

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2013	December 31, 2012
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,273	\$ 2,710
Receivables, Net	20,573	38,076
Accounts Receivable from Affiliated Companies	614	387
Unbilled Revenues	3,455	18,220
Fuel, Materials and Supplies	52,971	50,898
Regulatory Assets	13,244	11,461
Prepayments and Other Current Assets	15,231	2,806
Total Current Assets	<u>107,361</u>	<u>124,558</u>
Property, Plant and Equipment, Net	<u>1,064,248</u>	<u>1,014,500</u>
Deferred Debits and Other Assets:		
Regulatory Assets	140,792	149,616
Goodwill	287,591	287,591
Other Long-Term Assets	5,090	5,203
Total Deferred Debits and Other Assets	<u>433,473</u>	<u>442,410</u>
Total Assets	<u>\$ 1,605,082</u>	<u>\$ 1,581,468</u>

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

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2013	December 31, 2012
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Affiliated Companies	\$ 108,700	\$ 70,600
Long-Term Debt - Current Portion	75,000	-
Accounts Payable	27,674	34,611
Accounts Payable to Affiliated Companies	7,508	6,158
Accrued Taxes	2,816	11,632
Regulatory Liabilities	4,123	10,143
Other Current Liabilities	20,707	24,240
Total Current Liabilities	<u>246,528</u>	<u>157,384</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	231,031	209,749
Regulatory Liabilities	48,547	52,026
Accrued Pension, SERP and PBOP	104,728	105,068
Other Long-Term Liabilities	40,732	37,885
Total Deferred Credits and Other Liabilities	<u>425,038</u>	<u>404,728</u>
Capitalization:		
Long-Term Debt	<u>270,713</u>	<u>345,805</u>
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	616,455	616,239
Retained Earnings	47,683	58,788
Accumulated Other Comprehensive Loss	(1,340)	(1,481)
Common Stockholder's Equity	<u>662,803</u>	<u>673,551</u>
Total Capitalization	<u>933,516</u>	<u>1,019,356</u>
Total Liabilities and Capitalization	<u>\$ 1,605,082</u>	<u>\$ 1,581,468</u>

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

YANKEE GAS SERVICES COMPANY
STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating Revenues	\$ 57,493	\$ 57,524	\$ 294,475	\$ 268,749
Operating Expenses:				
Cost of Natural Gas	13,954	15,258	109,174	98,371
Operations and Maintenance	25,623	24,030	75,833	77,435
Depreciation	7,402	7,380	22,497	22,027
Amortization of Regulatory Assets, Net	375	367	1,119	1,162
Energy Efficiency Programs	802	1,916	4,618	10,704
Taxes Other Than Income Taxes	7,587	6,343	26,505	22,762
Total Operating Expenses	55,743	55,294	239,746	232,461
Operating Income	1,750	2,230	54,729	36,288
Interest Expense:				
Interest on Long-Term Debt	5,041	4,855	15,142	14,911
Other Interest Expense	249	596	(278)	1,389
Interest Expense	5,290	5,451	14,864	16,300
Other Income, Net	25	35	62	99
Income/(Loss) Before Income Tax Expense/(Benefit)	(3,515)	(3,186)	39,927	20,087
Income Tax Expense/(Benefit)	(1,121)	(1,107)	15,032	7,574
Net Income/(Loss)	\$ (2,394)	\$ (2,079)	\$ 24,895	\$ 12,513
STATEMENTS OF COMPREHENSIVE INCOME				
Net Income/(Loss)	\$ (2,394)	\$ (2,079)	\$ 24,895	\$ 12,513
Other Comprehensive Income, Net of Tax:				
Changes in Funded Status of SERP Benefit Plan	24	14	71	38
Other	23	23	70	70
Other Comprehensive Income, Net of Tax	47	37	141	108
Comprehensive Income/(Loss)	\$ (2,347)	\$ (2,042)	\$ 25,036	\$ 12,621

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

YANKEE GAS SERVICES COMPANY
STATEMENT OF RETAINED EARNINGS
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2013	
Balance at Beginning of Period	\$	58,788
Additions:		
Net Income		24,895
Deductions:		
Dividends on Common Stock		36,000
Balance at End of Period	<u>\$</u>	<u>47,683</u>

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

YANKEE GAS SERVICES COMPANY
 STATEMENTS OF CASH FLOWS
 (Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30,	
	2013	2012
Operating Activities:		
Net Income	\$ 24,895	\$ 12,513
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	22,497	22,027
Deferred Income Taxes	17,405	14,874
Pension and PBOP Expense, Net of Pension and PBOP Contributions	6,847	1,966
Regulatory (Under)/Over Recoveries, Net	(9,767)	9,722
Amortization of Regulatory Assets, Net	1,119	1,162
Other	6,848	(5,837)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	24,871	27,135
Fuel, Materials and Supplies	(2,073)	4,368
Taxes Receivable/Accrued, Net	(12,761)	(7,745)
Accounts Payable	(6,975)	(3,274)
Other Current Assets and Liabilities, Net	(10,171)	(2,866)
Net Cash Flows Provided by Operating Activities	<u>62,735</u>	<u>74,045</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(66,247)	(64,020)
Net Cash Flows Used in Investing Activities	<u>(66,247)</u>	<u>(64,020)</u>
Financing Activities:		
Cash Dividends on Common Stock	(36,000)	(18,280)
Retirement of Long-Term Debt	-	(4,286)
Decrease in Short-Term Debt	-	(30,000)
Increase in Notes Payable to Affiliates	38,100	43,100
Other Financing Activities	(25)	(66)
Net Cash Flows Provided by/(Used in) Financing Activities	<u>2,075</u>	<u>(9,532)</u>
Net (Decrease)/Increase in Cash	(1,437)	493
Cash - Beginning of Period	2,710	-
Cash - End of Period	<u>\$ 1,273</u>	<u>\$ 493</u>

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