

YANKEE GAS SERVICES, DBA EVERSOURCE
 INCOME STATEMENT
 12 MONTHS ENDED September 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	257,617,706	16,091	213,548
COMMERCIAL FIRM SERVICE	185,987,700	21,349	26,923
INDUSTRIAL FIRM SERVICE	63,390,783	14,236	1,595
SEASONAL SERVICE	-	-	23
INTERRUPTIBLE SERVICE	7,677,729	3,573	3
SALES FOR RESALE	<u>3,157,651</u>		
TOTAL SALES OF GAS	517,831,569	55,249	242,092
OTHER GAS REVENUES	7,474,897	-	-
TOTAL GAS REVENUES	<u>525,306,466</u>	<u>55,249</u>	<u>242,092</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	332,464,290		
DEPRECIATION EXPENSE	45,063,250		
TAXES OTHER THAN INCOME	58,421,549		
INCOME TAXES	10,276,111		
INCOME TAXES DEFERRED - NET	8,940,776		
INVESTMENT TAX CREDIT	(111,015)		
AMORTIZATION OF REGULATORY ASSETS	(24,201,500)		
DISPOSITION OF UTILITY PLANT	<u>-</u>		
TOTAL OPERATING EXPENSES	<u>430,853,461</u>		
OPERATING INCOME	94,453,005		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	654,699		
	<u>-</u>		
TOTAL INCOME	95,107,704		
INTEREST ON LONG-TERM DEBT	24,307,006		
AMORT. DEBT DISC.,PREM & EXPENSE	180,782		
OTHER INTEREST EXPENSE	399,078		
AFUDC - CREDIT	<u>(1,350,967)</u>		
NET INTEREST CHARGES	<u>23,535,899</u>		
INCOME BEFORE PREFERRED DIVIDENDS	71,571,805		
PREFERRED DIVIDENDS	<u>-</u>		
BALANCE FOR COMMON	<u>71,571,805</u>		

Exhibit 1(B) Docket 76-03-07

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

	<u>Average *</u>
Total Utility Plant In Service	\$ 2,159,475
Less: Reserve for Depreciation	487,382
Net Utility Plant	<u>1,672,093</u>
Plus:	
Materials & Supplies, ex. fuel	3,293
Fuel Reserve (13 Month Average)	16,521
Working Capital Allowance	3,859
Prepayments	1,444
Regulatory Assets - FAS 109	(120,041)
Regulatory Assets, Net of Tax**	4,385
Less:	
Accumulated Provision for Deferred Income Tax	348,836
Regulatory Liability - FAS 109	(120,041)
Reserves, Net of Tax	16,883
Customer Advances for Construction	57
Customer Deposits	4,234
Rate Base	<u>\$ 1,331,585</u>
Operating Income	<u>\$ 94,453</u>
Rate of Return	<u>7.09%</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
September 30, 2020
(Thousands of Dollars)

	<u>Amount</u>	<u>Capitalization</u>
	<u>5-Q Average</u>	<u>5-Q Average</u>
Short-Term Debt NOTE (a)	-	0.00%
Long-Term Debt	621,187	46.40%
Common Equity	<u>717,506</u>	<u>53.60%</u>
Total	<u><u>1,338,693</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	3.76%	46.40%
Weighted Costs		<u><u>1.74%</u></u>
Rate of Return on Rate Base		7.09%
Less: Weighted Costs		<u>1.74%</u>
Common Equity Component		5.35%
Percentage of Common Equity to Total Capitalization		<u>53.60%</u>
Return on Common Equity		<u><u>9.98%</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
September 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>
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%
September 2020	(a) 9.30%	9.98%	0.00% (b)	9.98%

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>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).