

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of March 31, 2017	As of December 31, 2016
ASSETS		
Current Assets:		
Cash	\$ 1,383	\$ 19
Receivables, Net	58,741	38,978
Accounts Receivable from Affiliated Companies	13,333	5,626
Unbilled Revenues	14,162	15,127
Fuel, Materials and Supplies	15,826	19,211
Regulatory Assets	35,734	51,792
Prepayments and Other Current Assets	3,272	6,429
Total Current Assets	142,451	137,182
Property, Plant and Equipment, Net	958,980	939,255
Deferred Debits and Other Assets:		
Regulatory Assets	209,124	218,885
Other Long-Term Assets	33,292	31,463
Total Deferred Debits and Other Assets	242,416	250,348
Total Assets	\$ 1,343,847	\$ 1,326,785
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 73,400	\$ 85,000
Long-Term Debt - Current Portion	25,000	25,000
Accounts Payable	25,854	49,751
Accounts Payable to Affiliated Companies	41,366	20,081
Regulatory Liabilities	20,829	6,997
Other Current Liabilities	15,135	15,911
Total Current Liabilities	201,584	202,740
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	280,953	285,879
Regulatory Liabilities	96,043	100,799
Accrued Pension and SERP	42,761	46,535
Other Long-Term Liabilities	37,041	43,923
Total Deferred Credits and Other Liabilities	456,798	477,136
Capitalization:		
Long-Term Debt	284,328	284,299
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	205,183	190,358
Retained Earnings	124,217	100,511
Accumulated Other Comprehensive Income	312	316
Common Stockholder's Equity	401,137	362,610
Total Capitalization	685,465	646,909
Total Liabilities and Capitalization	\$ 1,343,847	\$ 1,326,785

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,	
	2017	2016
Operating Revenues	\$ 199,120	\$ 188,027
Operating Expenses:		
Cost of Natural Gas	86,837	90,707
Operations and Maintenance	23,701	23,340
Depreciation	8,716	7,795
Amortization of Regulatory Assets/(Liabilities), Net	1,829	(2,104)
Energy Efficiency Programs	20,346	11,115
Taxes Other Than Income Taxes	5,313	5,283
Total Operating Expenses	146,742	136,136
Operating Income	52,378	51,891
Interest Expense	4,420	4,094
Other Income/(Loss), Net	168	(50)
Income Before Income Tax Expense	48,126	47,747
Income Tax Expense	19,220	19,064
Net Income	\$ 28,906	\$ 28,683

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

STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31,	
	2017	2016
Net Income	\$ 28,906	\$ 28,683
Other Comprehensive Loss, Net of Tax:		
Changes in Funded Status of SERP Benefit Plan	(4)	(8)
Other Comprehensive Loss, Net of Tax	(4)	(8)
Comprehensive Income	\$ 28,902	\$ 28,675

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

NSTAR GAS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the Three Months Ended March 31,

(Thousands of Dollars)

2017

2016

Operating Activities:

Net Income	\$	28,906	\$	28,683
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Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:

Depreciation		8,716		7,795
Deferred Income Taxes		(4,862)		5,298
Amortization of Regulatory Assets/(Liabilities) Net		1,829		(2,104)
PBOP Income, net of Pension and SERP Expense		(382)		666
Pension and PBOP Contributions		(2,831)		(6,884)
Regulatory Overrecoveries, Net		32,983		8,574
Bad Debt Expense		3,113		3,382
Other		(6,358)		(6,964)

Changes in Current Assets and Liabilities:

Receivables and Unbilled Revenues, Net		(29,757)		2,128
Fuel, Materials and Supplies		3,385		4,019
Taxes Receivable/Accrued, Net		(1,017)		10,706
Accounts Payable		5,089		(9,109)
Other Current Assets and Liabilities, Net		(2,089)		(1,312)
Net Cash Flows Provided by Operating Activities		<u>36,725</u>		<u>44,878</u>

Investing Activities:

Investments in Property, Plant and Equipment		(33,386)		(25,626)
Net Cash Flows Used in Investing Activities		<u>(33,386)</u>		<u>(25,626)</u>

Financing Activities:

Cash Dividends on Common Stock		(5,200)		(12,700)
Capital Contributions from Parent		14,825		—
Decrease in Notes Payable to Eversource Parent		(11,600)		—
Net Cash Flows Used in Financing Activities		<u>(1,975)</u>		<u>(12,700)</u>
Net Increase in Cash		1,364		6,552
Cash - Beginning of Period		19		2,575
Cash - End of Period	\$	<u>1,383</u>	\$	<u>9,127</u>

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