

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	March 31, 2014	December 31, 2013
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 3,355	\$ 1,898
Receivables, Net	71,043	39,967
Accounts Receivable from Affiliated Companies	2,193	6,580
Unbilled Revenues	9,594	14,251
Fuel, Materials and Supplies	7,820	22,844
Regulatory Assets	35,134	40,124
Prepayments and Other Current Assets	6,177	7,867
Total Current Assets	<u>135,316</u>	<u>133,531</u>
Property, Plant and Equipment, Net	<u>703,902</u>	<u>701,023</u>
Deferred Debits and Other Assets:		
Regulatory Assets	191,150	111,492
Receivable from Affiliates	-	64,172
Other Long-Term Assets	13,655	11,738
Total Deferred Debits and Other Assets	<u>204,805</u>	<u>187,402</u>
Total Assets	<u>\$ 1,044,023</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)	March 31, 2014	December 31, 2013
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to NU Parent	\$ 71,950	\$ 102,950
Accounts Payable	39,274	34,382
Accounts Payable to Affiliated Companies	29,274	73,844
Accrued Taxes	13,847	48
Regulatory Liabilities	22,273	10,371
Other Current Liabilities	9,661	18,137
Total Current Liabilities	<u>186,279</u>	<u>239,732</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	209,229	188,668
Regulatory Liabilities	63,173	63,227
Accrued Pension, SERP and PBOP	34,970	-
Other Long-Term Liabilities	29,082	28,582
Total Deferred Credits and Other Liabilities	<u>336,454</u>	<u>280,477</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	122,691	122,691
Retained Earnings	117,174	97,631
Common Stockholder's Equity	<u>311,290</u>	<u>291,747</u>
Total Capitalization	<u>521,290</u>	<u>501,747</u>
Total Liabilities and Capitalization	<u>\$ 1,044,023</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 STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31,	
	2014	2013
Operating Revenues	\$ 220,184	\$ 199,956
Operating Expenses:		
Cost of Natural Gas	111,291	107,347
Operations and Maintenance	28,839	25,980
Depreciation	7,721	7,532
Amortization of Regulatory Assets, Net	2,029	1,785
Energy Efficiency Programs	23,140	16,556
Taxes Other Than Income Taxes	4,956	4,499
Total Operating Expenses	<u>177,976</u>	<u>163,699</u>
Operating Income	42,208	36,257
Interest Expense:		
Interest on Long-Term Debt	3,111	3,116
Other Interest Expense	(15)	157
Interest Expense	<u>3,096</u>	<u>3,273</u>
Other Income, Net	145	142
Income Before Income Tax Expense	<u>39,257</u>	<u>33,126</u>
Income Tax Expense	15,714	12,647
Net Income	<u>\$ 23,543</u>	<u>\$ 20,479</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, 2014	
Balance at Beginning of Period	\$	97,631
Additions:		
Net Income		23,543
Deductions:		
Dividends on Common Stock		4,000
Balance at End of Period	\$	<u>117,174</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,	
	2014	2013
Operating Activities:		
Net Income	\$ 23,543	\$ 20,479
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Bad Debt Expense	4,122	2,397
Depreciation	7,721	7,532
Deferred Income Taxes	(5,846)	3,258
Regulatory Overrecoveries, Net	17,426	54,145
Amortization of Regulatory Assets, Net	2,029	1,785
Other	(1,724)	(4,821)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(30,541)	(27,300)
Fuel, Materials and Supplies	15,024	15,211
Taxes Receivable/Accrued, Net	18,962	8,831
Accounts Payable	9,393	(3,088)
Accounts Receivable from/Accounts Payable to Affiliates, Net	(8,136)	(13,111)
Other Current Assets and Liabilities, Net	(2,007)	2,160
Net Cash Flows Provided by Operating Activities	<u>49,966</u>	<u>67,478</u>
Investing Activities:		
Investments in Property, Plant and Equipment	<u>(13,509)</u>	<u>(12,610)</u>
Net Cash Flows Used in Investing Activities	<u>(13,509)</u>	<u>(12,610)</u>
Financing Activities:		
Cash Dividends on Common Stock	(4,000)	(4,000)
Decrease in Notes Payable to Parent	(31,000)	(45,925)
Other Financing Activities	-	-
Net Cash Flows Used in Financing Activities	<u>(35,000)</u>	<u>(49,925)</u>
Net Increase in Cash	1,457	4,943
Cash - Beginning of Period	1,898	2,546
Cash - End of Period	<u>\$ 3,355</u>	<u>\$ 7,489</u>

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