

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of June 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	\$ 337	\$ 45
Receivables, Net	32,005	45,636
Accounts Receivable from Affiliated Companies	17,704	16,360
Unbilled Revenues	1,863	20,117
Taxes Receivable	18,281	1,649
Fuel, Materials and Supplies	13,247	15,921
Regulatory Assets	29,080	55,364
Prepayments and Other Current Assets	746	411
Total Current Assets	113,263	155,503
Property, Plant and Equipment, Net	1,146,231	1,085,061
Deferred Debits and Other Assets:		
Regulatory Assets	198,169	191,828
Other Long-Term Assets	43,863	37,259
Total Deferred Debits and Other Assets	242,032	229,087
Total Assets	\$ 1,501,526	\$ 1,469,651
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 183,600	\$ 227,000
Accounts Payable	35,777	66,686
Accounts Payable to Affiliated Companies	24,735	31,012
Regulatory Liabilities	47,386	7,448
Other Current Liabilities	12,269	24,095
Total Current Liabilities	303,767	356,241
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	148,691	163,475
Regulatory Liabilities	236,071	230,582
Accrued Pension and SERP	44,741	38,127
Other Long-Term Liabilities	41,298	37,259
Total Deferred Credits and Other Liabilities	470,801	469,443
Long-Term Debt	284,426	284,409
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	324,334	262,134
Retained Earnings	46,460	25,673
Accumulated Other Comprehensive Income	313	326
Common Stockholder's Equity	442,532	359,558
Total Liabilities and Capitalization	\$ 1,501,526	\$ 1,469,651

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 June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 99,498	\$ 88,355	\$ 332,896	\$ 287,474
Operating Expenses:				
Cost of Natural Gas	46,861	36,395	160,705	123,232
Operations and Maintenance	23,328	20,451	52,976	44,873
Depreciation	9,636	8,944	19,169	17,660
Amortization of Regulatory (Liabilities)/Assets, Net	(237)	32	4,500	1,861
Energy Efficiency Programs	10,407	9,810	33,724	30,156
Taxes Other Than Income Taxes	6,011	5,555	12,417	10,866
Total Operating Expenses	96,006	81,187	283,491	228,648
Operating Income	3,492	7,168	49,405	58,826
Interest Expense	4,929	4,577	9,612	8,998
Other Income, Net	1,139	807	2,471	1,696
(Loss)/Income Before Income Tax Expense	(298)	3,398	42,264	51,524
Income Tax Expense	115	1,301	11,877	20,521
Net (Loss)/Income	\$ (413)	\$ 2,097	\$ 30,387	\$ 31,003

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 June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Net (Loss)/Income	\$ (413)	\$ 2,097	\$ 30,387	\$ 31,003
Other Comprehensive Loss, Net of Tax:				
Changes in Funded Status of SERP Benefit Plan	(6)	(4)	(13)	(8)
Other Comprehensive Loss, Net of Tax	(6)	(4)	(13)	(8)
Comprehensive (Loss)/Income	\$ (419)	\$ 2,093	\$ 30,374	\$ 30,995

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 Six Months Ended June 30,
2018 2017

(Thousands of Dollars)

Operating Activities:

Net Income	\$ 30,387	\$ 31,003
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	19,169	17,660
Deferred Income Taxes	(14,038)	1,841
Amortization of Regulatory Assets, Net	4,500	1,861
Pension, SERP and PBOP Income, Net	(989)	(600)
Pension and PBOP Contributions	(406)	(5,662)
Regulatory Overrecoveries, Net	62,872	39,795
Bad Debt Expense	6,802	4,049
Other	(2,448)	(9,825)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	21,818	23,523
Fuel, Materials and Supplies	2,673	2,564
Taxes Receivable/Accrued, Net	(20,597)	(34,009)
Accounts Payable	(24,088)	(27,124)
Other Current Assets and Liabilities, Net	(4,779)	(2,092)
Net Cash Flows Provided by Operating Activities	<u>80,876</u>	<u>42,984</u>

Investing Activities:

Investments in Property, Plant and Equipment	(89,784)	(69,493)
Net Cash Flows Used in Investing Activities	<u>(89,784)</u>	<u>(69,493)</u>

Financing Activities:

Cash Dividends on Common Stock	(9,600)	(10,400)
Capital Contributions from Parent	62,200	29,650
(Decrease)/Increase in Notes Payable to Eversource Parent	(43,400)	7,500
Net Cash Flows Provided by Financing Activities	<u>9,200</u>	<u>26,750</u>
Net Increase in Cash	292	241
Cash - Beginning of Period	45	19
Cash - End of Period	<u>\$ 337</u>	<u>\$ 260</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.