

**YANKEE GAS SERVICES, DBA EVERSOURCE**  
**INCOME STATEMENT**  
**12 MONTHS ENDED September 30, 2017**  
**(Thousands of Dollars & Sales MCF)**

	<u>REVENUES AND INCOME</u>	<u>SALES MCF</u>	<u>CUSTOMERS AVERAGE</u>
SALES OF GAS:			
RESIDENTIAL SERVICE	237,411	15,147	202,545
COMMERCIAL FIRM SERVICE	175,912	20,871	25,180
INDUSTRIAL FIRM SERVICE	65,746	14,644	1,592
SEASONAL SERVICE	-	-	20
INTERRUPTIBLE SERVICE	8,128	3,457	8
SALES FOR RESALE	3,556		0
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TOTAL SALES OF GAS	490,753	54,119	229,345
OTHER GAS REVENUES	3,677	-	0
TOTAL GAS REVENUES	<u>494,430</u>	<u>54,119</u>	<u>229,345</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSE	320,410		
DEPRECIATION EXPENSE	35,684		
TAXES OTHER THAN INCOME	51,210		
INCOME TAXES	(17,056)		
INCOME TAXES DEFERRED - NET	38,536		
INVESTMENT TAX CREDIT	(263)		
AMORTIZATION OF REGULATORY ASSETS	1,373		
DISPOSITION OF UTILITY PLANT	-		
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TOTAL OPERATING EXPENSES	<u>429,893</u>		
OPERATING INCOME	<b>64,537</b>		
OTHER INCOME AND DEDUCTIONS -NET AFUDC	746		
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TOTAL INCOME	<b>65,283</b>		
INTEREST ON LONG-TERM DEBT	24,212		
AMORT. DEBT DISC.,PREM & EXPENSE	263		
OTHER INTEREST EXPENSE	1,189		
AFUDC - CREDIT	(639)		
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NET INTEREST CHARGES	<u>25,025</u>		
INCOME BEFORE PREFERRED DIVIDENDS	40,258		
PREFERRED DIVIDENDS	-		
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BALANCE FOR COMMON	<u><b>40,258</b></u>		

## YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY

## Rate of Return on Rate Base

September 30, 2017

(Thousands of Dollars)

	<u>Average *</u>
Total Utility Plant In Service	1,723,819
Less: Reserve for Depreciation	<u>454,564</u>
<b>Net Utility Plant</b>	<b>1,269,255</b>
<b>Plus:</b>	
Materials & Supplies, ex. fuel	3,140
Fuel Reserve (13 Month Average)	19,804
Working Capital Allowance	(5,192)
Prepayments	1,103
<b>Other - additions</b>	
Regulatory Asset - FAS 109	36,767
Deferred Hardship Charges, Net of Tax	5,640
Other Deferred Regulatory Assets, Net of Tax	461
<b>Less:</b>	
Accumulated Provision for Deferred Income Tax	312,438
Regulatory Liability - FAS 109	36,767
Reserves, Net of Tax	7,270
Non-Firm Margin Credit CES, Net of Tax	9,937
<b>Other - deductions</b>	
Customer Advances for Construction	173
Customer Deposits	4,090
Rate Base	<u><u>960,303</u></u>
Operating Income	<u><u>64,537</u></u>
Rate of Return	<u><u>6.72</u></u>

\* 5 Quarter Average Rate Base

**YANKEE GAS SERVICES, DBA EVERSOURCE ENERGY**  
**Rate of Return on Common Equity**  
**Cost of Capital Method**  
**September 30, 2017**  
**(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	457,199	46.80%
Common Equity	519,643	53.20%
 Total	976,842	100.00%
	<b>Average</b>	
	<b>Embedded</b>	<b>Capitalization</b>
	<b>Cost</b>	<b>Ratio</b>
		<b>Weighted</b>
		<b>Cost</b>
Short-Term Debt	0.00%	0.00%
Long-Term Debt	5.31%	46.80%
Weighted Costs		2.49%
 Rate of Return on Rate Base		6.72%
Less: Weighted Costs		2.49%
Common Equity Component		4.23%
 Percentage of Common Equity to Total Capitalization		53.20%
 Return on Common Equity		7.95%

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, ILEP and Weather Normalization**  
**September 30, 2017**

<u>Month</u>	<u>Allowed Return on Equity (a)</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 2016	8.83%	8.33%	0.04% (b)	8.29%	0.43%	8.72%
December 2016	8.83%	9.29%	0.03% (b)	9.26%	-0.88%	8.38%
March 2017	8.83%	8.92%	0.03% (b)	8.89%	-0.57%	8.32%
June 2017	8.83%	8.02%	0.03% (b)	7.99%	-0.80%	7.19%
September 2017	8.83%	7.95%	0.03% (b)	7.92%	-0.79%	7.13%

## Notes:

- (a) Per the Final Decision to the YGS Rate Case in Docket No. 10-12-02.  
(b) Reflects margins associated with the Interruptible Line Extension Policy (ILEP).