

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of March 31, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	\$ 2,108	\$ 45
Receivables, Net	79,380	45,636
Accounts Receivable from Affiliated Companies	14,028	16,360
Unbilled Revenues	11,784	20,117
Fuel, Materials and Supplies	11,602	15,921
Regulatory Assets	27,625	55,364
Prepayments and Other Current Assets	5,556	2,060
Total Current Assets	<u>152,083</u>	<u>155,503</u>
Property, Plant and Equipment, Net	<u>1,108,327</u>	<u>1,085,061</u>
Deferred Debits and Other Assets:		
Regulatory Assets	191,372	191,828
Other Long-Term Assets	40,150	37,259
Total Deferred Debits and Other Assets	<u>231,522</u>	<u>229,087</u>
Total Assets	<u>\$ 1,491,932</u>	<u>\$ 1,469,651</u>
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 182,100	\$ 227,000
Accounts Payable	43,252	66,686
Accounts Payable to Affiliated Companies	40,704	31,012
Regulatory Liabilities	35,822	7,448
Other Current Liabilities	14,528	24,095
Total Current Liabilities	<u>316,406</u>	<u>356,241</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	150,399	163,475
Regulatory Liabilities	234,717	230,582
Accrued Pension and SERP	36,598	38,127
Other Long-Term Liabilities	39,658	37,259
Total Deferred Credits and Other Liabilities	<u>461,372</u>	<u>469,443</u>
Capitalization:		
Long-Term Debt	<u>284,402</u>	<u>284,409</u>
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	306,334	262,134
Retained Earnings	51,674	25,673
Accumulated Other Comprehensive Income	319	326
Common Stockholder's Equity	<u>429,752</u>	<u>359,558</u>
Total Capitalization	<u>714,154</u>	<u>643,967</u>
Total Liabilities and Capitalization	<u>\$ 1,491,932</u>	<u>\$ 1,469,651</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.

NSTAR GAS COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31,	
	2018	2017
Operating Revenues	\$ 233,398	\$ 199,120
Operating Expenses:		
Cost of Natural Gas	113,844	86,837
Operations and Maintenance	29,648	24,421
Depreciation	9,533	8,716
Amortization of Regulatory Assets, Net	4,737	1,829
Energy Efficiency Programs	23,317	20,346
Taxes Other Than Income Taxes	6,406	5,313
Total Operating Expenses	187,485	147,462
Operating Income	45,913	51,658
Interest Expense	4,683	4,419
Other Income, Net	1,332	887
Income Before Income Tax Expense	42,562	48,126
Income Tax Expense	11,761	19,220
Net Income	\$ 30,801	\$ 28,906

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 March 31,	
	2018	2017
Net Income	\$ 30,801	\$ 28,906
Other Comprehensive Loss, Net of Tax:		
Changes in Funded Status of SERP Benefit Plan	(7)	(4)
Other Comprehensive Loss, Net of Tax	(7)	(4)
Comprehensive Income	\$ 30,794	\$ 28,902

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 Three Months Ended March 31,
2018 2017

(Thousands of Dollars)

Operating Activities:

Net Income	\$ 30,801	\$ 28,906
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	9,533	8,716
Deferred Income Taxes	(12,379)	(4,862)
Amortization of Regulatory Assets, Net	4,737	1,829
Pension, SERP and PBOP Benefits, Net	(100)	(382)
Pension and PBOP Contributions	(203)	(2,831)
Regulatory Overrecoveries, Net	52,051	32,983
Bad Debt Expense	4,665	3,113
Other	(3,463)	(6,358)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(28,330)	(29,757)
Fuel, Materials and Supplies	4,319	3,385
Taxes Receivable/Accrued, Net	(6,323)	(1,017)
Accounts Payable	(2,029)	5,089
Other Current Assets and Liabilities, Net	(4,098)	(2,089)
Net Cash Flows Provided by Operating Activities	<u>49,181</u>	<u>36,725</u>

Investing Activities:

Investments in Property, Plant and Equipment	(41,618)	(33,386)
Net Cash Flows Used in Investing Activities	<u>(41,618)</u>	<u>(33,386)</u>

Financing Activities:

Cash Dividends on Common Stock	(4,800)	(5,200)
Capital Contributions from Parent	44,200	14,825
Decrease in Notes Payable to Eversource Parent	(44,900)	(11,600)
Net Cash Flows Used in Financing Activities	<u>(5,500)</u>	<u>(1,975)</u>
Net Increase in Cash	2,063	1,364
Cash - Beginning of Period	45	19
Cash - End of Period	<u>\$ 2,108</u>	<u>\$ 1,383</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.