

YANKEE GAS SERVICES, DBA EVERSOURCE
 INCOME STATEMENT
 12 MONTHS ENDED March 31, 2020
 (Whole Dollars & Sales MMCF)

	<u>REVENUES AND INCOME</u>	<u>SALES MMCF</u>	<u>AVERAGE NUMBER of CUSTOMERS</u>
SALES OF GAS:			
RESIDENTIAL SERVICE	251,214,578	15,555	210,991
COMMERCIAL FIRM SERVICE	190,725,659	21,315	26,605
INDUSTRIAL FIRM SERVICE	67,060,277	14,328	1,592
SEASONAL SERVICE	-	-	20
INTERRUPTIBLE SERVICE	7,765,646	3,549	6
SALES FOR RESALE	<u>3,414,802</u>	<u> </u>	<u> </u>
TOTAL SALES OF GAS	520,180,962	54,747	239,214
OTHER GAS REVENUES	11,148,748	-	-
TOTAL GAS REVENUES	<u>531,329,710</u>	<u>54,747</u>	<u>239,214</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	344,896,533		
DEPRECIATION EXPENSE	42,638,757		
TAXES OTHER THAN INCOME	56,530,996		
INCOME TAXES	9,187,647		
INCOME TAXES DEFERRED - NET	7,245,407		
INVESTMENT TAX CREDIT	(111,021)		
AMORTIZATION OF REGULATORY ASSETS	(18,999,542)		
DISPOSITION OF UTILITY PLANT	<u>-</u>		
TOTAL OPERATING EXPENSES	<u>441,388,777</u>		
OPERATING INCOME	89,940,933		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	239,155		
	<u>-</u>		
TOTAL INCOME	90,180,088		
INTEREST ON LONG-TERM DEBT	26,083,124		
AMORT. DEBT DISC.,PREM & EXPENSE	235,162		
OTHER INTEREST EXPENSE	262,091		
AFUDC - CREDIT	<u>(1,629,342)</u>		
NET INTEREST CHARGES	<u>24,951,035</u>		
INCOME BEFORE PREFERRED DIVIDENDS	65,229,053		
PREFERRED DIVIDENDS	<u>-</u>		
BALANCE FOR COMMON	<u>65,229,053</u>		

Exhibit 1(B) Docket 76-03-07

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Rate Base
March 31, 2020
(Thousands of Dollars)

	<u>Average *</u>
Total Utility Plant In Service	\$ 2,079,170
Less: Reserve for Depreciation	478,798
Net Utility Plant	<u>1,600,372</u>
Plus:	
Materials & Supplies, ex. fuel	3,053
Fuel Reserve (13 Month Average)	16,613
Working Capital Allowance	3,900
Prepayments	1,433
Regulatory Assets - FAS 109	(122,868)
Regulatory Assets, Net of Tax**	1,807
Less:	
Accumulated Provision for Deferred Income Tax	345,093
Regulatory Liability - FAS 109	(122,868)
Reserves, Net of Tax	14,808
Customer Advances for Construction	57
Customer Deposits	4,327
Rate Base	<u>\$ 1,262,893</u>
Operating Income	<u>\$ 89,941</u>
Rate of Return	<u>7.12%</u>

* 5 Quarter Average Rate Base

**Includes Deferred Hardship Charges

YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY
Rate of Return on Common Equity
Cost of Capital Method
March 31, 2020
(Thousands of Dollars)

	<u>Amount</u>	<u>Capitalization</u>
	<u>5-Q Average</u>	<u>Ratios</u>
		<u>5-Q Average</u>
Short-Term Debt NOTE (a)	-	0.00%
Long-Term Debt	567,329	45.83%
Common Equity	<u>670,519</u>	<u>54.17%</u>
Total	<u><u>1,237,848</u></u>	<u><u>100.00%</u></u>
	<u>Embedded</u>	<u>Average</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	4.09%	45.83%
Weighted Costs		<u><u>1.87%</u></u>
Rate of Return on Rate Base		7.12%
Less: Weighted Costs		<u>1.87%</u>
Common Equity Component		5.25%
Percentage of Common Equity to Total Capitalization		<u>54.17%</u>
Return on Common Equity		<u><u>9.69%</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 and ILEP
March 31, 2020

<u>Month</u>	<u>Allowed Return on Equity</u>	<u>Calculated Return on Equity</u>	<u>Less Margins Over Target</u>	<u>Balance Adjusted For Margins</u>
March 2019	(c) 9.425%	11.652%	0.018% (b)	11.634%
June 2019	(c) 9.376%	9.905%	0.015% (b)	9.890%
September 2019	(c) 9.325%	9.957%	0.011% (b)	9.946%
December 2019	(a) 9.30%	8.87%	0.01% (b)	8.86%
March 2020	(a) 9.30%	9.69%	0.01% (b)	9.68%

Notes:

- (a) Per the Final Decision to the YGS Rate Case Docket No. 18-05-10 established an earnings sharing mechanism for calendar year 2019 and calendar years thereafter until the Company's next Rate Case such that Yankee Gas Services Company and its customers will share equally 50%-50% any earnings above an actual return on equity that exceeds 9.30% in the calendar year 12-month period.
- (b) Reflects margins associated with the Interruptible Line Extension Policy (ILEP).
- (c) Per the Final Decision to YGS Rate Case in Docket No. 18-05-10, the earnings sharing mechanism for 2018 used a blended ROE of 9.30% and 9.50% for an overall 2018 ROE before earning sharing of 9.474. Using the same methodology for subsequent Quarters' ROEs, the company calculated the following blended ROE:

<u>March 31,2019</u>	<u>ROE Before ESM</u>
Current through November 14, 2018	9.500%
November 15, 2018 through March 31, 2019	9.300%
Overall 3/31/2019 ROE before ESM (9.50% * 228/365 days) + (9.30% * 137/365 days)	<u>9.425%</u>
<u>June 30,2019</u>	<u>ROE Before ESM</u>
Current through November 14, 2018	9.500%
November 15, 2018 through June 30, 2019	9.300%
Overall 6/30/2019 ROE before ESM (9.50% * 138/365 days) + (9.30% * 227/365 days)	<u>9.376%</u>
<u>September 30,2019</u>	<u>ROE Before ESM</u>
Current through November 14, 2018	9.500%
November 15, 2018 through September 30, 2019	9.300%
Overall 9/30/2019 ROE before ESM (9.50% * 45/365 days) + (9.30% * 320/365 days)	<u>9.325%</u>

- (d) Due to Yankee Gas implementing decoupling as a result of Docket No 18-05-10, the Company has removed the weather normalization adjustment from Exhibit 1(D).