

DEPARTMENT OF TELECOMMUNICATIONS & ENERGY

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

CONDENSED FINANCIAL RETURN

FOR YEAR ENDED DECEMBER 31, 2002

NSTAR GAS COMPANY

FULL NAME OF COMPANY

LOCATION OF PRINCIPAL BUSINESS OFFICE 800 BOYLSTON STREET

BOSTON, MA 02199

STATEMENT OF INCOME FOR THE YEAR

Item	Current Year	Increase or (Decrease) from Preceding Year
OPERATING INCOME		
Operating Revenues	\$325,801,526	-\$66,209,698
Operating Expenses		
Operation Expense	254,551,361	(58,492,764)
Maintenance Expense	7,297,235	1,141,864
Depreciation Expense	14,338,966	1,759,591
Amortization of Utility Plant	-	(705,485)
Amortization of Property Losses	3,303,900	-
Amortization of Investment Tax Credit	(190,335)	2,578
Taxes other than Income Taxes	10,786,516	(480,578)
Income Taxes	5,716,154	(8,019,190)
Provisions for Deferred Federal Income Taxes	4,182,433	3,745,698
Federal Income Taxes Deferred In Prior Years..(Credit)	(292,266)	1,138,461
Total Operating Expenses	299,693,965	-59,909,825
Net Operating Revenues	26,107,561	(6,299,873)
Income from Utility Plant Leased to Others	-	-
Other Utility Operating Income	-	-
Total Utility Operating Income	26,107,561	(6,299,873)
OTHER INCOME		
Income from Mdse. Jobbing & Contract Work	144,789	27,410
Income from Nonutility Operations	-	-
Nonoperating Rental Income	340,868	81,740
Interest and Dividend Income	31,652	(11,489)
Miscellaneous Nonoperating Income	373,274	(1,280,056)
Total Other Income	890,582	-1,182,396
Total Income	26,998,144	(7,482,268)
MISCELLANEOUS INCOME DEDUCTIONS		
Miscellaneous Amortization	-	-
Other Income Deductions	320,274	257,249
Total Income Deductions	320,274	257,249
Income Before Interest Charges	26,677,869	(7,739,518)
INTEREST CHARGES		
Interest on Long-Term Debt	7,273,214	(374,072)
Amortization of Debt Discount and Expense	50,542	(1,193)
Amortization of Premium on Debt-Credit	-	-
Interest on Debt to Associated Companies	224,980	(328,065)
Other Interest Expense	2,368,410	(997,514)
Interest Charged to Construction-Credit	(388,972)	(188,121)
Total Interest Charges	9,528,175	-1,888,964
Net Income	\$17,149,693	(5,850,554)

BALANCE SHEET

BALANCE SHEET			
Title of Account	Balance End of Year	Title of Account	Balance End of Year
UTILITY PLANT		PROPRIETARY CAPITAL	
Utility Plant.....	\$ 488,580,871	CAPITAL STOCK	
		Common Stock Issued.....	\$ 71,425,000
OTHER PROPERTY AND INVESTMENTS		Preferred Stock Issued.....	-
Nonutility Property.....	2,095,522	Capital Stock Subscribed.....	-
Investment in Associated Companies.....	-	Premium on Capital Stock.....	118,569,287
Other Investments.....	9,000	Total.....	189,994,287
Special Funds.....	20,675		
Total Other Property and Investments	2,125,197	SURPLUS	
CURRENT AND ACCRUED ASSETS		Other Paid-In Capital.....	-
Cash.....	1,901,887	Earned Surplus.....	45,696,958
Special Deposits.....		Surplus Invested in Plant.....	-
Working Funds.....	(19,575)	Total.....	45,696,958
Temporary Cash Investments.....	-	Total Propriety Capital.....	235,691,245
Notes and Accounts Receivable.....	52,659,975		
Receivables from Associated Companies.....	754,995	LONG-TERM DEBT	
Materials and Supplies.....	35,735,121	Bonds.....	90,714,287
Prepayments.....	11,753,204	Advances from Associated Companies	-
Interest and Dividends Receivable.....		Other Long-Term Debt.....	1,428,571
Rents Receivable.....	8,157	Total Long-Term Debt.....	92,142,858
Accrued Utility Revenues.....	16,736,322		
Misc. Current and Accrued Assets.....	-	CURRENT AND ACCRUED LIABILITIES	
Total Current and Accrued Assets.....	119,530,085	Notes Payable.....	55,400,000
DEFERRED DEBITS		Accounts Payable.....	27,427,831
Unamortized Debt Discount and Expense....	723,387	Payables to Associated Companies.....	117,734,424
Extraordinary Property Losses.....		Customer Deposits.....	1,478,397
Preliminary Survey and Investigation Charges.....	-	Taxes Accrued.....	7,417,825
Clearing Accounts.....	-	Interest Accrued.....	935,785
Temporary Facilities.....	-	Dividends Declared.....	-
Miscellaneous Deferred Debits.....	191,361,168	Matured Long-Term Debt.....	-
Total Deferred Debits.....	192,084,555	Matured Interest.....	-
CAPITAL STOCK DISCOUNT AND EXPENSE		Tax Collections Payable.....	587,362
Discount on Capital Stock.....	-	Misc. Current and Accrued Liabilities.....	15,203,445
Capital Stock Expense.....	-	Total Current and Accrued Liabilities.....	226,185,070
Total Capital Stock Discount and Expense.....	-	DEFERRED CREDITS	
REACQUIRED SECURITIES		Unamortized Premium on Debt.....	-
Reacquired Capital Stock.....	-	Customer Advances for Construction.....	3,060,081
Reacquired Bonds.....	-	Other Deferred Credits.....	28,966,578
Total Reacquired Securities.....	-	Total Deferred Credits.....	32,026,659
Total Assets and Other Debits.....	\$ 802,320,709	RESERVES	
		Reserves for Depreciation.....	159,024,073
		Reserves for Amortization.....	6,640,055
		Reserves for Uncollectible Accounts.....	2,408,320
		Operating Reserves.....	7,973,919
		Reserve for Depreciation and Amortization of Nonutility Property.....	370
		Reserves for Deferred Income Taxes.....	40,228,140
		Total Reserves.....	216,274,877
		CONTRIBUTIONS IN AID OF CONSTRUCTION	
		Contributions in Aid of Construction.....	-
		Total Liabilities and Other Credits.....	\$ 802,320,709

STATEMENT OF EARNED SURPLUS

Account	Amount for Year	Inc/(Dec) from Preceding Year
Unappropriated Earned Surplus (at beginning of period).....	40,547,745	20,500,248
Balance Transferred from Income.....	17,149,693	(5,850,555)
Miscellaneous Credits to Surplus.....	-	-
Miscellaneous Debits to Surplus.....	-	-
Appropriations of Surplus.....	-	-
Net Additions to Earned Surplus.....	17,149,693	(5,850,555)
Dividends Declared-Preferred Stock.....	-	-
Dividends Declared-Common Stock.....	12,000,000	9,500,000
Unappropriated Earned Surplus (at end of period).....	45,697,438	5,149,693

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

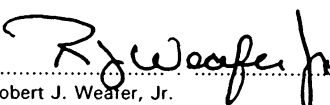
SUMMARY OF ELECTRIC OPERATION AND MAINTENANCE EXPENSES

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.....	\$ 187,401,603	\$ (80,582,272)
Commercial and Industrial Sales		
Small (or Commercial).....	71,488,345	(39,390,943)
Large (or Industrial).....	7,034,097	(5,056,934)
Other Sales to Public Authorities.....	7,708,838	(5,672,633)
Interdepartmental Sales.....	-	-
Miscellaneous Gas Sales.....	25,668,662	64,631,396
Total Sales to Ultimate Consumers.....	299,301,545	-66,071,386
Sales for Resale.....	6,719,490	(1,115,397)
Total Sales of Gas.....	306,021,035	-67,186,783
OTHER OPERATING REVENUES		
Forfeited Discounts-Late Payment Charges.....	277,971	(381,933)
Miscellaneous Service Revenues.....	2,031,489	(315,746)
Revenues from Transportation of Gas to Others.....	17,261,082	1,789,558
Sales of Products Extracted from Natural Gas.....	-	-
Revenues from Natural Gas Processed by Others.....	-	-
Rent from Gas Property.....	119,804	(55,809)
Interdepartmental Rents.....	-	-
Other Gas Revenues.....	90,146	(58,984)
Total Other Operating Revenues.....	19,780,491	977,085
Total Gas Operating Revenues.....	325,801,526	(66,209,698)

SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES			
Functional Classification	Operation	Maintenance	Total
Steam Production.....	-	-	-
Manufactured Gas Production.....	-	-	-
Other Gas Supply Expenses.....	188,109,788	-	188,109,788
Total Production Expenses.....	188,109,788	-	188,109,788
Local Storage Expenses.....	366,034	247,875	613,910
Transmission and Distribution Expense.....	22,463,113	7,049,360	29,512,473
Customer Accounts Expense.....	12,870,226	-	12,870,226
Sales Expense.....	1,378,663	-	1,378,663
Administrative and General Expenses.....	29,363,537	-	29,363,537
Total Gas Operation and Maintenance Expenses.....	254,551,361	7,297,235	261,848,596

March 31, 2003, 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.


 Robert J. Weaver, Jr.
 Vice President, Controller and Chief Accounting Officer

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Communication #10

A communication was received
from Department of
Telecommunications & Energy,
transmitting a copy of the
condensed financial return of
NSTAR Gas Company for the year
ended December 31, 2002.

In City Council April 7, 2003

**REFERRED TO CITY
MANAGER.**