

**YANKEE GAS SERVICES, DBA EVERSOURCE**  
**INCOME STATEMENT**  
**12 MONTHS ENDED June 30, 2022**  
**(Whole Dollars & Sales MMCF)**

|                                   | <b>REVENUES<br/>AND<br/>INCOME</b> | <b>SALES<br/>MMCF</b> | <b>AVERAGE<br/>NUMBER of<br/>CUSTOMERS</b> |
|-----------------------------------|------------------------------------|-----------------------|--|
| SALES OF GAS:                     |                                    |                       |  |
| RESIDENTIAL SERVICE               | 307,757,917                        | 16,165                | 219,326                                    |
| COMMERCIAL FIRM SERVICE           | 249,520,854                        | 22,664                | 27,577                                     |
| INDUSTRIAL FIRM SERVICE           | 79,652,503                         | 13,986                | 1,541                                      |
| SEASONAL SERVICE                  | -                                  | -                     | 22   |
| INTERRUPTIBLE SERVICE             | 12,624,001                         | 3,770                 | 5  |
| SALES FOR RESALE                  | <u>7,627,267</u>                   | <u>          </u>     | <u>          </u>                          |
| TOTAL SALES OF GAS                | 657,182,542                        | 56,585                | 248,471                                    |
| OTHER GAS REVENUES                | 4,662,638                          | -                     | 0  |
| TOTAL GAS REVENUES                | <u>661,845,180</u>                 | <u>56,585</u>         | <u>248,471</u>                             |
| OPERATING EXPENSES:               |                                    |                       |  |
| OPERATION & MAINTENANCE EXPENSE   | 407,256,333                        |                       |  |
| DEPRECIATION EXPENSE              | 56,308,763                         |                       |  |
| TAXES OTHER THAN INCOME           | 69,208,081                         |                       |  |
| INCOME TAXES                      | 6,338,208                          |                       |  |
| INCOME TAXES DEFERRED - NET       | 13,444,536                         |                       |  |
| INVESTMENT TAX CREDIT             | (101,496)                          |                       |  |
| AMORTIZATION OF REGULATORY ASSETS | 5,244,867                          |                       |  |
| DISPOSITION OF UTILITY PLANT      | -                                  |                       |  |
| TOTAL OPERATING EXPENSES          | <u>557,699,292</u>                 |                       |  |
| OPERATING INCOME                  | <b>104,145,888</b>                 |                       |  |
| OTHER INCOME AND DEDUCTIONS -NET  | (2,101,453)                        |                       |  |
| AFUDC                             | <u>-</u>                           |                       |  |
| TOTAL INCOME                      | <b>102,044,435</b>                 |                       |  |
| INTEREST ON LONG-TERM DEBT        | 25,538,634                         |                       |  |
| AMORT. DEBT DISC., PREM & EXPENSE | 214,691                            |                       |  |
| OTHER INTEREST EXPENSE            | 899,320                            |                       |  |
| AFUDC - CREDIT                    | <u>(513,679)</u>                   |                       |  |
| NET INTEREST CHARGES              | <u>26,138,966</u>                  |                       |  |
| INCOME BEFORE PREFERRED DIVIDENDS | 75,905,469                         |                       |  |
| PREFERRED DIVIDENDS               | <u>-</u>                           |                       |  |
| BALANCE FOR COMMON                | <u><b>75,905,469</b></u>           |                       |  |

# Exhibit 1(B) Dkt. 76-03-07R

## YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY Rate of Return on Rate Base June 30, 2022 (Thousands of Dollars)

|   | <u>Average *</u>    |
|---|---------------------|
| Total Utility Plant In Service                | \$ 2,461,237        |
| Less: Reserve for Depreciation                | 491,714             |
| <b>Net Utility Plant</b>                      | <u>1,969,523</u>    |
| <br>  |                     |
| <b>Plus:</b>                                  |                     |
| Materials & Supplies, ex. fuel                | 3,060               |
| Fuel Reserve (13 Month Average)               | 21,250              |
| Working Capital Allowance                     | 4,832               |
| Prepayments                                   | 1,897               |
| Regulatory Assets - FAS 109                   | (106,717)           |
| Regulatory Assets, Net of Tax**               | 11,048              |
| <br>  |                     |
| <b>Less:</b>                                  |                     |
| Accumulated Provision for Deferred Income Tax | 367,308             |
| Regulatory Liability - FAS 109                | (106,717)           |
| Reserves, Net of Tax                          | 24,161              |
| Customer Advances for Construction            | 57                  |
| Customer Deposits                             | 2,548               |
| <br>  |                     |
| Rate Base                                     | <u>\$ 1,617,536</u> |
| <br>  |                     |
| Operating Income                              | <u>\$ 104,146</u>   |
| <br>  |                     |
| Rate of Return                                | <u>6.44%</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, 2022**  
**(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                                     | -                  |                       | 0.00%                 |
| Long-Term Debt                                      | 728,948            |                       | 44.52%                |
| Common Equity                                       | 908,409            |                       | 55.48%                |
| Total   | <u>1,637,357</u>   |                       | <u>100.00%</u>        |
|   |                    | <u>Average</u>        |                       |
|   | <u>Embedded</u>    | <u>Capitalization</u> | <u>Weighted</u>       |
|   | <u>Cost</u>        | <u>Ratio</u>          | <u>Cost</u>           |
| Short-Term Debt                                     | 0.00%              | 0.00%                 | 0.00%                 |
| Long-Term Debt                                      | 3.46%              | 44.52%                | 1.54%                 |
| Weighted Costs                                      |                    |                       | <u>1.54%</u>          |
| Rate of Return on Rate Base                         |                    |                       | 6.44%                 |
| Less: Weighted Costs                                |                    |                       | <u>1.54%</u>          |
| Common Equity Component                             |                    |                       | 4.90%                 |
| Percentage of Common Equity to Total Capitalization |                    |                       | <u>55.48%</u>         |
| Return on Common Equity                             |                    |                       | <u>8.83%</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 as Calculated and Allowed**  
**June 30, 2022**

| <u>Month</u>   | <u>Allowed Return on Equity</u> | <u>Calculated Return on Equity</u> |
|----------------|---------------------------------|------------------------------------|
| June 2021      | (a) 9.30%                       | 9.24%                              |
| September 2021 | (a) 9.30%                       | 9.39%                              |
| December 2021  | (a) 9.30%                       | 9.28%                              |
| March 2022     | (a) 9.30%                       | 9.23%                              |
| June 2022      | (a) 9.30%                       | 8.83%                              |

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) 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).
- (c) Yankee Gas no longer has ILEP customers, and therefore, there are no more adjustments to the calculated ROE.