

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 3,196	\$ 2,575
Receivables, Net	13,104	24,035
Accounts Receivable from Affiliated Companies	3,948	37,958
Unbilled Revenues	4,238	10,054
Taxes Receivable	21,830	12,017
Fuel, Materials and Supplies	18,132	21,001
Regulatory Assets	38,413	49,017
Prepayments	4,960	389
Total Current Assets	<u>107,821</u>	<u>157,046</u>
Property, Plant and Equipment, Net	<u>872,116</u>	<u>827,052</u>
Deferred Debits and Other Assets:		
Regulatory Assets	215,328	224,775
Other Long-Term Assets	14,914	13,446
Total Deferred Debits and Other Assets	<u>230,242</u>	<u>238,221</u>
Total Assets	<u>\$ 1,210,179</u>	<u>\$ 1,222,319</u>
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 11,500	\$ -
Accounts Payable	25,916	41,727
Accounts Payable to Affiliated Companies	9,560	18,570
Regulatory Liabilities	19,316	21,393
Environmental Liabilities	6,667	2,387
Other Current Liabilities	7,191	15,123
Total Current Liabilities	<u>80,150</u>	<u>99,200</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	262,275	251,594
Regulatory Liabilities	76,829	73,085
Accrued Pension, SERP and PBOP	58,546	76,559
Other Long-Term Liabilities	37,649	32,359
Total Deferred Credits and Other Liabilities	<u>435,299</u>	<u>433,597</u>
Capitalization:		
Long-Term Debt	<u>309,242</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	123,315	118,120
Accumulated Other Comprehensive Income	390	405
Common Stockholder's Equity	<u>385,488</u>	<u>380,308</u>
Total Capitalization	<u>694,730</u>	<u>689,522</u>
Total Liabilities and Capitalization	<u>\$ 1,210,179</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 INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Operating Revenues	\$ 80,399	\$ 95,342	\$ 268,426	\$ 380,831
Operating Expenses:				
Cost of Natural Gas	35,112	50,562	125,820	220,386
Operations and Maintenance	19,317	16,780	42,657	44,429
Depreciation	7,921	8,245	15,716	16,502
Amortization of Regulatory (Liabilities)/Assets, Net	(49)	742	(2,153)	1,926
Energy Efficiency Programs	5,145	9,554	16,260	33,403
Taxes Other Than Income Taxes	5,878	4,200	11,160	8,617
Total Operating Expenses	73,324	90,083	209,460	325,263
Operating Income	7,075	5,259	58,966	55,568
Interest Expense	4,157	3,224	8,251	6,255
Other Income, Net	152	166	102	109
Income Before Income Tax Expense	3,070	2,201	50,817	49,422
Income Tax Expense	1,158	833	20,222	19,755
Net Income	\$ 1,912	\$ 1,368	\$ 30,595	\$ 29,667

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 Six Months Ended June 30,	
	2016	2015
Operating Activities:		
Net Income	\$ 30,595	\$ 29,667
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	15,716	16,502
Deferred Income Taxes	10,814	(25,774)
Amortization of Regulatory (Liabilities)/Assets, Net	(2,153)	1,926
Regulatory Overrecoveries, Net	11,085	58,770
Pension and PBOP Contributions	(7,253)	(1,054)
Bad Debt Expense	4,972	8,288
Other	(5,105)	(1,597)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	11,526	17,432
Fuel, Materials and Supplies	2,869	11,571
Taxes Receivable/Accrued, Net	(9,321)	50,151
Accounts Payable	(17,740)	(26,532)
Accounts Receivable from/Payable to Affiliates, Net	25,000	(13,440)
Other Current Assets and Liabilities, Net	(3,686)	(1,826)
Net Cash Flows Provided by Operating Activities	<u>67,319</u>	<u>124,084</u>
Investing Activities:		
Investments in Property, Plant and Equipment	<u>(52,798)</u>	<u>(32,304)</u>
Net Cash Flows Used in Investing Activities	<u>(52,798)</u>	<u>(32,304)</u>
Financing Activities:		
Cash Dividends on Common Stock	(25,400)	(8,000)
Capital Contributions from Parent	-	12,000
Increase/(Decrease) in Notes Payable to Eversource Parent	11,500	(94,950)
Net Cash Flows Used in Financing Activities	<u>(13,900)</u>	<u>(90,950)</u>
Net Increase in Cash and Cash Equivalents	621	830
Cash and Cash Equivalents - Beginning of Period	2,575	3,069
Cash and Cash Equivalents - End of Period	<u>\$ 3,196</u>	<u>\$ 3,899</u>

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