

NSTAR GAS COMPANY  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 7,489	\$ 2,546
Receivables, Net	59,564	31,849
Accounts Receivable from Affiliated Companies	81,164	53,614
Unbilled Revenues	8,848	13,912
Fuel, Materials and Supplies	8,701	23,912
Regulatory Assets	17,077	47,686
Prepayments and Other Current Assets	1,460	1,391
Total Current Assets	<u>184,303</u>	<u>174,910</u>
Property, Plant and Equipment, Net	<u>654,916</u>	<u>649,689</u>
Deferred Debits and Other Assets:		
Regulatory Assets	115,144	114,683
Receivable from Affiliates	65,668	70,221
Other Long-Term Assets	13,659	12,202
Total Deferred Debits and Other Assets	<u>194,471</u>	<u>197,106</u>
Total Assets	<u>\$ 1,033,690</u>	<u>\$ 1,021,705</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 BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	March 31, 2013	December 31, 2012
<b><u>LIABILITIES AND CAPITALIZATION</u></b>		
Current Liabilities:		
Notes Payable to Affiliated Companies	\$ 41,400	\$ 87,325
Accounts Payable	19,882	24,656
Accounts Payable to Affiliated Companies	144,706	130,267
Regulatory Liabilities	23,799	274
Other Current Liabilities	<u>25,125</u>	<u>18,119</u>
Total Current Liabilities	<u>254,912</u>	<u>260,641</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	177,878	173,995
Regulatory Liabilities	60,801	59,598
Other Long-Term Liabilities	<u>28,090</u>	<u>31,941</u>
Total Deferred Credits and Other Liabilities	<u>266,769</u>	<u>265,534</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>107,894</u>	<u>91,415</u>
Common Stockholder's Equity	<u>302,009</u>	<u>285,530</u>
Total Capitalization	<u>512,009</u>	<u>495,530</u>
Total Liabilities and Capitalization	<u>\$ 1,033,690</u>	<u>\$ 1,021,705</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 March 31,	
	2013	2012
Operating Revenues	<u>\$ 199,956</u>	<u>\$ 163,799</u>
Operating Expenses:		
Cost of Natural Gas	107,347	88,718
Operations and Maintenance	25,980	31,626
Depreciation	7,532	11,813
Amortization of Regulatory Assets, Net	1,785	1,932
Energy Efficiency Programs	16,556	8,370
Taxes Other Than Income Taxes	4,499	6,271
Total Operating Expenses	<u>163,699</u>	<u>148,730</u>
Operating Income	36,257	15,069
Interest Expense:		
Interest on Long-Term Debt	3,116	3,101
Other Interest Expense	157	235
Interest Expense	<u>3,273</u>	<u>3,336</u>
Other Income, Net	142	248
Income Before Income Tax Expense	33,126	11,981
Income Tax Expense	12,647	4,594
Net Income	<u>\$ 20,479</u>	<u>\$ 7,387</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)	Three Months Ended March 31, 2013	
Balance at Beginning of Period	\$	91,415
Additions:		
Net Income		20,479
Deductions:		
Dividends on Common Stock		4,000
Balance at End of Period	<u>\$</u>	<u>107,894</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 Three Months Ended March 31,	
	2013	2012
<b>Operating Activities:</b>		
Net Income	\$ 20,479	\$ 7,387
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Bad Debt Expense	2,397	14,988
Depreciation	7,532	11,813
Deferred Income Taxes	3,258	(702)
Regulatory Overrecoveries, Net	54,145	26,906
Amortization of Regulatory Assets, Net	1,785	1,932
Other	(4,821)	2,783
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(54,850)	(46,494)
Fuel, Materials and Supplies	15,211	12,915
Taxes Receivable/Accrued, Net	8,831	2,505
Accounts Payable	11,351	4,868
Other Current Assets and Liabilities, Net	2,160	782
<b>Net Cash Flows Provided by Operating Activities</b>	<b>67,478</b>	<b>39,683</b>
<b>Investing Activities:</b>		
Investments in Property, Plant and Equipment	(12,610)	(13,997)
<b>Net Cash Flows Used in Investing Activities</b>	<b>(12,610)</b>	<b>(13,997)</b>
<b>Financing Activities:</b>		
Cash Dividends on Common Stock	(4,000)	(4,000)
Decrease in Notes Payable to Affiliated Companies	(45,925)	(19,200)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(49,925)</b>	<b>(23,200)</b>
Net Increase in Cash	4,943	2,486
Cash - Beginning of Period	2,546	1,703
Cash - End of Period	\$ 7,489	\$ 4,189

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