

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2014	December 31, 2013
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,072	\$ 1,898
Receivables, Net	11,938	39,967
Accounts Receivable from Affiliated Companies	6,573	6,580
Unbilled Revenues	4,200	14,251
Taxes Receivable	9,187	6,172
Fuel, Materials and Supplies	23,635	22,844
Regulatory Assets	49,748	40,124
Prepayments and Other Current Assets	2,131	1,695
Total Current Assets	<u>108,484</u>	<u>133,531</u>
Property, Plant and Equipment, Net	<u>734,584</u>	<u>701,023</u>
Deferred Debits and Other Assets:		
Regulatory Assets	185,592	111,492
Receivable from Affiliates	-	64,172
Other Long-Term Assets	13,109	11,738
Total Deferred Debits and Other Assets	<u>198,701</u>	<u>187,402</u>
Total Assets	<u>\$ 1,041,769</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)	September 30, 2014	December 31, 2013
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to NU Parent	\$ 117,950	\$ 102,950
Accounts Payable	28,648	34,382
Accounts Payable to Affiliated Companies	14,032	73,844
Regulatory Liabilities	21,329	10,371
Other Current Liabilities	<u>10,707</u>	<u>18,185</u>
Total Current Liabilities	<u>192,666</u>	<u>239,732</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	215,631	188,668
Regulatory Liabilities	63,903	63,227
Accrued Pension, SERP and PBOP	34,065	-
Other Long-Term Liabilities	<u>30,815</u>	<u>28,582</u>
Total Deferred Credits and Other Liabilities	<u>344,414</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	122,827	122,691
Retained Earnings	<u>100,437</u>	<u>97,631</u>
Common Stockholder's Equity	<u>294,689</u>	<u>291,747</u>
Total Capitalization	<u>504,689</u>	<u>501,747</u>
Total Liabilities and Capitalization	<u>\$ 1,041,769</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 September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating Revenues	\$ 41,349	\$ 39,632	\$ 350,488	\$ 318,634
Operating Expenses:				
Cost of Natural Gas	15,697	10,993	170,710	151,711
Operations and Maintenance	18,855	20,674	67,581	70,295
Depreciation	7,843	7,532	23,330	22,596
Amortization of Regulatory Assets, Net	824	1,111	4,265	4,281
Energy Efficiency Programs	3,343	5,734	35,927	32,255
Taxes Other Than Income Taxes	4,421	4,020	13,576	12,227
Total Operating Expenses	50,983	50,064	315,389	293,365
Operating Income/(Loss)	(9,634)	(10,432)	35,099	25,269
Interest Expense:				
Interest on Long-Term Debt	3,096	3,110	9,311	9,337
Other Interest Expense	(69)	170	(130)	578
Interest Expense	3,027	3,280	9,181	9,915
Other Income, Net	58	400	240	641
Income/(Loss) Before Income Tax Expense/(Benefit)	(12,603)	(13,312)	26,158	15,995
Income Tax Expense/(Benefit)	(4,143)	(5,315)	11,352	5,776
Net Income/(Loss)	\$ (8,460)	\$ (7,997)	\$ 14,806	\$ 10,219

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NSTAR GAS COMPANY
CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2014	
Balance at Beginning of Period	\$	97,631
Additions:		
Net Income		14,806
Deductions:		
Dividends on Common Stock		12,000
Balance at End of Period	<u>\$</u>	<u>100,437</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)

For the Nine Months Ended September 30,

(Thousands of Dollars)	2014	2013
Operating Activities:		
Net Income	\$ 14,806	\$ 10,219
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	23,330	22,596
Deferred Income Taxes	(1,384)	2,848
Regulatory Overrecoveries, Net	9,201	39,687
Amortization of Regulatory Assets, Net	4,265	4,281
Bad Debt Expense	6,770	8,060
Other	2,987	(2,019)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	85,447	72,950
Fuel, Materials and Supplies	(791)	4,338
Taxes Receivable/Accrued, Net	(2,973)	(2,437)
Accounts Payable	(83,853)	(65,547)
Other Current Assets and Liabilities, Net	(4,135)	(1,274)
Net Cash Flows Provided by Operating Activities	<u>53,670</u>	<u>93,702</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(57,496)	(50,648)
Net Cash Flows Used in Investing Activities	<u>(57,496)</u>	<u>(50,648)</u>
Financing Activities:		
Cash Dividends on Common Stock	(12,000)	(12,000)
Increase/(Decrease) in Notes Payable to Parent	15,000	(32,675)
Net Cash Flows Provided by/(Used in) Financing Activities	<u>3,000</u>	<u>(44,675)</u>
Net Decrease in Cash	(826)	(1,621)
Cash - Beginning of Period	1,898	2,546
Cash - End of Period	<u>\$ 1,072</u>	<u>\$ 925</u>

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