

NSTAR GAS COMPANY  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	As of September 30, 2017	As of December 31, 2016
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 119	\$ 19
Receivables, Net	12,162	38,978
Accounts Receivable from Affiliated Companies	10,427	5,626
Unbilled Revenues	1,986	15,127
Taxes Receivable	30,485	—
Fuel, Materials and Supplies	17,632	19,211
Regulatory Assets	45,747	51,792
Prepayments and Other Current Assets	651	6,429
<b>Total Current Assets</b>	<b>119,209</b>	<b>137,182</b>
Property, Plant and Equipment, Net	1,034,352	939,255
Deferred Debits and Other Assets:		
Regulatory Assets	204,309	218,885
Other Long-Term Assets	35,763	31,463
<b>Total Deferred Debits and Other Assets</b>	<b>240,072</b>	<b>250,348</b>
<b>Total Assets</b>	<b>\$ 1,393,633</b>	<b>\$ 1,326,785</b>
<b>LIABILITIES AND CAPITALIZATION</b>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 79,000	\$ 85,000
Long-Term Debt - Current Portion	25,000	25,000
Accounts Payable	40,360	49,751
Accounts Payable to Affiliated Companies	21,249	20,081
Regulatory Liabilities	14,747	6,997
Other Current Liabilities	15,355	15,911
<b>Total Current Liabilities</b>	<b>195,711</b>	<b>202,740</b>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	303,560	285,879
Regulatory Liabilities	96,395	100,799
Accrued Pension and SERP	33,592	46,535
Other Long-Term Liabilities	38,322	43,923
<b>Total Deferred Credits and Other Liabilities</b>	<b>471,869</b>	<b>477,136</b>
Capitalization:		
Long-Term Debt	284,384	284,299
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	260,533	190,358
Retained Earnings	109,407	100,511
Accumulated Other Comprehensive Income	304	316
<b>Common Stockholder's Equity</b>	<b>441,669</b>	<b>362,610</b>
<b>Total Capitalization</b>	<b>726,053</b>	<b>646,909</b>
<b>Total Liabilities and Capitalization</b>	<b>\$ 1,393,633</b>	<b>\$ 1,326,785</b>

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

NSTAR GAS COMPANY  
CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Operating Revenues	\$ 41,633	\$ 33,519	\$ 329,107	\$ 301,946
Operating Expenses:				
Cost of Natural Gas	12,364	7,084	135,596	132,903
Operations and Maintenance	18,853	20,927	62,202	63,583
Depreciation	9,050	8,074	26,710	23,791
Amortization of Regulatory (Liabilities)/Assets, Net	(1,568)	(1,068)	293	(3,220)
Energy Efficiency Programs	3,316	1,998	33,472	18,258
Taxes Other Than Income Taxes	6,411	5,862	17,278	17,024
Total Operating Expenses	48,426	42,877	275,551	252,339
Operating (Loss)/Income	(6,793)	(9,358)	53,556	49,607
Interest Expense	4,409	4,111	13,405	12,360
Other Income, Net	17	410	189	512
(Loss)/Income Before Income Tax (Benefit)/Expense	(11,185)	(13,059)	40,340	37,759
Income Tax (Benefit)/Expense	(4,678)	(5,494)	15,844	14,729
Net (Loss)/Income	\$ (6,507)	\$ (7,565)	\$ 24,496	\$ 23,030

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,	
	2017	2016	2017	2016
Net (Loss)/Income	\$ (6,507)	\$ (7,565)	\$ 24,496	\$ 23,030
Other Comprehensive Loss, Net of Tax:				
Changes in Funded Status of SERP Benefit Plan	(4)	(8)	(12)	(23)
Other Comprehensive Loss, Net of Tax	(4)	(8)	(12)	(23)
Comprehensive (Loss)/Income	\$ (6,511)	\$ (7,573)	\$ 24,484	\$ 23,007

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

NSTAR GAS COMPANY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

For the Nine Months Ended September 30,

(Thousands of Dollars)

2017

2016

Operating Activities:

Net Income	\$	24,496	\$	23,030
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Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:

Depreciation		26,710		23,791
Deferred Income Taxes		17,837		25,600
Amortization of Regulatory Assets/(Liabilities) Net		293		(3,220)
Pension, SERP and PBOP (Benefits)/Expense, Net		(973)		1,103
Pension and PBOP Contributions		(8,493)		(12,125)
Regulatory Over/(Under) Recoveries, Net		21,950		(7,573)
Bad Debt Expense		4,729		5,591
Other		(11,205)		(10,749)

Changes in Current Assets and Liabilities:

Receivables and Unbilled Revenues, Net		33,528		22,049
Fuel, Materials and Supplies		1,579		1,356
Taxes Receivable/Accrued, Net		(32,290)		(17,159)
Accounts Payable		(19,817)		(18,970)
Accounts Receivable from/Payable to Affiliates, Net		(3,633)		35,473
Other Current Assets and Liabilities, Net		(123)		(885)
Net Cash Flows Provided by Operating Activities		<u>54,588</u>		<u>67,312</u>

Investing Activities:

Investments in Property, Plant and Equipment		(103,063)		(87,612)
Net Cash Flows Used in Investing Activities		<u>(103,063)</u>		<u>(87,612)</u>

Financing Activities:

Cash Dividends on Common Stock		(15,600)		(38,100)
Capital Contributions from Parent		70,175		—
(Decrease)/Increase in Notes Payable to Eversource Parent		(6,000)		56,000
Net Cash Flows Provided by Financing Activities		<u>48,575</u>		<u>17,900</u>
Net Increase/(Decrease) in Cash		100		(2,400)
Cash - Beginning of Period		19		2,575
Cash - End of Period	\$	<u>119</u>	\$	<u>175</u>

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