

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	March 31, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash	\$ 5,451	\$ 3,069
Receivables, Net	86,825	45,711
Accounts Receivable from Affiliated Companies	7,284	4,298
Unbilled Revenues	11,414	11,233
Taxes Receivable	-	23,164
Fuel, Materials and Supplies	8,785	24,943
Accumulated Deferred Income Taxes	9,648	-
Regulatory Assets	36,159	70,065
Prepayments and Other Current Assets	1,011	926
Total Current Assets	166,577	183,409
Property, Plant and Equipment, Net	764,198	761,206
Deferred Debits and Other Assets:		
Regulatory Assets	227,868	235,961
Other Long-Term Assets	15,324	12,273
Total Deferred Debits and Other Assets	243,192	248,234
Total Assets	\$ 1,173,967	\$ 1,192,849
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to ES Parent	\$ 43,150	\$ 94,950
Accounts Payable	33,075	49,990
Accounts Payable to Affiliated Companies	9,409	20,661
Accrued Taxes	36,896	-
Accumulated Deferred Income Taxes	-	14,205
Regulatory Liabilities	34,089	17,901
Other Current Liabilities	11,328	22,342
Total Current Liabilities	167,947	220,049
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	229,352	224,250
Regulatory Liabilities	69,280	68,049
Accrued Pension, SERP and PBOP	82,646	83,548
Other Long-Term Liabilities	27,957	30,592
Total Deferred Credits and Other Liabilities	409,235	406,439
Capitalization:		
Long-Term Debt	210,000	210,000
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	184,359	178,072
Retained Earnings	130,767	106,468
Accumulated Other Comprehensive Income	234	396
Common Stockholder's Equity	386,785	356,361
Total Capitalization	596,785	566,361
Total Liabilities and Capitalization	\$ 1,173,967	\$ 1,192,849

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 March 31,	
	2015	2014
Operating Revenues	\$ 285,490	\$ 220,184
Operating Expenses:		
Cost of Natural Gas	169,824	111,291
Operations and Maintenance	27,649	28,839
Depreciation	8,257	7,721
Amortization of Regulatory Assets, Net	1,184	2,029
Energy Efficiency Programs	23,850	23,140
Taxes Other Than Income Taxes	4,417	4,956
Total Operating Expenses	<u>235,181</u>	<u>177,976</u>
Operating Income	50,309	42,208
Interest Expense:		
Interest on Long-Term Debt	3,095	3,111
Other Interest	(64)	(15)
Interest Expense	<u>3,031</u>	<u>3,096</u>
Other (Loss)/Income, Net	(57)	145
Income Before Income Tax Expense	<u>47,221</u>	<u>39,257</u>
Income Tax Expense	18,922	15,714
Net Income	<u>\$ 28,299</u>	<u>\$ 23,543</u>

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Net Income	\$ 28,299	\$ 23,543
Other Comprehensive Loss, Net of Tax:		
Changes in Funded Status of SERP Benefit Plan	(162)	-
Other Comprehensive Loss, Net of Tax	<u>(162)</u>	<u>-</u>
Comprehensive Income	<u>\$ 28,137</u>	<u>\$ 23,543</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, 2015	
Balance at Beginning of Period	\$	106,468
Additions:		
Net Income		28,299
Deductions:		
Dividends on Common Stock		4,000
Balance at End of Period	<u>\$</u>	<u>130,767</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,	
	2015	2014
Operating Activities:		
Net Income	\$ 28,299	\$ 23,543
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Bad Debt Expense	6,153	4,122
Depreciation	8,257	7,721
Deferred Income Taxes	(18,908)	(5,846)
Regulatory Overrecoveries, Net	47,404	17,426
Amortization of Regulatory Assets, Net	1,184	2,029
Other	(5,618)	(1,724)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(47,449)	(30,541)
Fuel, Materials and Supplies	16,158	15,024
Taxes Receivable/Accrued, Net	60,060	18,962
Accounts Payable	(14,350)	9,393
Accounts Receivable from/Accounts Payable to Affiliates, Net	(14,238)	(8,136)
Other Current Assets and Liabilities, Net	(3,194)	(2,007)
Net Cash Flows Provided by Operating Activities	<u>63,758</u>	<u>49,966</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(11,576)	(13,509)
Net Cash Flows Used in Investing Activities	<u>(11,576)</u>	<u>(13,509)</u>
Financing Activities:		
Cash Dividends on Common Stock	(4,000)	(4,000)
Capital Contributions from Parent	6,000	-
Decrease in Notes Payable to Parent	(51,800)	(31,000)
Other Financing Activities	-	-
Net Cash Flows Used in Financing Activities	<u>(49,800)</u>	<u>(35,000)</u>
Net Increase in Cash	2,382	1,457
Cash - Beginning of Period	3,069	1,898
Cash - End of Period	<u>\$ 5,451</u>	<u>\$ 3,355</u>

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