SERVICE		0	25
INTERRUPTIBLE SERVICE	7,979	3,666	5
SALES FOR RESALE	3,118		0
'TOTAL SALES OF GAS	441,116	53,677	226,426
OTHER GAS REVENUES	3,541		0
TOTAL GAS REVENUES	444,657	53,677	226,426
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	268,080		
DEPRECIATION EXPENSE	34,749		
TAXES OTHER THAN INCOME	47,163		
INCOME TAXES	-8,885		
INCOME TAXES DEFERRED - NET	33,488		
INVESTMENT TAX CREDIT	-272		
AMORTIZATION OF REGULATORY ASSETS	2,043		
DISPOSITION OF UTILITY PLANT			
TOTAL OPERATING EXPENSES	376,366		
OPERATING INCOME	68,291		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	731		
TOTAL INCOME	69,022		
INTEREST ON LONG-TERM DEBT	23,886		
AMORT. DEBT DISC.,PREM & EXPENSE	252		
OTHER INTEREST EXPENSE	702		
AFUDC - CREDIT	-348		
NET INTEREST CHARGES	24,492		
INCOME BEFORE PREFERRED DIVIDENDS	44,530		
PREFERRED DIVIDENDS			
BALANCE FOR COMMON	44,530		

**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Rate of Return on Rate Base**  
**December 31, 2016**  
**(Thousands of Dollars)**

	<b>Average *</b>
Total Utility Plant In Service	1,628,857
Less: Reserve for Depreciation	439,546
<b>Net Utility Plant</b>	<b>1,189,311</b>
<b>Plus:</b>	
Materials & Supplies, ex. fuel	3,087
Fuel Reserve (13 Month Average)	22,078
Working Capital Allowance	(4,669)
Prepayments	1,078
<b>Other - additions</b>	
Regulatory Asset - FAS 109	34,000
Deferred Hardship Charges, Net of Tax	6,119
Other Deferred Regulatory Assets, Net of Tax	725
<b>Less:</b>	
Accumulated Provision for Deferred Income Tax	290,582
Regulatory Liability - FAS 109	34,000
Reserves, Net of Tax	7,299
Non-Firm Margin Credit CES, Net of Tax	6,990
<b>Other - deductions</b>	
Customer Advances for Construction	184
Customer Deposits	3,957
Rate Base	908,717
Operating Income	68,291
Rate of Return	7.52

\* 5 Quarter Average Rate Base



**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Rate of Return on Common Equity**  
**Cost of Capital Method**  
**December 31, 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 <b>NOTE (a)</b>	-	0.00%
Long-Term Debt	441,890	46.29%
Common Equity	<u>512,804</u>	<u>53.71%</u>
Total	<u><u>954,694</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%	46.29%
Weighted Costs		<u><u>2.53%</u></u>
Rate of Return on Rate Base		7.52%
Less: Weighted Costs		<u>2.53%</u>
Common Equity Component		4.99%
Percentage of Common Equity to Total Capitalization		<u>53.71%</u>
Return on Common Equity		<u><u>9.29%</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**  
**December 31, 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>
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%
December 2016	8.83%	9.29%	0.03% (b)	9.26%	-0.88%	8.38%

## 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).