

DEPARTMENT OF TELECOMMUNICATIONS & ENERGY

This statement is filed in accordance with Chapter 164, Section 84A

CONDENSED FINANCIAL RETURN

FOR YEAR ENDED DECEMBER 31, 1998

COMMONWEALTH GAS COMPANY

FULL NAME OF COMPANY

ONE MAIN STREET

LOCATION OF PRINCIPAL BUSINESS OFFICE

CAMBRIDGE, MA 02142-9150

1999 MAY -3 A 11: 30

OFFICE OF THE CITY CLERK
CAMBRIDGE MASSACHUSETTS

STATEMENT OF INCOME FOR THE YEAR

Item	Current Year	Increase or (Decrease) from Preceding Year
OPERATING INCOME		
Operating Revenues.....	\$289,083,215	(\$42,052,240)
Operating Expenses:		
Operation Expense.....	227,689,754	(37,624,121)
Maintenance Expense.....	10,035,652	(544,414)
Depreciation Expense.....	10,978,647	497,075
Amortization of Utility Plant.....	315,903	14,706
Amortization of Property Losses.....	0	0
Amortization of Investment Tax Credit.....	(197,294)	2,586
Taxes other than Income Taxes.....	10,472,897	(797,628)
Income Taxes.....	4,833,303	(2,385,012)
Provisions for Deferred Federal Income Taxes.....	2,215,886	1,031,686
Federal Income Taxes Deferred In Prior Years..(Credit).....	(275,149)	4,000
Total Operating Expenses.....	266,069,599	(39,801,122)
Net Operating Revenues.....	23,013,616	(2,251,118)
Income from Utility Plant Leased to Others.....	0	0
Other Utility Operating Income.....	0	0
Total Utility Operating Income.....	23,013,616	(2,251,118)
OTHER INCOME		
Income from Mdse. Jobbing & Contract Work.....	779,749	(31,923)
Income from Nonutility Operations.....	0	0
Nonoperating Rental Income.....	21,360	(19,273)
Interest and Dividend Income.....	85,492	61,854
Miscellaneous Nonoperating Income.....	535,109	438,700
Total Other Income.....	1,421,710	449,358
Total Income.....	24,435,326	(1,801,760)
MISCELLANEOUS INCOME DEDUCTIONS		
Miscellaneous Amortization.....	0	0
Other Income Deductions.....	175,939	(116,739)
Total Income Deductions.....	175,939	(116,739)
Income Before Interest Charges.....	24,259,387	(1,685,021)
INTEREST CHARGES		
Interest on Long-Term Debt.....	8,661,710	1,448,838
Amortization of Debt Discount and Expense.....	59,110	21,103
Amortization of Premium on Debt-Credit.....	0	0
Interest on Debt to Associated Companies.....	129,966	(199,851)
Other Interest Expense.....	2,215,970	(759,070)
Interest Charged to Construction-Credit.....	(75,739)	(21,147)
Total Interest Charges.....	10,991,017	532,167
Net Income.....	\$13,268,370	(\$2,217,188)

BALANCE SHEET

Title of Account	Balance End of Year	Title of Account	Balance End of Year
UTILITY PLANT		PROPRIETARY CAPITAL	
Utility Plant.....	\$392,135,588	CAPITAL STOCK	
		Common Stock Issued.....	\$71,425,000
OTHER PROPERTY AND INVESTMENTS		Preferred Stock Issued.....	0
Nonutility Property.....	1,542,538	Capital Stock Subscribed.....	0
Investment in Associated Companies.....	0	Premium on Capital Stock.....	27,738,533
Other Investments.....	981,749	Total.....	99,163,533
Special Funds.....	19,467		
Total Other Property and Investments	2,543,754	SURPLUS	
CURRENT AND ACCRUED ASSETS		Other Paid-In Capital.....	0
Cash.....	398,114	Earned Surplus.....	17,997,641
Special Deposits.....	0	Surplus Invested in Plant.....	0
Working Funds.....	8,975	Total.....	17,997,641
Temporary Cash Investments.....	0	Total Propriety Capital.....	117,161,174
Notes and Accounts Receivable.....	41,301,543		
Receivables from Associated Companies.....	785,297	LONG-TERM DEBT	
Materials and Supplies.....	25,884,948	Bonds.....	105,800,000
Prepayments.....	13,168,101	Advances from Associated Companies.....	0
Interest and Dividends Receivable.....	0	Other Long-Term Debt.....	0
Rents Receivable.....	0	Total Long-Term Debt.....	105,800,000
Accrued Utility Revenues.....	10,357,714		
Misc. Current and Accrued Assets.....	3,135,000	CURRENT AND ACCRUED LIABILITIES	
Total Current and Accrued Assets.....	95,039,692	Notes Payable.....	0
DEFERRED DEBITS		Accounts Payable.....	25,871,298
Unamortized Debt Discount and Expense.....	929,494	Payables to Associated Companies.....	33,351,597
Extraordinary Property Losses.....	0	Customer Deposits.....	1,327,015
Preliminary Survey and Investigation Charges.....	91,592	Taxes Accrued.....	6,813,989
Clearing Accounts.....	0	Interest Accrued.....	1,057,270
Temporary Facilities.....	0	Dividends Declared.....	0
Miscellaneous Deferred Debits.....	22,920,389	Matured Long-Term Debt.....	0
Total Deferred Debits.....	23,941,475	Matured Interest.....	0
CAPITAL STOCK DISCOUNT AND EXPENSE		Tax Collections Payable.....	434,015
Discount on Capital Stock.....	0	Misc. Current and Accrued Liabilities.....	18,920,579
Capital Stock Expense.....	0	Total Current and Accrued Liabilities.....	87,775,763
Total Capital Stock Discount and Expense.....	0	DEFERRED CREDITS	
REACQUIRED SECURITIES		Unamortized Premium on Debt.....	0
Reacquired Capital Stock.....	0	Customer Advances for Construction.....	0
Reacquired Bonds.....	0	Other Deferred Credits.....	35,302,484
Total Reacquired Securities.....	0	Total Deferred Credits.....	35,302,484
Total Assets and Other Debits.....	\$513,660,509	RESERVES	
		Reserves for Depreciation.....	117,559,578
		Reserves for Amortization.....	3,250,833
		Reserves for Uncollectible Accounts.....	2,345,600
		Operating Reserves.....	7,354,950
		Reserve for Depreciation and Amortization of Nonutility Property.....	370
		Reserves for Deferred Income Taxes.....	37,109,757
		Total Reserves.....	167,621,088
		CONTRIBUTIONS IN AID OF CONSTRUCTION	
		Contributions in Aid of Construction.....	0
		Total Liabilities and Other Credits.....	\$513,660,509

STATEMENT OF EARNED SURPLUS

Account	Amount for Year	Inc/(Dec) from Preceding Year
Unappropriated Earned Surplus (at beginning of period).....	16,871,521	6,015,164
Balance Transferred from Income.....	13,268,370	(2,174,894)
Miscellaneous Credits to Surplus.....	0	0
Miscellaneous Debits to Surplus.....	0	0
Appropriations of Surplus.....	0	0
Net Additions to Earned Surplus.....	13,268,370	(2,174,894)
Dividends Declared-Preferred Stock.....	0	0
Dividends Declared-Common Stock.....	12,142,250	2,714,150
Unappropriated Earned Surplus (at end of period).....	17,997,641	1,126,120

ELECTRIC OPERATING REVENUES

Account	Operating Revenues	
	Amount for Year	Inc/(Dec) from Preceding Year
SALES OF ELECTRICITY	\$	
Residential Sales.....		
Commercial and Industrial Sales.....		
Small (or Commercial).....		
Large (or Industrial).....		
Public Street and Highway Lighting.....		
Other Sales to Public Authorities.....		
Sales to Railroad and Railways.....		
Interdepartmental Sales.....		
Miscellaneous Electric Sales.....		
Total Sales to Ultimate Consumers.....		
Sales for Resale.....		
Less: Provision for Rate Refunds.....		
Total Sales of Electricity.....		
OTHER OPERATING REVENUES		
Forfeited Discounts.....		
Miscellaneous Service Revenues.....		
Sales of Water and Water Power.....		
Rent from Electric Property.....		
Interdepartmental Rents.....		
Other Electric Revenues.....		
Total Other Operating Revenues.....		
Total Electric Operating Revenues.....	None	None

SUMMARY OF ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Functional Classification	Operation	Maintenance	Total
Power Production Expenses.....		\$	\$
Electric Generation.....			
Steam Power.....			
Nuclear Power.....			
Hydraulic Power.....			
Other Power.....			
Other Power Supply Expenses.....			
Total Power Production Expenses.....			
Transmission Expenses.....			
Distribution Expenses.....			
Customer Accounts Expenses.....			
Sales Expenses.....			
Administrative and General Expenses.....			
Total Electric Operation and Maintenance Expenses.....	None	None	None

GAS OPERATING REVENUES

Account	Operating Revenues	
	Amount for Year	Increase or (Decrease) from Preceding Year
SALES OF GAS	\$	\$
Residential Sales.....	178,022,497	(\$18,005,229)
Commercial and Industrial Sales		
Small (or Commercial).....	69,214,347	(14,480,513)
Large (or Industrial).....	12,279,119	(9,539,876)
Other Sales to Public Authorities.....	11,261,367	(2,743,895)
Interdepartmental Sales.....	0	0
Miscellaneous Gas Sales.....	(4,398,690)	(3,301,923)
Total Sales to Ultimate Consumers.....	266,378,640	(48,071,436)
Sales for Resale.....	10,412,303	2,130,859
Total Sales of Gas.....	276,790,943	(45,940,577)
OTHER OPERATING REVENUES		
Forfeited Discounts-Late Payment Charges.....	308,631	(81,451)
Miscellaneous Service Revenues.....	1,608,168	124,504
Revenues from Transportation of Gas to Others.....	9,429,702	3,684,355
Sales of Products Extracted from Natural Gas.....	0	0
Revenues from Natural Gas Processed by Others.....	0	0
Rent from Gas Property.....	137,465	(31,236)
Interdepartmental Rents.....	0	0
Other Gas Revenues.....	808,306	192,165
Total Other Operating Revenues.....	12,292,272	3,888,337
Total Gas Operating Revenues.....	289,083,215	(42,052,240)

SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES

Functional Classification	Operation	Maintenance	Total
Steam Production.....	0	0	0
Manufactured Gas Production.....	0	0	0
Other Gas Supply Expenses.....	160,073,491	0	160,073,491
Total Production Expenses.....	160,073,491	0	160,073,491
Local Storage Expenses.....	607,001	325,359	932,360
Transmission and Distribution Expense.....	17,639,537	9,223,879	26,863,416
Customer Accounts Expense.....	17,806,509	0	17,806,509
Sales Expense.....	3,296,471	0	3,296,471
Administrative and General Expenses.....	28,266,745	486,414	28,753,159
Total Gas Operation and Maintenance Expenses.....	227,689,754	10,035,652	237,725,406

April 30, 1999, I hereby certify that the foregoing statements are full, just and true to the best of my knowledge and belief. This statement is signed under the penalties of perjury.

Debra A. McLaughlin
President and Chief Operating Officer

John Rappoli
Financial Vice President and Treasurer

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Consent Communication #5 352 5

A communication was received
from the Dept. of Telecommunication
& Energy, transmitting the
Condensed Financial Return
for the year ended 12/31/98 for
Commonwealth Gas Company.

In City Council May 10, 1999

Referred to the City Manager