

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2015	December 31, 2014
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,552	\$ 3,069
Receivables, Net	8,755	45,711
Accounts Receivable from Affiliated Companies	12,216	4,298
Unbilled Revenues	3,928	11,233
Taxes Receivable	-	23,164
Fuel, Materials and Supplies	19,213	24,943
Accumulated Deferred Income Taxes	8,600	-
Regulatory Assets	33,075	70,065
Prepayments and Other Current Assets	450	926
Total Current Assets	<u>88,789</u>	<u>183,409</u>
Property, Plant and Equipment, Net	<u>802,913</u>	<u>761,206</u>
Deferred Debits and Other Assets:		
Regulatory Assets	223,778	235,961
Other Long-Term Assets	14,913	12,273
Total Deferred Debits and Other Assets	<u>238,691</u>	<u>248,234</u>
Total Assets	<u>\$ 1,130,393</u>	<u>\$ 1,192,849</u>
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 44,000	\$ 94,950
Accounts Payable	27,852	49,990
Accounts Payable to Affiliated Companies	6,289	20,661
Accumulated Deferred Income Taxes	-	14,205
Regulatory Liabilities	29,348	17,901
Other Current Liabilities	16,204	22,342
Total Current Liabilities	<u>123,693</u>	<u>220,049</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	233,102	224,250
Regulatory Liabilities	71,561	68,049
Accrued Pension, SERP and PBOP	79,954	83,548
Other Long-Term Liabilities	33,342	30,592
Total Deferred Credits and Other Liabilities	<u>417,959</u>	<u>406,439</u>
Capitalization:		
Long-Term Debt	<u>210,000</u>	<u>210,000</u>
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	190,358	178,072
Retained Earnings	116,728	106,468
Accumulated Other Comprehensive Income	230	396
Common Stockholder's Equity	<u>378,741</u>	<u>356,361</u>
Total Capitalization	<u>588,741</u>	<u>566,361</u>
Total Liabilities and Capitalization	<u>\$ 1,130,393</u>	<u>\$ 1,192,849</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)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Operating Revenues	<u>\$ 43,343</u>	<u>\$ 41,349</u>	<u>\$ 424,174</u>	<u>\$ 350,488</u>
Operating Expenses:				
Cost of Natural Gas	16,575	15,697	236,960	170,710
Operations and Maintenance	18,446	18,855	62,875	67,581
Depreciation	8,415	7,843	24,917	23,330
Amortization of Regulatory Assets, Net	768	824	2,694	4,265
Energy Efficiency Programs	3,845	3,343	37,248	35,927
Taxes Other Than Income Taxes	4,355	4,421	12,973	13,576
Total Operating Expenses	<u>52,404</u>	<u>50,983</u>	<u>377,667</u>	<u>315,389</u>
Operating Income/(Loss)	(9,061)	(9,634)	46,507	35,099
Interest Expense	3,306	3,027	9,561	9,181
Other Income, Net	(160)	58	(51)	240
Income/(Loss) Before Income Tax Expense/(Benefit)	(12,527)	(12,603)	36,895	26,158
Income Tax Expense/(Benefit)	(5,120)	(4,143)	14,635	11,352
Net Income/(Loss)	<u>\$ (7,407)</u>	<u>\$ (8,460)</u>	<u>\$ 22,260</u>	<u>\$ 14,806</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 STATEMENT OF RETAINED EARNINGS
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2015	
Balance at Beginning of Period	\$	106,468
Additions:		
Net Income		22,260
Deductions:		
Dividends on Common Stock		12,000
Balance at End of Period	<u>\$</u>	<u>116,728</u>

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

NSTAR GAS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30,	
	2015	2014
Operating Activities:		
Net Income	\$ 22,260	\$ 14,806
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	24,917	23,330
Deferred Income Taxes	(14,211)	(1,384)
Amortization of Regulatory Assets, Net	2,694	4,265
Regulatory Overrecoveries, Net	50,465	9,201
Bad Debt Expense	8,846	6,770
Other	(3,434)	2,987
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	35,415	85,447
Fuel, Materials and Supplies	5,731	(791)
Taxes Receivable/Accrued, Net	27,126	(2,973)
Accounts Payable	(25,257)	(24,041)
Accounts Receivable from/Payable to Affiliates, Net	(22,290)	(59,812)
Other Current Assets and Liabilities, Net	(3,288)	(4,135)
Net Cash Flows Provided by Operating Activities	<u>108,974</u>	<u>53,670</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(58,541)	(57,496)
Net Cash Flows Used in Investing Activities	<u>(58,541)</u>	<u>(57,496)</u>
Financing Activities:		
Cash Dividends on Common Stock	(12,000)	(12,000)
Capital Contributions from Parent	12,000	-
(Decrease)/Increase in Notes Payable to Eversource Parent	(50,950)	15,000
Net Cash Flows (Used in)/Provided by Financing Activities	<u>(50,950)</u>	<u>3,000</u>
Net Decrease in Cash and Cash Equivalents	(517)	(826)
Cash and Cash Equivalents - Beginning of Period	3,069	1,898
Cash and Cash Equivalents - End of Period	<u>\$ 2,552</u>	<u>\$ 1,072</u>

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