

NSTAR GAS COMPANY  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	June 30, 2013	December 31, 2012
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,253	\$ 2,546
Receivables, Net	27,255	31,849
Accounts Receivable from Affiliated Companies	101,082	53,614
Unbilled Revenues	2,255	13,912
Fuel, Materials and Supplies	15,118	23,912
Regulatory Assets	18,223	47,686
Prepayments and Other Current Assets	1,873	1,391
Total Current Assets	<u>167,059</u>	<u>174,910</u>
Property, Plant and Equipment, Net	<u>666,204</u>	<u>649,689</u>
Deferred Debits and Other Assets:		
Regulatory Assets	110,777	114,683
Receivable from Affiliates	64,752	70,221
Other Long-Term Assets	13,011	12,202
Total Deferred Debits and Other Assets	<u>188,540</u>	<u>197,106</u>
Total Assets	<u>\$ 1,021,803</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)	June 30, 2013	December 31, 2012
<b>LIABILITIES AND CAPITALIZATION</b>		
Current Liabilities:		
Notes Payable to Affiliated Companies	\$ 19,300	\$ 87,325
Accounts Payable	16,907	24,656
Accounts Payable to Affiliated Companies	169,484	130,267
Regulatory Liabilities	21,754	274
Other Current Liabilities	16,456	18,119
Total Current Liabilities	<u>243,901</u>	<u>260,641</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	182,252	173,995
Regulatory Liabilities	61,490	59,598
Other Long-Term Liabilities	28,413	31,941
Total Deferred Credits and Other Liabilities	<u>272,155</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	101,632	91,415
Common Stockholder's Equity	<u>295,747</u>	<u>285,530</u>
Total Capitalization	<u>505,747</u>	<u>495,530</u>
Total Liabilities and Capitalization	<u>\$ 1,021,803</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)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues	\$ 79,046	\$ 59,034	\$ 279,002	\$ 223,604
Operating Expenses:				
Cost of Natural Gas	33,371	26,010	140,718	114,091
Operations and Maintenance	23,641	19,294	49,621	52,995
Depreciation	7,532	4,942	15,064	16,755
Amortization of Regulatory Assets/(Liabilities), Net	1,384	(303)	3,170	1,629
Energy Efficiency Programs	9,964	6,237	26,520	9,880
Taxes Other Than Income Taxes	3,709	2,468	8,208	8,592
Total Operating Expenses	79,601	58,648	243,301	203,942
Operating Income/(Loss)	(555)	386	35,701	19,662
Interest Expense:				
Interest on Long-Term Debt	3,111	3,099	6,227	6,200
Other Interest Expense	253	280	408	515
Interest Expense	3,364	3,379	6,635	6,715
Other Income, Net	99	35	241	283
Income/(Loss) Before Income Tax Expense/(Benefit)	(3,820)	(2,958)	29,307	13,230
Income Tax Expense/(Benefit)	(1,557)	(1,053)	11,090	5,192
Net Income/(Loss)	\$ (2,263)	\$ (1,905)	\$ 18,217	\$ 8,038

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)	Six Months Ended June 30, 2013	
Balance at Beginning of Period	\$	91,415
Additions:		
Net Income		18,217
Deductions:		
Dividends on Common Stock		8,000
Balance at End of Period	<u>\$</u>	<u>101,632</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 Six Months Ended June 30,	
	2013	2012
<b>Operating Activities:</b>		
Net Income	\$ 18,217	\$ 8,038
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Bad Debt Expense	5,111	10,750
Depreciation	15,064	16,755
Deferred Income Taxes	2,434	702
Pension and PBOP Expense	-	5,187
Regulatory Overrecoveries, Net	54,233	18,798
Amortization of Regulatory Assets, Net	3,170	1,629
Other	(1,007)	3,797
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(36,328)	(33,294)
Fuel, Materials and Supplies	8,794	11,486
Taxes Receivable/Accrued, Net	3,440	6,838
Accounts Payable	30,889	16,941
Other Current Assets and Liabilities, Net	(834)	(3,331)
Net Cash Flows Provided by Operating Activities	<u>103,183</u>	<u>64,296</u>
<b>Investing Activities:</b>		
Investments in Property, Plant and Equipment	<u>(28,451)</u>	<u>(36,820)</u>
Net Cash Flows Used in Investing Activities	<u>(28,451)</u>	<u>(36,820)</u>
<b>Financing Activities:</b>		
Cash Dividends on Common Stock	(8,000)	(8,000)
Decrease in Notes Payable to Affiliates	<u>(68,025)</u>	<u>(20,500)</u>
Net Cash Flows Used in Financing Activities	<u>(76,025)</u>	<u>(28,500)</u>
Net Decrease in Cash	(1,293)	(1,024)
Cash - Beginning of Period	<u>2,546</u>	<u>1,703</u>
Cash - End of Period	<u>\$ 1,253</u>	<u>\$ 679</u>

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