

**YANKEE GAS SERVICES, DBA EVERSOURCE**  
**INCOME STATEMENT**  
**12 MONTHS ENDED June 30, 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	255,332,921	16,008	211,706
COMMERCIAL FIRM SERVICE	187,238,239	21,362	26,651
INDUSTRIAL FIRM SERVICE	64,652,993	14,329	1,587
SEASONAL SERVICE	-	-	22
INTERRUPTIBLE SERVICE	7,758,565	3,621	3
SALES FOR RESALE	<u>3,247,313</u>		
TOTAL SALES OF GAS	518,230,031	55,320	239,969
OTHER GAS REVENUES	9,224,617	-	-
TOTAL GAS REVENUES	<u>527,454,648</u>	<u>55,320</u>	<u>239,969</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	333,232,622		
DEPRECIATION EXPENSE	43,477,599		
TAXES OTHER THAN INCOME	57,047,013		
INCOME TAXES	11,544,001		
INCOME TAXES DEFERRED - NET	7,594,754		
INVESTMENT TAX CREDIT	(111,018)		
AMORTIZATION OF REGULATORY ASSETS	(18,836,371)		
DISPOSITION OF UTILITY PLANT	<u>-</u>		
TOTAL OPERATING EXPENSES	<u>433,948,600</u>		
OPERATING INCOME	<b>93,506,048</b>		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	1,659,021		
	<u>-</u>		
TOTAL INCOME	<b>95,165,069</b>		
INTEREST ON LONG-TERM DEBT	25,388,712		
AMORT. DEBT DISC.,PREM & EXPENSE	210,000		
OTHER INTEREST EXPENSE	333,381		
AFUDC - CREDIT	<u>(1,517,949)</u>		
NET INTEREST CHARGES	<u>24,414,144</u>		
INCOME BEFORE PREFERRED DIVIDENDS	70,750,925		
PREFERRED DIVIDENDS	<u>-</u>		
BALANCE FOR COMMON	<u><b>70,750,925</b></u>		

# Exhibit 1(B) Docket 76-03-07

**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Rate of Return on Rate Base**  
**June 30, 2020**  
**(Thousands of Dollars)**

	<u>Average *</u>
Total Utility Plant In Service	\$ 2,120,571
Less: Reserve for Depreciation	483,372
<b>Net Utility Plant</b>	<u>1,637,199</u>
<b>Plus:</b>	
Materials & Supplies, ex. fuel	3,157
Fuel Reserve (13 Month Average)	16,611
Working Capital Allowance	3,874
Prepayments	1,492
Regulatory Assets - FAS 109	(121,366)
Regulatory Assets, Net of Tax**	3,374
<b>Less:</b>	
Accumulated Provision for Deferred Income Tax	347,040
Regulatory Liability - FAS 109	(121,366)
Reserves, Net of Tax	15,777
Customer Advances for Construction	57
Customer Deposits	4,389
Rate Base	<u>\$ 1,298,444</u>
Operating Income	<u>\$ 93,506</u>
Rate of Return	<u>7.20%</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**  
**June 30, 2020**  
**(Thousands of Dollars)**

	<b>Amount</b>	<b>Capitalization</b>
	<b>5-Q Average</b>	<b>Ratios</b>
		<b>5-Q Average</b>
Short-Term Debt <b>NOTE (a)</b>	-	0.00%
Long-Term Debt	587,292	45.78%
Common Equity	695,646	54.22%
<b>Total</b>	<b>1,282,938</b>	<b>100.00%</b>
	<b>Embedded</b>	<b>Average</b>
	<b>Cost</b>	<b>Capitalization</b>
		<b>Ratio</b>
		<b>Weighted</b>
		<b>Cost</b>
Short-Term Debt	0.00%	0.00%
Long-Term Debt	3.96%	45.78%
<b>Weighted Costs</b>		<b>1.81%</b>
Rate of Return on Rate Base		7.20%
Less: Weighted Costs		1.81%
Common Equity Component		5.39%
Percentage of Common Equity to Total Capitalization		54.22%
Return on Common Equity		9.94%

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**  
**June 30, 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>
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%
June 2020	(a) 9.30%	9.94%	0.00% (b)	9.94%

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>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	
$(9.50\% * 138/365 \text{ days}) + (9.30\% * 227/365 \text{ days})$	<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	
$(9.50\% * 45/365 \text{ days}) + (9.30\% * 320/365 \text{ days})$	<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).