

EVERSOURCE ENERGY  
Form 10-Q  
November 06, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission Registrant; State of Incorporation;  
File Number Address; and Telephone Number

I.R.S. Employer  
Identification No.

1-5324	EVERSOURCE ENERGY (a Massachusetts voluntary association) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (800) 286-5000	04-2147929
0-00404	THE CONNECTICUT LIGHT AND POWER COMPANY (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (800) 286-5000	06-0303850
1-02301	NSTAR ELECTRIC COMPANY (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (800) 286-5000	04-1278810
1-6392	PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134 Telephone: (800) 286-5000	02-0181050

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Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes No

x ..

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Yes No

x ..

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Eversource Energy	x	..	..	..	..
The Connecticut Light and Power Company	..	..	x	..	..
NSTAR Electric Company	..	..	x	..	..
Public Service Company of New Hampshire	..	..	x	..	..

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

Yes No

Eversource Energy	..	x
The Connecticut Light and Power Company	..	x
NSTAR Electric Company	..	x
Public Service Company of New Hampshire	..	x

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

Company - Class of Stock	Outstanding as of October 31, 2018
Eversource Energy Common Shares, \$5.00 par value	316,885,808 shares
The Connecticut Light and Power Company Common Stock, \$10.00 par value	6,035,205 shares
NSTAR Electric Company Common Stock, \$1.00 par value	200 shares
Public Service Company of New Hampshire Common Stock, \$1.00 par value	301 shares

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Eversource Energy holds all of the 6,035,205 shares, 200 shares, and 301 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire, respectively.

NSTAR Electric Company and Public Service Company of New Hampshire each meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q, and each is therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) of Form 10 Q.

Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire each separately file this combined Form 10-Q. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

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GLOSSARY OF TERMS

The following is a glossary of abbreviations and acronyms that are found in this report:

Current or former Eversource Energy companies, segments or investments:

Eversource, ES or the Company	Eversource Energy and subsidiaries
Eversource parent or ES parent	Eversource Energy, a public utility holding company
ES parent and other companies	ES parent and other companies are comprised of Eversource parent, Eversource Service and other subsidiaries, which primarily includes our unregulated businesses, HWP Company, The Rocky River Realty Company (a real estate subsidiary), and the consolidated operations of CYAPC and YAEC
CL&P	The Connecticut Light and Power Company
NSTAR Electric	NSTAR Electric Company
PSNH	Public Service Company of New Hampshire
NSTAR Gas	NSTAR Gas Company
Yankee Gas	Yankee Gas Services Company
Aquarion	Eversource Aquarion Holdings, Inc and its subsidiaries (formerly known as Macquarie Utilities Inc)
NPT	Northern Pass Transmission LLC
Northern Pass	The HVDC and associated alternating-current transmission line project from Canada into New Hampshire
Eversource Service	Eversource Energy Service Company
Bay State Wind	A project being developed jointly by Eversource and Denmark-based Ørsted (formerly known as DONG Energy) to construct an offshore wind farm off the coast of Massachusetts
CYAPC	Connecticut Yankee Atomic Power Company
MYAPC	Maine Yankee Atomic Power Company
YAEC	Yankee Atomic Electric Company
Yankee Companies	CYAPC, YAEC and MYAPC
Regulated companies	The Eversource regulated companies are comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric and PSNH, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, NPT, Aquarion, the generation facilities of PSNH, and the solar power facilities of NSTAR Electric
Regulators:	
DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission
SJC	Supreme Judicial Court of Massachusetts
Other Terms and Abbreviations:	

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A project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge"), and National Grid plc Access Northeast ("National Grid") through Algonquin Gas Transmission, LLC ("AGT") to bring needed additional natural gas pipeline and storage capacity to New England.

ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance For Funds Used During Construction
AOCI	Accumulated Other Comprehensive Income
ARO	Asset Retirement Obligation
Bcf	Billion cubic feet
C&LM	Conservation and Load Management
CfD	Contract for Differences
CTA	Competitive Transition Assessment
CWIP	Construction Work in Progress
EDC	Electric distribution company
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974

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ESOP	Employee Stock Ownership Plan
Eversource 2017 Form 10-K	The Eversource Energy and Subsidiaries 2017 combined Annual Report on Form 10-K as filed with the SEC
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt-Hours
HQ	Hydro-Québec, a corporation wholly-owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High-voltage direct current
Hydro Renewable Energy	Hydro Renewable Energy, Inc., a wholly-owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kVa	Kilovolt-ampere
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LBR	Lost Base Revenue
LNG	Liquefied natural gas
LRS	Supplier of last resort service
MG	Million gallons
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
MMcf	Million cubic feet
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
NETOs	New England Transmission Owners (including Eversource, National Grid and Avangrid)
OCI	Other Comprehensive Income/(Loss)
PAM	Pension and PBOP Rate Adjustment Mechanism
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree benefits, primarily medical, dental and life insurance
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
RRBs	Rate Reduction Bonds
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
RNS	Regional Network Service
ROE	Return on Equity
RRB	Rate Reduction Bond or Rate Reduction Certificate

RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plans and non-qualified defined benefit retirement plans
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

EVERSOURCE ENERGY AND SUBSIDIARIES  
 THE CONNECTICUT LIGHT AND POWER COMPANY  
 NSTAR ELECTRIC COMPANY AND SUBSIDIARY  
 PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

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EVERSOURCE ENERGY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	As of September 30, 2018	As of December 31, 2017
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 59,092	\$ 38,165
Receivables, Net	1,091,589	925,083
Unbilled Revenues	170,044	201,361
Fuel, Materials, Supplies and Inventory	192,508	223,063
Regulatory Assets	436,704	741,868
Prepayments and Other Current Assets	203,434	138,009
Assets Held for Sale	—	219,550
Total Current Assets	2,153,371	2,487,099
Property, Plant and Equipment, Net	24,967,702	23,617,463
Deferred Debits and Other Assets:		
Regulatory Assets	4,716,631	4,497,447
Goodwill	4,427,266	4,427,266
Marketable Securities	585,960	585,419
Other Long-Term Assets	664,739	605,692
Total Deferred Debits and Other Assets	10,394,596	10,115,824
Total Assets	\$ 37,515,669	\$ 36,220,386
<b>LIABILITIES AND CAPITALIZATION</b>		
Current Liabilities:		
Notes Payable	\$ 1,067,200	\$ 1,088,087
Long-Term Debt – Current Portion	387,310	549,631
Rate Reduction Bonds – Current Portion	52,332	—
Accounts Payable	962,298	1,085,034
Obligations to Third Party Suppliers	199,762	144,046
Regulatory Liabilities	344,708	128,071
Other Current Liabilities	616,662	594,176
Total Current Liabilities	3,630,272	3,589,045
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	3,386,324	3,297,518
Regulatory Liabilities	3,706,792	3,637,273
Derivative Liabilities	385,865	377,257
Accrued Pension, SERP and PBOP	1,013,182	1,228,091
Other Long-Term Liabilities	1,094,019	1,073,501
Total Deferred Credits and Other Liabilities	9,586,182	9,613,640

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Long-Term Debt	12,151,536	11,775,889
Rate Reduction Bonds	583,331	—
Noncontrolling Interest – Preferred Stock of Subsidiaries	155,570	155,570
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid In	6,234,044	6,239,940
Retained Earnings	3,882,695	3,561,084
Accumulated Other Comprehensive Loss	(59,582	) (66,403
Treasury Stock	(317,771	) (317,771
Common Shareholders' Equity	11,408,778	11,086,242
Total Liabilities and Capitalization	\$ 37,515,669	\$ 36,220,386

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

(Thousands of Dollars, Except Share Information)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues	\$2,271,425	\$1,988,512	\$6,413,243	\$5,856,458
Operating Expenses:				
Purchased Power, Fuel and Transmission	842,291	651,776	2,442,953	1,955,129
Operations and Maintenance	344,475	307,773	970,881	956,274
Depreciation	208,671	194,466	612,077	571,152
Amortization	92,711	41,848	174,108	58,058
Energy Efficiency Programs	129,965	129,205	366,162	391,761
Taxes Other Than Income Taxes	187,291	168,193	547,155	479,648
Total Operating Expenses	1,805,404	1,493,261	5,113,336	4,412,022
Operating Income	466,021	495,251	1,299,907	1,444,436
Interest Expense	125,201	108,719	372,734	319,477
Other Income, Net	16,718	28,536	100,656	79,178
Income Before Income Tax Expense	357,538	415,068	1,027,829	1,204,137
Income Tax Expense	66,278	152,818	220,497	447,921
Net Income	291,260	262,250	807,332	756,216
Net Income Attributable to Noncontrolling Interests	1,880	1,880	5,639	5,639
Net Income Attributable to Common Shareholders	\$289,380	\$260,370	\$801,693	\$750,577
Basic Earnings Per Common Share	\$0.91	\$0.82	\$2.53	\$2.36
Diluted Earnings Per Common Share	\$0.91	\$0.82	\$2.52	\$2.36
Dividends Declared Per Common Share	\$0.51	\$0.48	\$1.52	\$1.43
Weighted Average Common Shares Outstanding:				
Basic	317,360,110	317,393,029	317,367,252	317,415,848
Diluted	317,967,311	317,949,396	317,948,498	318,007,042

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED 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 Income	\$291,260	\$262,250	\$807,332	\$756,216
Other Comprehensive Income/(Loss), Net of Tax:				
Qualified Cash Flow Hedging Instruments	432	519	1,627	1,567
Changes in Unrealized (Losses)/Gains on	(136)	(1,872)	(724)	733

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Marketable Securities				
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	1,110	673	5,918	(633 )
Other Comprehensive Income/(Loss), Net of Tax	1,406	(680 )	6,821	1,667
Comprehensive Income Attributable to Noncontrolling Interests	(1,880 )	(1,880 )	(5,639 )	(5,639 )
Comprehensive Income Attributable to Common Shareholders	\$290,786	\$259,690	\$808,514	\$752,244

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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EVERSOURCE ENERGY AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30,	
	2018	2017
<b>Operating Activities:</b>		
Net Income	\$807,332	\$756,216
<b>Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:</b>		
Depreciation	612,077	571,152
Deferred Income Taxes	70,402	374,863
Uncollectible Expense	50,720	30,111
Pension, SERP and PBOP Expense, Net	5,192	16,891
Pension and PBOP Contributions	(188,874 )	(197,900 )
Regulatory Overrecoveries, Net	189,932	185,952
Amortization	174,108	58,058
Other	(129,039 )	(197,876 )
<b>Changes in Current Assets and Liabilities:</b>		
Receivables and Unbilled Revenues, Net	(212,326 )	(107,473 )
Fuel, Materials, Supplies and Inventory	44,702	23,686
Taxes Receivable/Accrued, Net	70,885	88,856
Accounts Payable	(72,591 )	(96,551 )
Other Current Assets and Liabilities, Net	(14,858 )	(30,138 )
Net Cash Flows Provided by Operating Activities	1,407,662	1,475,847
<b>Investing Activities:</b>		
Investments in Property, Plant and Equipment	(1,885,081 )	(1,642,280 )
Proceeds from Sales of Marketable Securities	405,276	520,664
Purchases of Marketable Securities	(396,277 )	(506,302 )
Proceeds from the Sale of PSNH Generation Assets	193,924	—
Other Investing Activities	(23,405 )	(24,173 )
Net Cash Flows Used in Investing Activities	(1,705,563 )	(1,652,091 )
<b>Financing Activities:</b>		
Cash Dividends on Common Shares	(480,082 )	(451,562 )
Cash Dividends on Preferred Stock	(5,639 )	(5,639 )
Decrease in Notes Payable	(222,110 )	(231,500 )
Issuance of Rate Reduction Bonds	635,663	—
Issuance of Long-Term Debt	1,300,000	1,250,000
Retirement of Long-Term Debt	(860,855 )	(320,000 )
Other Financing Activities	(20,361 )	171
Net Cash Flows Provided by Financing Activities	346,616	241,470
Net Increase in Cash, Cash Equivalents and Restricted Cash	48,715	65,226
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	85,890	106,750
Cash, Cash Equivalents and Restricted Cash - End of Period	\$134,605	\$171,976

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



THE CONNECTICUT LIGHT AND POWER COMPANY  
CONDENSED BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	As of September 30, 2018	As of December 31, 2017
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 977	\$ 6,028
Receivables, Net	466,768	370,676
Accounts Receivable from Affiliated Companies	32,074	28,181
Unbilled Revenues	53,690	54,154
Materials, Supplies and Inventory	45,757	48,438
Regulatory Assets	128,793	200,281
Prepaid Property Taxes	60,532	17,884
Prepayments and Other Current Assets	15,470	29,042
Total Current Assets	804,061	754,684
Property, Plant and Equipment, Net	8,753,744	8,271,030
Deferred Debits and Other Assets:		
Regulatory Assets	1,545,012	1,444,935
Other Long-Term Assets	175,488	159,597
Total Deferred Debits and Other Assets	1,720,500	1,604,532
Total Assets	\$ 11,278,305	\$ 10,630,246
<b>LIABILITIES AND CAPITALIZATION</b>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 45,900	\$ 69,500
Long-Term Debt – Current Portion	250,000	300,000
Accounts Payable	347,443	367,605
Accounts Payable to Affiliated Companies	86,772	82,201
Obligations to Third Party Suppliers	64,283	52,860
Accrued Taxes	78,507	21,665
Regulatory Liabilities	126,574	38,967
Other Current Liabilities	152,147	159,961
Total Current Liabilities	1,151,626	1,092,759
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,136,221	1,103,367
Regulatory Liabilities	1,131,234	1,112,136
Derivative Liabilities	385,779	376,918
Accrued Pension, SERP and PBOP	301,946	354,469
Other Long-Term Liabilities	130,069	128,135
Total Deferred Credits and Other Liabilities	3,085,249	3,075,025



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Long-Term Debt	3,003,625	2,759,135
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	2,210,765	2,110,765
Retained Earnings	1,650,182	1,415,741
Accumulated Other Comprehensive Income	306	269
Common Stockholder's Equity	3,921,605	3,587,127
Total Liabilities and Capitalization	\$ 11,278,305	\$ 10,630,246

The accompanying notes are an integral part of these unaudited condensed financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY  
 CONDENSED 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	\$865,028	\$774,762	\$2,344,903	\$2,173,629
Operating Expenses:				
Purchased Power and Transmission	314,571	259,005	850,794	711,154
Operations and Maintenance	128,523	123,511	355,500	361,166
Depreciation	72,017	63,727	208,899	184,275
Amortization of Regulatory Assets, Net	54,031	34,574	97,437	58,799
Energy Efficiency Programs	30,240	37,739	71,606	106,483
Taxes Other Than Income Taxes	92,987	79,067	267,662	223,482
Total Operating Expenses	692,369	597,623	1,851,898	1,645,359
Operating Income	172,659	177,139	493,005	528,270
Interest Expense	37,609	36,313	113,107	106,577
Other Income, Net	7,098	7,913	20,722	15,402
Income Before Income Tax Expense	142,148	148,739	400,620	437,095
Income Tax Expense	41,818	52,595	102,010	159,450
Net Income	\$100,330	\$96,144	\$298,610	\$277,645

The accompanying notes are an integral part of these unaudited condensed financial statements.

CONDENSED 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 Income	\$100,330	\$96,144		