

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of March 31, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	\$ 24,699	\$ 8,153
Receivables, Net	76,525	54,612
Accounts Receivable from Affiliated Companies	8,199	24,820
Unbilled Revenues	11,725	18,100
Fuel, Materials and Supplies	14,207	21,050
Regulatory Assets	16,408	17,355
Prepaid Property Taxes	8,363	7,383
Other Current Assets	1,091	1,517
Total Current Assets	161,217	152,990
Property, Plant and Equipment, Net	1,438,539	1,428,012
Deferred Debits and Other Assets:		
Regulatory Assets	145,935	137,179
Goodwill	287,591	287,591
Other Long-Term Assets	4,863	4,534
Total Deferred Debits and Other Assets	438,389	429,304
Total Assets	\$ 2,038,145	\$ 2,010,306
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Long-Term Debt - Current Portion	\$ 100,000	\$ 100,000
Accounts Payable	39,898	48,843
Accounts Payable to Affiliated Companies	22,445	17,243
Regulatory Liabilities	8,044	5,298
Other Current Liabilities	28,263	28,404
Total Current Liabilities	198,650	199,788
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	207,369	200,665
Regulatory Liabilities	234,468	225,698
Accrued Pension, SERP and PBOP	48,544	68,181
Other Long-Term Liabilities	44,414	38,961
Total Deferred Credits and Other Liabilities	534,795	533,505
Capitalization:		
Long-Term Debt	418,667	418,620
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	780,962	780,962
Retained Earnings	106,027	78,438
Accumulated Other Comprehensive Loss	(961)	(1,012)
Common Stockholder's Equity	886,033	858,393
Total Capitalization	1,304,700	1,277,013
Total Liabilities and Capitalization	\$ 2,038,145	\$ 2,010,306

Note: In the opinion of the Company, all adjustments for a fair presentation of these financial statements for the periods shown have been made.

YANKEE GAS SERVICES COMPANY
STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31,	
	2018	2017
Operating Revenues	\$ 192,512	\$ 204,517
Operating Expenses:		
Cost of Natural Gas	88,837	103,283
Operations and Maintenance	26,790	26,184
Depreciation	9,299	8,715
Amortization of Regulatory Assets, Net	2,841	2,417
Energy Efficiency Programs	8,214	7,500
Taxes Other Than Income Taxes	15,555	16,437
Total Operating Expenses	151,536	164,536
Operating Income	40,976	39,981
Interest Expense	6,378	6,165
Other Income, Net	630	88
Income Before Income Tax Expense	35,228	33,904
Income Tax Expense	7,639	12,003
Net Income	\$ 27,589	\$ 21,901

Note: In the opinion of the Company, all adjustments for a fair presentation of these financial statements for the periods shown have been made.

STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the For the Three Months Ended March 31,	
	2018	2017
Net Income	\$ 27,589	\$ 21,901
Other Comprehensive Income, Net of Tax:		
Qualified Cash Flow Hedging Instruments	23	23
Changes in Funded Status of SERP Benefit Plan	28	36
Other Comprehensive Income, Net of Tax	51	59
Comprehensive Income	\$ 27,640	\$ 21,960

Note: In the opinion of the Company, all adjustments for a fair presentation of these financial statements for the periods shown have been made.

YANKEE GAS SERVICES COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

For the Three Months Ended March 31,
2018 2017

(Thousands of Dollars)

Operating Activities:

Net Income	\$ 27,589	\$ 21,901
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	9,299	8,715
Deferred Income Taxes	706	2,647
Pension, SERP and PBOP Expense	851	759
Pension Contributions	(19,149)	(3,175)
Amortization of Regulatory Assets, Net	2,841	2,417
Regulatory Overrecoveries, Net	10,369	36,619
Bad Debt Expense	1,788	1,816
Other	(413)	(3,212)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(3,904)	(19,468)
Fuel, Materials and Supplies	6,844	4,668
Taxes Receivable/Accrued, Net	3,847	15,680
Accounts Payable	8,446	(1,970)
Other Current Assets and Liabilities, Net	(3,784)	659
Net Cash Flows Provided by Operating Activities	<u>45,330</u>	<u>68,056</u>

Investing Activities:

Investments in Property, Plant and Equipment	(28,784)	(31,098)
Net Cash Flows Used in Investing Activities	<u>(28,784)</u>	<u>(31,098)</u>

Financing Activities:

Cash Dividends on Common Stock	—	(26,100)
Decrease in Notes Payable to Eversource Parent	—	(9,900)
Net Cash Flows Used in Financing Activities	<u>—</u>	<u>(36,000)</u>
Net Increase in Cash	16,546	958
Cash - Beginning of Period	8,153	1,807
Cash - End of Period	<u>\$ 24,699</u>	<u>\$ 2,765</u>

Note: In the opinion of the Company, all adjustments for a fair representation of these financial statements for the periods shown have been made.