

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	As of September 30, 2018	As of December 31, 2017
ASSETS		
Current Assets:		
Cash	\$ 154	\$ 45
Receivables, Net	14,015	45,636
Accounts Receivable from Affiliated Companies	14,910	16,360
Unbilled Revenues	4,015	20,117
Taxes Receivable	25,562	1,649
Fuel, Materials and Supplies	13,184	15,921
Regulatory Assets	27,175	55,364
Prepayments and Other Current Assets	946	411
Total Current Assets	99,961	155,503
Property, Plant and Equipment, Net	1,196,683	1,085,061
Deferred Debits and Other Assets:		
Regulatory Assets	199,466	191,828
Other Long-Term Assets	47,349	37,259
Total Deferred Debits and Other Assets	246,815	229,087
Total Assets	\$ 1,543,459	\$ 1,469,651
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 117,200	\$ 227,000
Accounts Payable	45,934	66,686
Accounts Payable to Affiliated Companies	25,382	31,012
Regulatory Liabilities	20,828	7,448
Other Current Liabilities	10,458	24,095
Total Current Liabilities	219,802	356,241
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	162,511	163,475
Regulatory Liabilities	236,731	230,582
Accrued Pension and SERP	43,349	38,127
Other Long-Term Liabilities	41,330	37,259
Total Deferred Credits and Other Liabilities	483,921	469,443
Long-Term Debt	384,147	284,409
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	348,334	262,134
Retained Earnings	35,524	25,673
Accumulated Other Comprehensive Income	306	326
Common Stockholder's Equity	455,589	359,558
Total Liabilities and Capitalization	\$ 1,543,459	\$ 1,469,651

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

NSTAR GAS COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 39,823	\$ 41,633	\$ 372,719	\$ 329,107
Operating Expenses:				
Cost of Natural Gas	11,019	12,364	171,723	135,596
Operations and Maintenance	17,818	19,640	70,794	64,512
Depreciation	9,490	9,050	28,659	26,710
Amortization of Regulatory (Liabilities)/Assets, Net	(4,040)	(1,568)	461	293
Energy Efficiency Programs	3,012	3,316	36,736	33,472
Taxes Other Than Income Taxes	6,781	6,411	19,198	17,278
Total Operating Expenses	44,080	49,213	327,571	277,861
Operating (Loss)/Income	(4,257)	(7,580)	45,148	51,246
Interest Expense	4,987	4,409	14,599	13,405
Other Income, Net	911	804	3,382	2,499
(Loss)/Income Before Income Tax (Benefit)/Expense	(8,333)	(11,185)	33,931	40,340
Income Tax (Benefit)/Expense	(2,197)	(4,678)	9,680	15,844
Net (Loss)/Income	\$ (6,136)	\$ (6,507)	\$ 24,251	\$ 24,496

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

STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Net (Loss)/Income	\$ (6,136)	\$ (6,507)	\$ 24,251	\$ 24,496
Other Comprehensive Loss, Net of Tax:				
Changes in Funded Status of SERP Benefit Plan	(7)	(4)	(20)	(12)
Other Comprehensive Loss, Net of Tax	(7)	(4)	(20)	(12)
Comprehensive (Loss)/Income	\$ (6,143)	\$ (6,511)	\$ 24,231	\$ 24,484

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

NSTAR GAS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the Nine Months Ended September 30,

(Thousands of Dollars)	2018	2017
Operating Activities:		
Net Income	\$ 24,251	\$ 24,496
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	28,659	26,710
Deferred Income Taxes	526	17,837
Amortization of Regulatory Assets, Net	461	293
Pension, SERP and PBOP Income, Net	(1,581)	(973)
Pension and PBOP Contributions	(610)	(8,493)
Regulatory Overrecoveries, Net	39,034	21,950
Bad Debt Expense	7,390	4,729
Other	(10,026)	(11,205)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	42,556	33,528
Fuel, Materials and Supplies	2,737	1,579
Taxes Receivable/Accrued, Net	(27,723)	(32,290)
Accounts Payable	(20,219)	(23,450)
Other Current Assets and Liabilities, Net	(6,645)	(123)
Net Cash Flows Provided by Operating Activities	<u>78,810</u>	<u>54,588</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(140,398)	(103,063)
Net Cash Flows Used in Investing Activities	<u>(140,398)</u>	<u>(103,063)</u>
Financing Activities:		
Cash Dividends on Common Stock	(14,400)	(15,600)
Capital Contributions from Parent	86,200	70,175
Issuance of Long-Term Debt	100,000	—
Decrease in Notes Payable to Eversource Parent	(109,800)	(6,000)
Other Financing Activities	(303)	—
Net Cash Flows Provided by Financing Activities	<u>61,697</u>	<u>48,575</u>
Net Increase in Cash	109	100
Cash - Beginning of Period	45	19
Cash - End of Period	<u>\$ 154</u>	<u>\$ 119</u>

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