

NSTAR GAS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	March 31, 2016	December 31, 2015
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 9,127	\$ 2,575
Receivables, Net	45,833	24,035
Accounts Receivable from Affiliated Companies	9,529	37,958
Unbilled Revenues	11,371	10,054
Taxes Receivable	4,133	12,017
Fuel, Materials and Supplies	16,982	21,001
Regulatory Assets	43,642	49,017
Prepayments	1,508	389
Total Current Assets	<u>142,125</u>	<u>157,046</u>
Property, Plant and Equipment, Net	<u>840,049</u>	<u>827,052</u>
Deferred Debits and Other Assets:		
Regulatory Assets	220,509	224,775
Other Long-Term Assets	14,960	13,446
Total Deferred Debits and Other Assets	<u>235,469</u>	<u>238,221</u>
Total Assets	<u>\$ 1,217,643</u>	<u>\$ 1,222,319</u>
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Accounts Payable	\$ 21,178	\$ 41,727
Accounts Payable to Affiliated Companies	21,689	18,570
Regulatory Liabilities	23,035	21,393
Other Current Liabilities	15,065	17,510
Total Current Liabilities	<u>80,967</u>	<u>99,200</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	256,826	251,594
Regulatory Liabilities	73,641	73,085
Accrued Pension, SERP and PBOP	68,657	76,559
Other Long-Term Liabilities	32,045	32,359
Total Deferred Credits and Other Liabilities	<u>431,169</u>	<u>433,597</u>
Capitalization:		
Long-Term Debt	<u>309,223</u>	<u>309,214</u>
Common Stockholder's Equity:		
Common Stock	71,425	71,425
Capital Surplus, Paid In	190,358	190,358
Retained Earnings	134,104	118,120
Accumulated Other Comprehensive Income	397	405
Common Stockholder's Equity	<u>396,284</u>	<u>380,308</u>
Total Capitalization	<u>705,507</u>	<u>689,522</u>
Total Liabilities and Capitalization	<u>\$ 1,217,643</u>	<u>\$ 1,222,319</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)	For the Three Months Ended March 31,	
	2016	2015
Operating Revenues	\$ 188,027	\$ 285,490
Operating Expenses:		
Cost of Natural Gas	90,707	169,824
Operations and Maintenance	23,340	27,649
Depreciation	7,795	8,257
Amortization of Regulatory (Liabilities)/Assets, Net	(2,104)	1,184
Energy Efficiency Programs	11,115	23,850
Taxes Other Than Income Taxes	5,283	4,417
Total Operating Expenses	<u>136,136</u>	<u>235,181</u>
Operating Income	51,891	50,309
Interest Expense	4,094	3,031
Other Loss, Net	<u>(50)</u>	<u>(57)</u>
Income Before Income Tax Expense	47,747	47,221
Income Tax Expense	<u>19,064</u>	<u>18,922</u>
Net Income	<u>\$ 28,683</u>	<u>\$ 28,299</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 CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Three Months Ended March 31,	
	2016	2015
Operating Activities:		
Net Income	\$ 28,683	\$ 28,299
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Depreciation	7,795	8,257
Deferred Income Taxes	5,298	(18,908)
Bad Debt Expense	3,382	6,153
Regulatory Overrecoveries, Net	8,574	47,404
Amortization of Regulatory (Liabilities)/Assets, Net	(2,104)	1,184
Pension, PBOP and SERP Expense and Contributions	(6,218)	1,073
Other	(6,964)	(6,691)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(26,301)	(47,449)
Fuel, Materials and Supplies	4,019	16,158
Taxes Receivable/Accrued, Net	10,706	60,060
Accounts Payable	(12,228)	(14,350)
Accounts Receivable from/Accounts Payable to Affiliates, Net	31,548	(14,238)
Other Current Assets and Liabilities, Net	(1,312)	(3,194)
Net Cash Flows Provided by Operating Activities	<u>44,878</u>	<u>63,758</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(25,626)	(11,576)
Net Cash Flows Used in Investing Activities	<u>(25,626)</u>	<u>(11,576)</u>
Financing Activities:		
Cash Dividends on Common Stock	(12,700)	(4,000)
Capital Contributions from Parent	-	6,000
Decrease in Notes Payable to Eversource Parent	-	(51,800)
Net Cash Flows Used in Financing Activities	<u>(12,700)</u>	<u>(49,800)</u>
Net Increase in Cash and Cash Equivalents	6,552	2,382
Cash and Cash Equivalents - Beginning of Period	2,575	3,069
Cash and Cash Equivalents - End of Period	<u>\$ 9,127</u>	<u>\$ 5,451</u>

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