

NSTAR GAS CONSOLIDATED
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2012	December 31, 2011
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 663	\$ 1,703
Receivables, Net	8,591	39,671
Accounts Receivable from Affiliated Companies	54,272	1
Unbilled Revenues	3,856	10,421
Fuel, Materials and Supplies	26,170	36,269
Regulatory Assets	31,171	38,537
Prepayments and Other Current Assets	4,724	533
Total Current Assets	<u>129,447</u>	<u>127,135</u>
Property, Plant and Equipment, Net	<u>634,538</u>	<u>597,497</u>
Deferred Debits and Other Assets:		
Regulatory Assets	119,837	118,102
Receivable from Affiliates	70,569	75,905
Other Long-Term Assets	11,427	5,682
Total Deferred Debits and Other Assets	<u>201,833</u>	<u>199,689</u>
Total Assets	<u>\$ 965,818</u>	<u>\$ 924,321</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 CONSOLIDATED
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2012	December 31, 2011
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Affiliated Companies	\$ 77,524	\$ 79,100
Accounts Payable	16,251	25,184
Accounts Payable to Affiliated Companies	100,568	53,174
Accrued Taxes	6,405	3,097
Accrued Interest	3,295	3,584
Regulatory Liabilities	2,196	2,285
Derivative Liabilities	344	147
Other Current Liabilities	<u>8,020</u>	<u>21,222</u>
Total Current Liabilities	<u>214,603</u>	<u>187,793</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	168,207	150,855
Regulatory Liabilities	59,033	54,516
Other Long-Term Liabilities	<u>31,256</u>	<u>32,181</u>
Total Deferred Credits and Other Liabilities	<u>258,496</u>	<u>237,552</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	122,690	122,690
Retained Earnings	<u>88,604</u>	<u>94,861</u>
Common Stockholder's Equity	<u>282,719</u>	<u>288,976</u>
Total Capitalization	<u>492,719</u>	<u>498,976</u>
Total Liabilities and Capitalization	<u>\$ 965,818</u>	<u>\$ 924,321</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 CONSOLIDATED
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Operating Revenues	\$ 33,765	\$ 33,686	\$ 257,369	\$ 355,280
Operating Expenses:				
Cost of Natural Gas	9,452	10,362	123,542	199,379
Operations and Maintenance	16,398	17,101	69,393	78,623
Depreciation	3,640	3,309	20,395	19,415
Amortization of Regulatory Assets, Net	1,230	725	2,859	3,577
Energy Efficiency Programs	1,984	1,823	11,863	10,229
Taxes Other Than Income Taxes	1,838	2,178	10,432	9,943
Total Operating Expenses	34,542	35,498	238,484	321,166
Operating Income/(Loss)	(777)	(1,812)	18,885	34,114
Interest Expense:				
Interest on Long-Term Debt	3,107	3,088	9,307	9,278
Other Interest	110	115	625	616
Interest Expense	3,217	3,203	9,932	9,894
Other Income/(Loss), Net	138	(28)	421	273
Income/(Loss) Before Income Tax Expense/(Benefit)	(3,856)	(5,043)	9,374	24,493
Income Tax Expense/(Benefit)	(1,561)	(1,920)	3,631	9,637
Net Income/(Loss)	\$ (2,295)	\$ (3,123)	\$ 5,743	\$ 14,856

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 CONSOLIDATED
CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2012	
Balance at Beginning of Period	\$	94,861
Additions:		
Net Income		5,743
Deductions:		
Dividends on Common Stock		12,000
Balance at End of Period	<u>\$</u>	<u>88,604</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 CONSOLIDATED
STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30,	
	2012	2011
Operating Activities:		
Net Income	\$ 5,743	\$ 14,856
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Bad Debt Expense	11,473	8,139
Depreciation	20,395	19,415
Deferred Income Taxes	11,535	3,812
Pension and PBOP Expense	7,581	6,436
Regulatory (Under)/Over Recoveries, Net	(192)	38,658
Amortization of Regulatory Assets, Net	2,859	3,577
Other	(501)	(6,443)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	3,207	16,568
Fuel, Materials and Supplies	10,097	322
Taxes Receivable/Accrued, Net	6,379	18,964
Accounts Payable	(7,945)	(13,532)
Other Current Assets and Liabilities, Net	(2,629)	(2,344)
Net Cash Flows Provided by Operating Activities	<u>68,002</u>	<u>108,428</u>
Investing Activities:		
Investments in Property, Plant and Equipment	<u>(55,142)</u>	<u>(44,774)</u>
Net Cash Flows Used in Investing Activities	<u>(55,142)</u>	<u>(44,774)</u>
Financing Activities:		
Cash Dividends on Common Stock	(12,000)	(12,000)
Payments to Parent Company for Notes Payable	(1,576)	(54,400)
Other Financing Activities	<u>(324)</u>	<u>-</u>
Net Cash Flows Used in Financing Activities	<u>(13,900)</u>	<u>(66,400)</u>
Net Decrease in Cash	(1,040)	(2,746)
Cash - Beginning of Period	1,703	3,601
Cash - End of Period	<u>\$ 663</u>	<u>\$ 855</u>

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