

YANKEE GAS SERVICES, DBA EVERSOURCE  
 INCOME STATEMENT  
 12 MONTHS ENDED September 30, 2019  
 (Whole Dollars & Sales MMCF)

	<u>REVENUES AND INCOME</u>	<u>SALES MMCF</u>	<u>AVERAGE NUMBER of CUSTOMERS</u>
SALES OF GAS:			
RESIDENTIAL SERVICE	264,679,879	16,690	209,251
COMMERCIAL FIRM SERVICE	200,804,186	22,601	26,377
INDUSTRIAL FIRM SERVICE	69,529,590	14,542	1,603
SEASONAL SERVICE	-	-	19
INTERRUPTIBLE SERVICE	7,920,095	3,749	7
SALES FOR RESALE	<u>3,837,025</u>		
TOTAL SALES OF GAS	546,770,775	57,582	237,257
OTHER GAS REVENUES	10,334,195	-	0
TOTAL GAS REVENUES	<u>557,104,970</u>	<u>57,582</u>	<u>237,257</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	365,824,454		
DEPRECIATION EXPENSE	39,955,821		
TAXES OTHER THAN INCOME	57,666,945		
INCOME TAXES	13,222,859		
INCOME TAXES DEFERRED - NET	183,167		
INVESTMENT TAX CREDIT	(114,276)		
AMORTIZATION OF REGULATORY ASSETS	(4,574,981)		
DISPOSITION OF UTILITY PLANT	-		
TOTAL OPERATING EXPENSES	<u>472,163,989</u>		
OPERATING INCOME	<b>84,940,981</b>		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	(305,568)		
TOTAL INCOME	<u>84,635,413</u>		
INTEREST ON LONG-TERM DEBT	25,265,537		
AMORT. DEBT DISC.,PREM & EXPENSE	253,540		
OTHER INTEREST EXPENSE	(242,894)		
AFUDC - CREDIT	<u>(1,825,535)</u>		
NET INTEREST CHARGES	<u>23,450,648</u>		
INCOME BEFORE PREFERRED DIVIDENDS	61,184,765		
PREFERRED DIVIDENDS	-		
BALANCE FOR COMMON	<u><b>61,184,765</b></u>		

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

**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Rate of Return on Rate Base**  
**September 30, 2019**  
**(Thousands of Dollars)**

	<u>Average *</u>
Total Utility Plant In Service	1,978,061
Less: Reserve for Depreciation	472,474
<b>Net Utility Plant</b>	<u>1,505,587</u>
<b>Plus:</b>	
Materials & Supplies, ex. fuel	3,026
Fuel Reserve (13 Month Average)	18,056
Working Capital Allowance	2,858
Prepayments	1,352
Regulatory Assets - FAS 109	(126,841)
Regulatory Assets, Net of Tax**	1,383
<b>Less:</b>	
Accumulated Provision for Deferred Income Tax	341,882
Regulatory Liability - FAS 109	(126,841)
Reserves, Net of Tax	13,467
Customer Advances for Construction	57
Customer Deposits	4,101
Rate Base	<u>1,172,755</u>
Operating Income	<u>84,941</u>
Rate of Return	<u>7.24</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, 2019**  
**(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	527,404	46.17%
Common Equity	614,946	53.83%
<b>Total</b>	<u>1,142,350</u>	<u>100.00%</u>
	<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	4.08%	46.17%
<b>Weighted Costs</b>		<u>1.88%</u>
Rate of Return on Rate Base		7.24%
Less: Weighted Costs		1.88%
Common Equity Component		<u>5.36%</u>
Percentage of Common Equity to Total Capitalization		<u>53.83%</u>
Return on Common Equity		<u>9.957%</u> <b>NOTE (b)</b>

Notes:

- (a) Beginning with the 3/31/05 Filing Short-Term Debt will no longer be included in the YGS capitalization.
- (b) Removing the impact of the recovery of the revenue requirement on 2018 DIMP additions as per the approved settlement agreement in Docket No. 18-05-10 reduces the ROE to 9.660%.

**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Return on Equity Reflecting Adjustments For**  
**Retained Interruptible, Capacity Release, Off-System Sales Margins, ILEP and Weather Normalization**  
**September 30, 2019**

<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>	<u>Weather Normalization Adjustment</u>	<u>Balance Comparable to Rate Case Return on Equity</u>
September 2018	(a) 8.83%	7.80%	0.02% (b)	7.78%	0.04%	7.82%
December 2018	(c) 9.474%	9.468%	0.021% (b)	9.447%	0.186%	9.633%
March 2019	(c) 9.425%	11.652%	0.018% (b)	11.634%	0.476%	12.110%
June 2019	(c) 9.376%	9.905%	0.015% (b)	9.890%	0.169%	10.059%
September 2019	(c) 9.325%	9.957% (d)	0.011% (b)	9.946%	0.137%	10.083%

Notes:

- (a) Per the Final Decision to the YGS Rate Case in Docket No. 10-12-02. Subsequently, Docket Nos. 14-08-10 and 15-02-46 established an earnings sharing mechanism such that Yankee Gas Services Company and its customers will share equally 50%-50% any earnings above an actual return on equity that exceeds 9.50% in a 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)	9.425%

<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)	9.376%

<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)	9.325%

- (d) Removing the impact of the recovery of the revenue requirement on 2018 DIMP additions as per the approved settlement agreement in Docket No. 18-05-10 reduces the ROE to 9.660%.