

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 175	\$ 2,575
Receivables, Net	4,349	24,035
Accounts Receivable from Affiliated Companies	2,857	37,958
Unbilled Revenues	3,585	10,054
Taxes Receivable	28,973	12,017
Fuel, Materials and Supplies	19,645	21,001
Regulatory Assets	48,472	49,017
Prepayments	3,513	389
Total Current Assets	<u>111,569</u>	<u>157,046</u>
Property, Plant and Equipment, Net	<u>900,054</u>	<u>827,052</u>
Deferred Debits and Other Assets:		
Regulatory Assets	204,777	224,775
Other Long-Term Assets	24,108	13,446
Total Deferred Debits and Other Assets	<u>228,885</u>	<u>238,221</u>
Total Assets	<u>\$ 1,240,508</u>	<u>\$ 1,222,319</u>
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 56,000	\$ -
Long-Term Debt - Current Portion	25,000	-
Accounts Payable	24,231	41,727
Accounts Payable to Affiliated Companies	18,942	18,570
Regulatory Liabilities	12,152	21,393
Other Current Liabilities	11,329	17,510
Total Current Liabilities	<u>147,654</u>	<u>99,200</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	276,992	251,594
Regulatory Liabilities	90,859	73,085
Accrued Pension, SERP and PBOP	34,237	76,559
Other Long-Term Liabilities	41,280	32,359
Total Deferred Credits and Other Liabilities	<u>443,368</u>	<u>433,597</u>
Capitalization:		
Long-Term Debt	<u>284,271</u>	<u>309,214</u>
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	190,358	190,358
Retained Earnings	103,050	118,120
Accumulated Other Comprehensive Income	382	405
Common Stockholder's Equity	<u>365,215</u>	<u>380,308</u>
Total Capitalization	<u>649,486</u>	<u>689,522</u>
Total Liabilities and Capitalization	<u>\$ 1,240,508</u>	<u>\$ 1,222,319</u>

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

NSTAR GAS COMPANY
CONSOLIDATED STATEMENTS OF (LOSS)/INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating Revenues	\$ 33,519	\$ 43,343	\$ 301,946	\$ 424,174
Operating Expenses:				
Cost of Natural Gas	7,084	16,575	132,903	236,960
Operations and Maintenance	20,927	18,446	63,583	62,875
Depreciation	8,074	8,415	23,791	24,917
Amortization of Regulatory (Liabilities)/Assets, Net	(1,068)	768	(3,220)	2,694
Energy Efficiency Programs	1,998	3,845	18,258	37,248
Taxes Other Than Income Taxes	5,862	4,355	17,024	12,973
Total Operating Expenses	42,877	52,404	252,339	377,667
Operating (Loss)/Income	(9,358)	(9,061)	49,607	46,507
Interest Expense	4,111	3,306	12,360	9,561
Other Income/(Loss), Net	410	(160)	512	(51)
(Loss)/Income Before Income Tax (Benefit)/Expense	(13,059)	(12,527)	37,759	36,895
Income Tax (Benefit)/Expense	(5,494)	(5,120)	14,729	14,635
Net (Loss)/Income	\$ (7,565)	\$ (7,407)	\$ 23,030	\$ 22,260

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

NSTAR GAS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30,	
	2016	2015
Operating Activities:		
Net Income	\$ 23,030	\$ 22,260
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	23,791	24,917
Deferred Income Taxes	25,600	(14,211)
Amortization of Regulatory (Liabilities)/Assets, Net	(3,220)	2,694
Regulatory (Under)/Overrecoveries, Net	(7,573)	50,465
Pension, SERP and PBOP Expense	1,103	4,452
Pension and PBOP Contributions	(12,125)	(5,861)
Bad Debt Expense	5,591	8,846
Other	(10,749)	(2,025)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	22,049	35,415
Fuel, Materials and Supplies	1,356	5,731
Taxes Receivable/Accrued, Net	(17,159)	27,126
Accounts Payable	(18,970)	(25,257)
Accounts Receivable from/Payable to Affiliates, Net	35,473	(22,290)
Other Current Assets and Liabilities, Net	(885)	(3,288)
Net Cash Flows Provided by Operating Activities	<u>67,312</u>	<u>108,974</u>
Investing Activities:		
Investments in Property, Plant and Equipment	<u>(87,612)</u>	<u>(58,541)</u>
Net Cash Flows Used in Investing Activities	<u>(87,612)</u>	<u>(58,541)</u>
Financing Activities:		
Cash Dividends on Common Stock	(38,100)	(12,000)
Capital Contributions from Parent	-	12,000
Increase/(Decrease) in Notes Payable to Eversource Parent	56,000	(50,950)
Net Cash Flows Provided by/(Used in) Financing Activities	<u>17,900</u>	<u>(50,950)</u>
Net decrease in Cash and Cash Equivalents	(2,400)	(517)
Cash and Cash Equivalents - Beginning of Period	2,575	3,069
Cash and Cash Equivalents - End of Period	<u>\$ 175</u>	<u>\$ 2,552</u>

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