

NSTAR GAS COMPANY  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(Thousands of Dollars)	June 30, 2014	December 31, 2013
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,634	\$ 1,898
Receivables, Net	25,289	39,967
Accounts Receivable from Affiliated Companies	1,590	6,580
Unbilled Revenues	2,785	14,251
Fuel, Materials and Supplies	15,842	22,844
Regulatory Assets	35,987	40,124
Prepayments and Other Current Assets	5,826	7,867
Total Current Assets	<u>88,953</u>	<u>133,531</u>
Property, Plant and Equipment, Net	<u>720,085</u>	<u>701,023</u>
Deferred Debits and Other Assets:		
Regulatory Assets	189,508	111,492
Receivable from Affiliates	-	64,172
Other Long-Term Assets	13,827	11,738
Total Deferred Debits and Other Assets	<u>203,335</u>	<u>187,402</u>
Total Assets	<u>\$ 1,012,373</u>	<u>\$ 1,021,956</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, 2014	December 31, 2013
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>Current Liabilities:</b>		
Notes Payable to Affiliated Company	\$ 77,950	\$ 102,950
Accounts Payable	22,901	34,382
Accounts Payable to Affiliated Companies	7,816	73,844
Accrued Taxes	12,049	48
Regulatory Liabilities	27,857	10,371
Other Current Liabilities	8,661	18,137
<b>Total Current Liabilities</b>	<b>157,234</b>	<b>239,732</b>
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated Deferred Income Taxes	208,666	188,668
Regulatory Liabilities	64,148	63,227
Accrued Pension, SERP and PBOP	35,560	-
Other Long-Term Liabilities	29,752	28,582
<b>Total Deferred Credits and Other Liabilities</b>	<b>338,126</b>	<b>280,477</b>
<b>Capitalization:</b>		
Long-Term Debt	210,000	210,000
<b>Common Stockholder's Equity:</b>		
Common Stock	71,425	71,425
Capital Surplus, Paid In	122,691	122,691
Retained Earnings	112,897	97,631
<b>Common Stockholder's Equity</b>	<b>307,013</b>	<b>291,747</b>
<b>Total Capitalization</b>	<b>517,013</b>	<b>501,747</b>
<b>Total Liabilities and Capitalization</b>	<b>\$ 1,012,373</b>	<b>\$ 1,021,956</b>

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,	
	2014	2013	2014	2013
Operating Revenues	\$ 88,955	\$ 79,046	\$ 309,139	\$ 279,002
Operating Expenses:				
Cost of Natural Gas	43,722	33,371	155,013	140,718
Operations and Maintenance	19,887	23,641	48,726	49,621
Depreciation	7,766	7,532	15,487	15,064
Amortization of Regulatory Assets, Net	1,412	1,384	3,441	3,170
Energy Efficiency Programs	9,443	9,964	32,584	26,520
Taxes Other Than Income Taxes	4,200	3,709	9,156	8,208
Total Operating Expenses	86,430	79,601	264,407	243,301
Operating Income/(Loss)	2,525	(555)	44,732	35,701
Interest Expense:				
Interest on Long-Term Debt	3,103	3,111	6,214	6,227
Other Interest Expense	(45)	253	(61)	408
Interest Expense	3,058	3,364	6,153	6,635
Other Income, Net	37	99	182	241
Income/(Loss) Before Income Tax Expense/(Benefit)	(496)	(3,820)	38,761	29,307
Income Tax Expense/(Benefit)	(219)	(1,557)	15,495	11,090
Net Income/(Loss)	\$ (277)	\$ (2,263)	\$ 23,266	\$ 18,217

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NSTAR GAS COMPANY  
CONSOLIDATED STATEMENT OF RETAINED EARNINGS  
(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2014	
Balance at Beginning of Period	\$	97,631
Additions:		
Net Income		23,266
Deductions:		
Dividends on Common Stock		8,000
Balance at End of Period	<u>\$</u>	<u>112,897</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,	
	2014	2013
<b>Operating Activities:</b>		
Net Income	\$ 23,266	\$ 18,217
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	15,487	15,064
Deferred Income Taxes	(7,437)	2,434
Regulatory Overrecoveries, Net	25,245	54,233
Amortization of Regulatory Assets, Net	3,441	3,170
Bad Debt Expense	5,859	5,111
Other	(2,885)	(1,007)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	20,284	11,140
Fuel, Materials and Supplies	7,002	8,794
Taxes Receivable/Accrued, Net	18,135	3,440
Accounts Payable	(9,199)	(8,328)
Accounts Receivable from/Accounts Payable to Affiliates, Net	(28,991)	(8,251)
Other Current Assets and Liabilities, Net	(4,232)	(834)
Net Cash Flows Provided by Operating Activities	<u>65,975</u>	<u>103,183</u>
<b>Investing Activities:</b>		
Investments in Property, Plant and Equipment	<u>(33,239)</u>	<u>(28,451)</u>
Net Cash Flows Used in Investing Activities	<u>(33,239)</u>	<u>(28,451)</u>
<b>Financing Activities:</b>		
Cash Dividends on Common Stock	(8,000)	(8,000)
Decrease in Notes Payable to Affiliated Company	<u>(25,000)</u>	<u>(68,025)</u>
Net Cash Flows Used in Financing Activities	<u>(33,000)</u>	<u>(76,025)</u>
Net Decrease in Cash	(264)	(1,293)
Cash - Beginning of Period	1,898	2,546
Cash - End of Period	<u>\$ 1,634</u>	<u>\$ 1,253</u>

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