

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	\$ 30,052	\$ 8,153
Receivables, Net	30,172	54,612
Accounts Receivable from Affiliated Companies	6,728	24,820
Unbilled Revenues	4,904	18,100
Taxes Receivable	12,120	616
Fuel, Materials and Supplies	25,054	21,050
Regulatory Assets	22,573	17,355
Prepaid Property Taxes	15,112	7,383
Other Current Assets	1,170	901
Total Current Assets	147,885	152,990
Property, Plant and Equipment, Net	1,516,201	1,428,012
Deferred Debits and Other Assets:		
Regulatory Assets	138,139	137,179
Goodwill	287,591	287,591
Other Long-Term Assets	6,257	4,534
Total Deferred Debits and Other Assets	431,987	429,304
Total Assets	\$ 2,096,073	\$ 2,010,306
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Long-Term Debt - Current Portion	\$ 100,000	\$ 100,000
Accounts Payable	51,532	48,843
Accounts Payable to Affiliated Companies	33,280	17,243
Regulatory Liabilities	10,045	5,298
Other Current Liabilities	18,177	28,404
Total Current Liabilities	213,034	199,788
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	204,941	200,665
Regulatory Liabilities	224,444	225,698
Accrued Pension, SERP and PBOP	55,645	68,181
Other Long-Term Liabilities	43,213	38,961
Total Deferred Credits and Other Liabilities	528,243	533,505
Long-Term Debt	468,474	418,620
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	780,962	780,962
Retained Earnings	106,212	78,438
Accumulated Other Comprehensive Loss	(857)	(1,012)
Common Stockholder's Equity	886,322	858,393
Total Liabilities and Capitalization	\$ 2,096,073	\$ 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 September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 70,229	\$ 67,587	\$ 370,788	\$ 369,686
Operating Expenses:				
Cost of Natural Gas	23,389	19,217	157,354	161,741
Operations and Maintenance	28,330	23,090	78,755	73,839
Depreciation	9,270	8,953	27,902	26,547
Amortization of Regulatory (Liabilities)/Assets, Net	(845)	(1,154)	2,569	1,291
Energy Efficiency Programs	1,421	1,532	12,718	12,224
Taxes Other Than Income Taxes	10,687	10,694	38,412	38,621
Total Operating Expenses	72,252	62,332	317,710	314,263
Operating (Loss)/Income	(2,023)	5,255	53,078	55,423
Interest Expense	6,268	6,364	19,111	18,910
Other Income, Net	625	217	1,674	395
(Loss)/Income Before Income Tax (Benefit)/Expense	(7,666)	(892)	35,641	36,908
Income Tax (Benefit)/Expense	(1,816)	(1,157)	7,867	12,329
Net (Loss)/Income	\$ (5,850)	\$ 265	\$ 27,774	\$ 24,579

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 Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Net (Loss)/Income	\$ (5,850)	\$ 265	\$ 27,774	\$ 24,579
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	23	24	70	70
Changes in Funded Status of SERP Benefit Plan	28	37	85	109
Other Comprehensive Income, Net of Tax	51	61	155	179
Comprehensive (Loss)/Income	\$ (5,799)	\$ 326	\$ 27,929	\$ 24,758

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 Nine Months Ended September 30,

(Thousands of Dollars)

2018

2017

Operating Activities:

Net Income	\$	27,774	\$	24,579
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:				
Depreciation		27,902		26,547
Deferred Income Taxes		(9,365)		18,814
Pension, SERP and PBOP Expense		1,685		2,101
Pension Contributions		(9,575)		(9,525)
Amortization of Regulatory Assets, Net		2,569		1,291
Regulatory (Under)/Over Recoveries, Net		(5,787)		18,647
Bad Debt Expense		5,574		3,538
Other		7,403		(4,742)
Changes in Current Assets and Liabilities:				
Receivables and Unbilled Revenues, Net		48,796		18,239
Fuel, Materials and Supplies		(4,003)		(1,135)
Taxes Receivable/Accrued, Net		(17,422)		(1,813)
Accounts Payable		13,602		(10,926)
Other Current Assets and Liabilities, Net		(11,865)		(7,991)
Net Cash Flows Provided by Operating Activities		<u>77,288</u>		<u>77,624</u>

Investing Activities:

Investments in Property, Plant and Equipment		(105,103)		(106,758)
Net Cash Flows Used in Investing Activities		<u>(105,103)</u>		<u>(106,758)</u>

Financing Activities:

Cash Dividends on Common Stock		—		(60,400)
Capital Contributions from Parent		—		36,647
Issuance of Long-Term Debt		50,000		75,000
Decrease in Notes Payable to Eversource Parent		—		(17,300)
Other Financing Activities		(286)		(295)
Net Cash Flows Provided by Financing Activities		<u>49,714</u>		<u>33,652</u>
Net Increase in Cash		21,899		4,518
Cash - Beginning of Period		8,153		1,807
Cash - End of Period	\$	<u>30,052</u>	\$	<u>6,325</u>

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