

NSTAR GAS COMPANY  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	September 30, 2013	December 31, 2012
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 925	\$ 2,546
Receivables, Net	10,934	31,849
Accounts Receivable from Affiliated Companies	3,960	53,614
Unbilled Revenues	3,471	13,912
Fuel, Materials and Supplies	19,575	23,912
Regulatory Assets	21,255	47,686
Prepayments and Other Current Assets	4,109	1,391
Total Current Assets	<u>64,229</u>	<u>174,910</u>
Property, Plant and Equipment, Net	<u>682,528</u>	<u>649,689</u>
Deferred Debits and Other Assets:		
Regulatory Assets	114,988	114,683
Receivable from Affiliates	64,752	70,221
Other Long-Term Assets	13,764	12,202
Total Deferred Debits and Other Assets	<u>193,504</u>	<u>197,106</u>
Total Assets	<u>\$ 940,261</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)	September 30, 2013	December 31, 2012
<b>LIABILITIES AND CAPITALIZATION</b>		
Current Liabilities:		
Notes Payable to Affiliated Companies	\$ 54,650	\$ 87,325
Accounts Payable	19,479	24,656
Accounts Payable to Affiliated Companies	70,494	130,267
Regulatory Liabilities	9,990	274
Other Current Liabilities	13,026	18,119
Total Current Liabilities	<u>167,639</u>	<u>260,641</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	188,514	173,995
Regulatory Liabilities	61,383	59,598
Other Long-Term Liabilities	28,976	31,941
Total Deferred Credits and Other Liabilities	<u>278,873</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	89,634	91,415
Common Stockholder's Equity	<u>283,749</u>	<u>285,530</u>
Total Capitalization	<u>493,749</u>	<u>495,530</u>
Total Liabilities and Capitalization	<u>\$ 940,261</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 September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating Revenues	\$ 39,632	\$ 33,765	\$ 318,634	\$ 257,369
Operating Expenses:				
Cost of Natural Gas	10,993	9,452	151,711	123,542
Operations and Maintenance	20,674	16,398	70,295	69,393
Depreciation	7,532	3,640	22,596	20,395
Amortization of Regulatory Assets, Net	1,111	1,230	4,281	2,859
Energy Efficiency Programs	5,734	1,984	32,255	11,863
Taxes Other Than Income Taxes	4,020	1,838	12,227	10,432
Total Operating Expenses	50,064	34,542	293,365	238,484
Operating Income/(Loss)	(10,432)	(777)	25,269	18,885
Interest Expense:				
Interest on Long-Term Debt	3,110	3,107	9,337	9,307
Other Interest Expense	170	110	578	625
Interest Expense	3,280	3,217	9,915	9,932
Other Income, Net	400	138	641	421
Income/(Loss) Before Income Tax Expense/(Benefit)	(13,312)	(3,856)	15,995	9,374
Income Tax Expense/(Benefit)	(5,315)	(1,561)	5,776	3,631
Net Income/(Loss)	\$ (7,997)	\$ (2,295)	\$ 10,219	\$ 5,743

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NSTAR GAS COMPANY  
CONSOLIDATED STATEMENT OF RETAINED EARNINGS  
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2013	
Balance at Beginning of Period	\$	91,415
Additions:		
Net Income		10,219
Deductions:		
Dividends on Common Stock		12,000
Balance at End of Period	<u>\$</u>	<u>89,634</u>

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NSTAR GAS COMPANY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

For the Nine Months Ended September 30,

(Thousands of Dollars)	2013	2012
<b>Operating Activities:</b>		
Net Income	\$ 10,219	\$ 5,743
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Bad Debt Expense	8,060	11,473
Depreciation	22,596	20,395
Deferred Income Taxes	2,848	11,535
Regulatory Over/(Under) Recoveries, Net	39,687	(192)
Amortization of Regulatory Assets, Net	4,281	2,859
Other	(2,019)	7,080
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	72,950	3,207
Fuel, Materials and Supplies	4,338	10,097
Taxes Receivable/Accrued, Net	(2,437)	6,379
Accounts Payable	(65,547)	(7,945)
Other Current Assets and Liabilities, Net	(1,274)	(2,629)
Net Cash Flows Provided by Operating Activities	<u>93,702</u>	<u>68,002</u>
<b>Investing Activities:</b>		
Investments in Property, Plant and Equipment	(50,648)	(55,142)
Net Cash Flows Used in Investing Activities	<u>(50,648)</u>	<u>(55,142)</u>
<b>Financing Activities:</b>		
Cash Dividends on Common Stock	(12,000)	(12,000)
Decrease in Notes Payable to Affiliates	(32,675)	(1,576)
Other Financing Activities	-	(324)
Net Cash Flows Used in Financing Activities	<u>(44,675)</u>	<u>(13,900)</u>
Net Decrease in Cash	(1,621)	(1,040)
Cash - Beginning of Period	2,546	1,703
Cash - End of Period	<u>\$ 925</u>	<u>\$ 663</u>

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