

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

NORTHEAST UTILITIES SYSTEM

Form U-9C-3

August 27, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-1004

FORM U-9C-3

QUARTERLY REPORT PURSUANT TO RULE 58

For the quarterly period ended June 30, 2002

Northeast Utilities

(Name of registered holding company)

107 Selden Street, Berlin, CT 06037

(Address of Principal Executive Officers)

Name and telephone number of officer to whom inquiries concerning this report should be directed:

John P. Stack, Vice President-Accounting and Controller
Telephone Number: 860-665-2333

GENERAL INSTRUCTIONS

A. Use of Form

1. A reporting company, as defined herein, shall file a report on this form within 60 days after the end of each of the first three quarters, and within 90 days after the end of the fourth quarter, of the fiscal year of the registered holding company. The period beginning on the date of effectiveness of rule 58 and ending at the end of the quarter following the quarter in which the rule becomes effective shall constitute the initial period for which any report shall be filed, if applicable.

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

2. The requirement to provide specific information by means of this form supersedes any requirement by order of the Commission to provide identical information by means of periodic certificates under rule 24; but does not so supersede and replace any requirement by order to provide information by means of an annual report on Form U-13-60.
3. Information with respect to reporting companies that is required by Form U-13-60 shall be provided exclusively on that form.
4. Notwithstanding the specific requirements of this form, this Commission may informally request such further information as, in its opinion, may be necessary or appropriate.

B. Statements of Monetary Amounts and Deficits

1. Amounts included in this form and in related financial statements may be expressed in whole dollars, thousands of dollars or hundred thousands of dollars.
2. Deficits and other similar entries shall be indicated by either brackets or parentheses. An explanation should be provided by footnote.

C. Formal Requirements

This form, including exhibits, shall be filed with Commission electronically pursuant to Regulation S-T (17 CFR 232.10 et seq.). A conformed copy of each such report shall be filed with each state commission having jurisdiction over the retail rates of a public utility company that is an associate company of a reporting company. Each report shall provide the name and telephone number of the person to whom inquiries concerning this report should be directed.

D. Definitions

As used in this form, the word "reporting company" means an energy-related company or gas-related company, as defined in rule 58(b). All other words and terms have the same meaning as in the Public Utility Holding Company Act of 1935, as amended, and the rules and regulations thereunder.

ITEM 1 - ORGANIZATIONAL CHART

Instructions

1. Complete Item 1 only for the first three calendar quarters of the fiscal year of the registered holding company.
2. Under the caption "Name of Reporting Company," list each energy-related and gas-related company and each system company that directly or indirectly holds securities thereof. Add the designation "(new)" for each reporting company of which securities were acquired during the period, and the designation "(*)" for each inactive company.
3. Under the caption "Percentage of Voting Securities Held," state the aggregate percentage of the outstanding voting securities of the reporting company held directly or indirectly by the registered holding company at the end of the quarter.

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

4. Provide a narrative description of each reporting company's activities during the reporting period.

Name of Reporting Co.	Energy or Gas Related	Date of Organization	State of Organization	Percentage of Voting Securities Held	Nature of Business	Activities reported during the period
NU Enterprises, Inc.	Holding	1/4/99	Connecticut	100% by Northeast Utilities	Unregulated businesses holding company	(A)
Select Energy, Inc.	Energy	9/26/96	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities	(B)
Select Energy Portland Pipeline, Inc.*	Energy	3/17/99	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities	(C)
Northeast Generation Services Company	Energy	1/4/99	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities	(D)
Select Energy Services, Inc.	Energy	6/19/90	Massachusetts	100% by NU Enterprises, Inc.	Invest in energy-related activities	(E)
Reeds Ferry Supply Co., Inc.	Energy	7/15/64	New Hampshire	100% by Select Energy Services, Inc.	Invest in energy-related activities	(F)
HEC/Tobyhanna Energy Project, Inc.	Energy	9/28/99	Massachusetts	100% by Select Energy Services, Inc.	Invest in energy-related activities	(G)
Select Energy Contracting, Inc.	Energy	10/12/94	Massachusetts	100% by Select Energy Services, Inc.	Invest in energy-related activities	(H)
Yankee Energy System, Inc.	Holding	2/15/00	Connecticut	100% by Northeast Utilities	Public Utility Holding Company	(I)

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Yankee Energy Services Company*	Energy	7/2/93	Connecticut	100% by Yankee Energy System, Inc.	Invest in energy-related activities	(J)
R.M. Services, Inc.	Energy	11/22/94	Connecticut	10% by Yankee Energy System, Inc.	Invest in energy-related activities	(K)
Acumentrics Corporation	Energy	09/13/00	Massachusetts	5% by NU Enterprises, Inc.	Invest in energy-related activities	(L)
ERI/HEC EFA-Med, LLC	Energy	09/30/00	Delaware	50% by Select Energy Services, Inc.	Invest in energy-related activities	(M)
E.S. Boulos Company	Energy	01/19/01	Connecticut	100% by Northeast Generation Services Company	Invest in energy-related activities	(N)
NGS Mechanical Company	Energy	01/24/01	Connecticut	100% by Northeast Generation Services Company	Provide mechanical construction and maintenance services	(O)
HEC/CJTS Energy Center LLC	Energy	03/02/01	Delaware	100% by Select Energy Services, Inc.	Facilitate construction financing	(P)
Select Energy New York	Energy	02/13/96	Delaware	100% by Select Energy, Inc.	Invest in energy-related activities	(Q)

(A) NU Enterprises, Inc. is not the "reporting company" but is included in this Item 1 because it holds, directly or indirectly, voting securities issued by reporting companies as indicated above.

(B) Select Energy, Inc. (Select Energy) is an integrated energy business that buys, sells, markets and trades electricity, gas and oil and energy-related products and services to both wholesale and retail customers in the northeastern United States. Select Energy procures and delivers energy and capacity required to serve its electric, gas and oil customers. Under the umbrella of the Select Energy brand, Select Energy, collectively with its affiliated competitive energy businesses, provides a wide range of energy products and energy services.

Select Energy is a licensed retail electricity supplier and is registered with local electric distribution companies in the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Virginia. Select Energy is a registered gas marketer with local gas distribution companies in the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Virginia.

- (C) Select Energy Portland Pipeline, Inc. (SEPPI) acquired a 5% interest in Portland Natural Gas Transmission System partnership in March 1999 and sold this interest in June 2001.
- (D) Northeast Generation Services Company (NGS) was established to provide a full range of energy-related operation and maintenance services for larger industrial, institutional and power generation customers throughout the 11-state Northeast area. NGS' current business segments focus on providing turnkey Manage and Operate Services (MOS) and also a full range of Industrial Services (IS) and Consulting Services (CS).

MOS is a service that is designed for generation asset owners. NGS has the ability to offer station management and operation services with a focus on optimizing the value of that specific asset with the owner. Within the IS platform, its offerings include mechanical and electrical construction and maintenance services, as well as environmental maintenance/compliance services. Within the CS platform, the product and service offerings include engineering and environmental consulting services, with an emphasis on power plant system design.
- (E) Select Energy Services, Inc. (formerly HEC Inc.) is not the "reporting company" but is included in this Item 1 because it holds, directly or indirectly, voting securities issued by reporting companies as indicated above.
- (F) Reed's Ferry Supply Corporation is an equipment wholesaler which purchases equipment on behalf of Select Energy Contracting, Inc.
- (G) HEC/Tobyhanna Energy Project, Inc. was established as a special purpose entity to manage the assets of an Energy Savings Performance Contract (ESPC) project at the Tobyhanna Army Depot.
- (H) Select Energy Contracting, Inc. designs, manages and directs the construction of, and/or installing of mechanical, water, and electrical systems, energy and other resource consuming equipment.
- (I) Yankee Energy System, Inc. is not the "reporting company" but is included in this Item 1 because it holds, directly or indirectly, voting securities issued by reporting companies as indicated above.
- (J) Yankee Energy Services Company (YESCO) is winding down its energy-related services for its customers. YESCO has disposed of most of its assets and is in the process of liquidating the remainder of its assets.
- (K) R. M. Services, Inc. provides consumer collection services for companies throughout the United States.
- (L) Acumentrics Corporation develops, manufactures, and distributes advanced power generation, power quality and power protection devices including a high-speed flywheel and advanced technology fuel cells.
- (M) ERI/HEC EFA-Med, LLC is a Delaware limited liability company that was formed by Select Energy Services, Inc., and ERI Services, Inc. to enter into an indefinite delivery/indefinite quantity contract with the U.S. Navy. Under the contract, the Navy will issue Delivery Orders for energy services work at U.S. Government facilities located in Bahrain, Greece, Egypt, Italy, Spain, Turkey, and the United Kingdom. The LLC will designate either ERI or Select Energy Services, Inc. to perform each of the Delivery Orders. The LLC will also act as the conduit for any

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

project-related financing. ERI Services, Inc. and Select Energy Services, Inc. each own 50% of the LLC.

- (N) E. S. Boulos Company (Boulos) is in the electrical construction business in Maine. Boulos is registered to do business in Maine, Massachusetts, New Hampshire, and Vermont.
- (O) NGS Mechanical Company (NGSM) performs mechanical construction and maintenance services. NGSM is registered to do business in Massachusetts, New Hampshire, Maine, Vermont, Rhode Island, and New York.
- (P) HEC/CJTS Energy Center LLC (HEC/CTJS) facilitated the construction of an energy center at of the Connecticut Juvenile Training School in Middletown, Connecticut. HEC/CJTS does not have any employees nor does it conduct any other activities.
- (Q) Select Energy New York, Inc. (SENY) is engaged in the brokering, marketing, transportation, storage, and sale of energy commodities in the state of New York.

ITEM 2 - ISSUANCES AND RENEWALS OF SECURITIES AND CAPITAL CONTRIBUTIONS

 Instruction

With respect to a transaction with an associate company, report only the type and principal amount of securities involved.

Company Issuing Security	Type of Security Issued	Principal Amount of Security	Issue or Renewal	Cost of Capital	Person to Whom Security Was Issued	Collateral Given With Security	Consideration Received for Each Security
--------------------------	-------------------------	------------------------------	------------------	-----------------	------------------------------------	--------------------------------	--

Select Energy, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
---------------------	-----	-----	-----	-----	-----	-----	-----

Northeast Generation Services Company	No transactions this quarter.						
---------------------------------------	-------------------------------	--	--	--	--	--	--

Select Energy Contracting, Inc.	No transactions this quarter.						
---------------------------------	-------------------------------	--	--	--	--	--	--

Reeds Ferry Supply Co., Inc.	No transactions this quarter.						
------------------------------	-------------------------------	--	--	--	--	--	--

HEC/Tobyhanna Energy Project, Inc.	No transactions this quarter.						
------------------------------------	-------------------------------	--	--	--	--	--	--

Yankee Energy Services							
------------------------	--	--	--	--	--	--	--

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Company No transactions this quarter.

R.M.
Services,
Inc. No transactions this quarter.

Acumentrics
Corporation No transactions this quarter.

ERI/HEC
EFA-Med, LLC No transactions this quarter.

E.S. Boulos
Company No transactions this quarter.

NGS Mechanical
Company No transactions this quarter.

HEC/CJTS
Energy
Center LLC No transactions this quarter.

Northeast
Utilities No transactions this quarter.

Select
Energy
New York,
Inc. No transactions this quarter.

ITEM 3 - ASSOCIATE TRANSACTIONS

Instructions

1. This item is used to report the performance during the quarter of contracts among reporting companies and their associate companies, including other reporting companies, for service, sales and construction. A copy of any such contract not filed previously should be provided as an exhibit pursuant to Item 6.B.
 2. Parts I and II concern transactions performed by reporting companies on behalf of associate companies, and transactions performed by associate companies on behalf of reporting companies, respectively.
-

Part I - Transactions performed by reporting companies on behalf of associate companies.

Reporting Company Rendering Services	Associate Company Receiving Services	Types of Services Rendered	Total Amount Billed* Three Months Ended June 30, 2002
-----			-----
			(Thousands of Dollars)

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Northeast Generation Services Company	Select Energy, Inc.	Electrical and Mechanical services	\$ 18 =====
Northeast Generation Services Company	The Connecticut Light & Power Company	Electrical and Mechanical services	\$ 13 =====
Northeast Generation Services Company	Western Massachusetts Electric Company	Electrical and Mechanical services	\$ 3 =====
Northeast Generation Services Company	Public Service Company of New Hampshire	Electrical and Mechanical services	\$ 209 =====
Northeast Generation Services Company	Holyoke Water Power Company	Electrical and Mechanical services	\$ 2,753 =====
Northeast Generation Services Company	Northeast Generation Company	Electrical and Mechanical services	\$ 6,696 =====
Reeds Ferry Supply Co., Inc.	Select Energy Contracting, Inc.	Wholesale Purchasing Services	\$ 251 =====
Northeast Generation Services Company	North Atlantic Energy Service Corporation	Electrical and Mechanical services	\$ (29) =====
Northeast Generation Services Company	Yankee Energy Services Company	Electrical and Mechanical services	\$ 23 =====
Northeast Generation Services Company	Northeast Utilities Service Company	Electrical and Mechanical services	\$ 94 =====

Part II - Transactions performed by associate companies on behalf
of reporting companies.

Associate Company Rendering Services	Reporting Company Receiving Services	Types of Services Rendered	Total Amount Billed* Three Months Ended June 30, 2002
---	---	----------------------------------	---

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

-----			(Thousands of Dollars)
Public Service Company of New Hampshire	Select Energy, Inc.	Miscellaneous	\$ 4 =====

* 'Total Amount Billed' is direct costs only.

ITEM 4 - SUMMARY OF AGGREGATE INVESTMENT

Investments in energy-related companies:

-----			(Thousands of Dollars)
Total consolidated capitalization as of 06/30/02	\$6,877,034	line 1	
Total capitalization multiplied by 15% (line 1 multiplied by .15)	1,031,555	line 2	
Greater of \$50 million or line 2	\$1,031,555	line 3	
Total current aggregate investment: (categorized by major line of energy-related business):			
Select Energy, Inc.	\$692,342		
Northeast Generation Services Company	28,548		
Select Energy Contracting, Inc.	33,509		
Select Energy New York, Inc.	36,699		
Reeds Ferry Supply Co., Inc.	7		
HEC/Tobyhanna Energy Project, Inc.	-		
Yankee Energy Services Company	8,382		
E.S. Boulos Company	7,539		
R.M. Services, Inc.	13,799		
NGS Mechanical Company	10		
Acumentrics Corporation	10,000		
ERI/HEC EFA-Med, LLC	6		
HEC/CJTS Energy Center LLC	10		

Current aggregate investment	830,851		
Elimination *	17,759		

Total current aggregate investment	813,092	line 4	

Difference between the greater of \$50 million or 15% of capitalization and the total aggregate investment of the registered holding company system	\$218,463	line 5	=====

*Elimination is for capital contributions made from a parent company who is a reporting company to a subsidiary who is also a reporting company.

ITEM 5 - OTHER INVESTMENTS

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Instruction

This item concerns investments in energy-related and gas-related companies that are excluded from the calculation of aggregate investment under rule 58.

Major Line of Energy- Related Business	Other Investment in Last U-9C-3 Report	Other Investment in This U-9C-3 Report	Reason for Difference in Other Investment
---	---	---	--

NONE

ITEM 6 - FINANCIAL STATEMENTS AND EXHIBITS

Instructions

A. Financial Statements

1. Financial statements are required for reporting companies in which the registered holding company system has at least 50% equity or other ownership interest. For all other rule 58 companies, the registered holding company shall make available to the Commission such financial statements as are available to it.
2. For each reporting company, provide a balance sheet as of the end of the quarter and income statements for the three-month and year-to-date periods ending as of the end of the quarter, together with any notes thereto. Financial statements shall be for the first three quarters of the fiscal year of the registered holding company.
3. If a reporting company and each of its subsidiaries engage exclusively in single category of energy-related or gas-related activity, consolidated financial statements may be filed.
4. Separate financial statements need not be filed for inactive companies or for companies engaged solely in the ownership of interests in energy-related or gas-related companies.

B. Exhibits

1. Copies of contracts required to be provided by Item 3 shall be filed as exhibits.
2. A certificate stating that a copy of the report for the previous quarter has been filed with interested state commissions shall be filed as an exhibit. The certificate shall provide the names and addresses of the state commissions.

A. Financial Statements

Select Energy, Inc.:

Balance Sheet - As of June 30, 2002

Income Statement - Three months and six months ended June 30, 2002

Northeast Generation Services Company:

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

Select Energy Contracting, Inc.:

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

Reeds Ferry Supply Co., Inc.:

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

HEC/Tobyhanna Energy Project, Inc.:

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

Yankee Energy Services Company:

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

ERI/HEC EFA-Med, LLC:

Not available as of June 30, 2002

E. S. Boulos Company:

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

NGS Mechanical Company:

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

Northeast Utilities (Parent):

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

HEC/CJTS Energy Center LLC:

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

Select Energy New York:

Balance Sheet - As of June 30, 2002
Income Statement - Three months and six months ended June 30, 2002

B. Exhibits

Exhibit No.	Description
-----	-----
6.B.1.1a	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.1b	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.1c	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.1d	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.1e	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

- 6.B.1.1f Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.1g Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.1h Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.2 Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.3a Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.3b Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.3c Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.4a Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.4b Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.5 Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.6a Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.6b Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.7 Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.2.1 The company certifies that a conformed copy of Form U-9C-3 for the previous quarter was filed with the following state commissions:
- Ms. Louise E. Rickard
Acting Executive Secretary
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051
- Ms. Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
100 Cambridge Street
Boston, MA 02202
- Mr. Thomas B. Getz
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
8 Old Suncook Road, Building One
Concord, NH 03301-7319

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

SELECT ENERGY, INC.
BALANCE SHEET
(Unaudited)

	June 30, 2002
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Receivables, net	\$ 315,329
Accounts receivable from affiliated companies	102,005
Special deposits	11,756
Unrealized net gains on mark-to-market transactions	85,808
Prepaid wholesale power purchases	39,658
Prepayments and other	5,819
	----- 560,375 -----
Property, Plant and Equipment:	
Competitive energy	12,555
Less: Accumulated provision for depreciation and amortization	5,329
	----- 7,226
Construction work in progress	1,343
	----- 8,569 -----
Deferred Debits and Other Assets:	
Intangibles, net	19,340
Accumulated deferred income taxes	6,516
Prepaid pensions	2,516
Other	39,280
	----- 67,652 -----
Total Assets	\$ 636,596 =====

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

See accompanying notes to financial statements.

SELECT ENERGY, INC.
BALANCE SHEET
(Unaudited)

June 30,
2002

(Thousands
of Dollars)

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

LIABILITIES AND CAPITALIZATION

Current Liabilities:	
Notes payable to affiliated companies	\$ 103,400
Accounts payable	323,199
Accounts payable to affiliated companies	8,814
Accrued taxes	7,914
Other	34,440
	477,767
Deferred Credits and Other Liabilities	98,779
Capitalization:	
Common Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	249,400
Accumulated deficit	(188,354)
Accumulated other comprehensive loss	(996)
Common Stockholder's Equity	60,050
Total Capitalization	60,050
Total Liabilities and Capitalization	\$ 636,596

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

See accompanying notes to financial statements.

SELECT ENERGY, INC. INCOME STATEMENT (Unaudited)

	Three Months Ended June 30, 2002	Six Months Ended June 30, 2002
	(Thousands of Dollars)	
Operating Revenues	\$ 748,267	\$ 1,667,002
Operating Expenses:		
Purchased power, net interchange power and capacity	756,610	1,692,746
Other	18,249	46,851
Depreciation and amortization	2,233	3,965
Taxes other than income taxes	1,968	3,706
	-----	-----

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Total operating expenses	779,060	1,747,268
	-----	-----
Operating Loss	(30,793)	(80,266)
Other Income, Net	138	5,867
	-----	-----
Loss Before Interest Expense and Income Tax Benefit	(30,655)	(74,399)
Interest Expense, Net	1,146	2,501
	-----	-----
Loss Before Income Tax Benefit	(31,801)	(76,900)
Income Tax Benefit	(12,503)	(32,448)
	-----	-----
Net Loss	\$ (19,298)	\$ (44,452)
	=====	=====

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

See accompanying notes to financial statements.

NORTHEAST GENERATION SERVICES COMPANY
BALANCE SHEET
(Unaudited)

	June 30,	
	2002	

	(Thousands of Dollars)	
ASSETS		

Current Assets:		
Cash	\$	1
Receivables, net		4,091
Accounts receivable from affiliated companies		1,975
Unbilled revenues		6,079
Fuel, materials and supplies, at average cost		496
Prepayments and other		2,251

		14,893

Property, Plant and Equipment:		
Competitive Energy		1,594
Less: Accumulated provision for depreciation		785

		809
Construction work in progress		1,528

		2,337

Deferred Debits and Other Assets:		
Accumulated deferred income taxes		433
Other		16,155

		16,588

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Total Assets \$ 33,818
 =====

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

See accompanying notes to financial statements.

NORTHEAST GENERATION SERVICES COMPANY
 BALANCE SHEET
 (Unaudited)

	June 30, 2002
	----- (Thousands of Dollars)
LIABILITIES AND CAPITALIZATION	

Current Liabilities:	
Notes payable to affiliated companies	\$ 15,800
Accounts payable	1,088
Accounts payable to affiliated companies	2,612
Accrued taxes	1,116
Other	69

	20,685

Deferred Credits and Other Liabilities	406

Capitalization:	
Common Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	10,348
Retained earnings	2,379

Common Stockholder's Equity	12,727

Total Capitalization	12,727

Total Liabilities and Capitalization	\$ 33,818
	=====

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

See accompanying notes to financial statements.

NORTHEAST GENERATION SERVICES COMPANY
 INCOME STATEMENT
 (Unaudited)

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

	Three Months Ended June 30, 2002	Six Months Ended June 30, 2002
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 14,881	\$ 28,465
	-----	-----
Operating Expenses:		
Operating	528	864
Other	11,896	22,383
Maintenance	3,438	6,865
Depreciation	63	46
Taxes other than income taxes	422	996
	-----	-----
Total operating expenses	16,347	31,154
	-----	-----
Operating Loss	(1,466)	(2,689)
Other Income, Net	688	990
	-----	-----
Loss Before Interest Expense and Income Tax Benefit	(778)	(1,699)
Interest Expense, Net	28	144
	-----	-----
Loss Before Income Tax Benefit	(806)	(1,843)
Income Tax Benefit	(418)	(989)
	-----	-----
Net Loss	\$ (388)	\$ (854)
	=====	=====

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

See accompanying notes to financial statements.

SELECT ENERGY CONTRACTING, INC.
BALANCE SHEET
(Unaudited)

	June 30, 2002

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 165
Receivables, net	14,532
Accounts receivable from affiliated companies	11
Materials and supplies, at average cost	322
Prepayments and other	340

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

	15,370

Property, Plant and Equipment:	
Competitive Energy	5,851
Less: Accumulated provision for depreciation	3,416

	2,435

Deferred Debits and Other Assets:	
Goodwill	17,260
Other	54

	17,314

Total Assets	\$ 35,119
	=====

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

See accompanying notes to financial statements.

SELECT ENERGY CONTRACTING, INC.
BALANCE SHEET
(Unaudited)

	June 30, 2002

	(Thousands of Dollars)
LIABILITIES AND CAPITALIZATION	

Current Liabilities:	
Accounts payable	\$ 4,361
Accounts payable to affiliated companies	10,382
Accrued taxes	1,328
Other	1,670

	17,741

Deferred Credits and Other Liabilities:	
Deferred taxes	418
Other	907

	1,325

Capitalization:	
Common Stockholder's Equity:	
Common stock, \$1 par value - 100,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	14,910
Retained earnings	1,143

Common Stockholder's Equity	16,053

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Total Capitalization	----- 16,053 -----
Total Liabilities and Capitalization	\$ 35,119 =====

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

See accompanying notes to financial statements.

SELECT ENERGY CONTRACTING, INC.
INCOME STATEMENT
(Unaudited)

	Three Months Ended June 30, 2002	Six Months Ended June 30, 2002
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 16,086	\$ 29,992
	-----	-----
Operating Expenses:		
Operation	14,844	28,184
Maintenance	125	230
Depreciation and amortization	283	566
Taxes other than income taxes	76	189
Loss on disposition of property	15	16
	-----	-----
Total operating expenses	15,343	29,185
	-----	-----
Operating Income	743	807
Other Income, Net	2	5
	-----	-----
Income Before Interest and Income Tax Expense	745	812
Interest Expense, Net	63	127
	-----	-----
Income Before Income Tax Expense	682	685
Income Tax Expense	271	284
	-----	-----
Net Income	\$ 411	\$ 401
	=====	=====

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

See accompanying notes to financial statements.

REEDS FERRY SUPPLY CO., INC.
BALANCE SHEET
(Unaudited)

June 30,

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

	2002
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 6
Receivables, net	92

	98

Property, Plant and Equipment:	
Organization costs, net	247

Total Assets	\$ 345
	=====
LIABILITIES AND CAPITALIZATION	

Current Liabilities:	
Accounts payable	\$ 92
Accounts payable to affiliated companies	295

	387

Capitalization:	
Common Stockholder's Equity:	
Common stock, \$0 par value - 200 shares	
authorized and 100 shares outstanding	4
Capital surplus, paid in	3
Accumulated deficit	(49)

Common Stockholder's Equity	(42)

Total Capitalization	(42)

Total Liabilities and Capitalization	\$ 345
	=====

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

See accompanying notes to financial statements.

REEDS FERRY SUPPLY CO., INC.
INCOME STATEMENT
(Unaudited)

Three Months	Six Months
Ended	Ended
June 30,	June 30,
2002	2002
-----	-----
(Thousands of Dollars)	

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Operating Revenues	\$	251	\$	473
Operating Expenses		251		473
		-----		-----
Net Income	\$	-	\$	-
		=====		=====

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

See accompanying notes to financial statements.

HEC/TOBYHANNA ENERGY PROJECT, INC.
BALANCE SHEET
(Unaudited)

		June 30,
		2002

		(Thousands
		of Dollars)
ASSETS		

Current Assets:		
Cash	\$	2,892
Receivables, net		876

		3,768

Property, Plant and Equipment:		
Contracts receivable		25,782
Other, net		625

		26,407

Total Assets	\$	30,175
		=====

LIABILITIES AND CAPITALIZATION

Current Liabilities:		
Accounts payable to affiliated companies	\$	3,422
Accrued interest		732
Other		378

Total current liabilities		4,532

Capitalization:		
Long-Term Debt		25,494

Common Stockholder's Equity:		
Common stock, \$1 par value - 100 shares		-
authorized and outstanding		
Retained earnings		149

Common Stockholder's Equity		149

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Total Capitalization	----- 25,643 -----
Total Liabilities and Capitalization	\$ 30,175 =====

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

See accompanying notes to financial statements.

HEC/TOBYHANNA ENERGY PROJECT, INC.
INCOME STATEMENT
(Unaudited)

	Three Months Ended June 30, 2002	Six Months Ended June 30, 2002
	-----	-----
	(Thousands of Dollars)	
Other Income, Net	\$ 492	\$ 993
Interest Expense, Net	494	994
	-----	-----
Loss Before Income Tax Expense	(2)	(1)
Income Tax Expense	35	75
	-----	-----
Net Loss	\$ (37)	\$ (76)
	=====	=====

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

See accompanying notes to financial statements.

YANKEE ENERGY SERVICES COMPANY
BALANCE SHEET
(Unaudited)

	June 30, 2002

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 102
Taxes receivable	516

	618

Deferred Debits and Other Assets:	
Accumulated deferred income taxes	1,399

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Other	5,549

	6,948

Total Assets	\$ 7,566
	=====

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

See accompanying notes to financial statements.

YANKEE ENERGY SERVICES COMPANY
BALANCE SHEET
(Unaudited)

	June 30,
	2002

	(Thousands
	of Dollars)
LIABILITIES AND CAPITALIZATION	

Current Liabilities:	
Notes payable to affiliated companies	\$ 1,362
Accounts payable	100
Accounts payable to affiliated companies	6

	1,468

Capitalization:	
Common Stockholder's Equity:	
Common stock, \$0 par value - 10,000 shares	
authorized and 200 shares outstanding	1
Capital surplus, paid in	7,881
Accumulated deficit	(1,784)

Common Stockholder's Equity	6,098

Total Capitalization	6,098

Total Liabilities and Capitalization	\$ 7,566
	=====

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

See accompanying notes to financial statements.

YANKEE ENERGY SERVICES COMPANY
INCOME STATEMENT
(Unaudited)

Three Months	Six Months
Ended	Ended
June 30,	June 30,

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

	2002	2002
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ (121)	\$ 546
Operating Expenses	(53)	734
	-----	-----
Operating Loss	(68)	(188)
Interest Expense, Net	5	54
	-----	-----
Loss Before Income Tax Benefit	(73)	(242)
Income Tax Benefit	(42)	(109)
	-----	-----
Net Loss	\$ (31)	\$ (133)
	=====	=====

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

See accompanying notes to financial statements.

E.S. BOULOS COMPANY
BALANCE SHEET
(Unaudited)

	June 30, 2002

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Receivables, net	\$ 10,594
Accounts receivable from affiliated companies	649
Unbilled revenues	2,413
Materials and supplies, at average cost	103

	13,759

Property, Plant and Equipment:	
Competitive Energy	671
Less: Accumulated provision for depreciation	140

	531

Deferred Debits and Other Assets:	
Goodwill	6,963
Other	37

	7,000

Total Assets	\$ 21,290
	=====

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

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

See accompanying notes to financial statements.

E.S. BOULOS COMPANY
BALANCE SHEET
(Unaudited)

	June 30, 2002

(Thousands of Dollars)	
LIABILITIES AND CAPITALIZATION	

Current Liabilities:	
Advance from NGS, non-interest bearing	\$ 2,948
Accounts payable	2,798
Accounts payable to affiliated companies	8
Accrued taxes	1,641
Other	1,024

	8,419

Deferred Credits and Other Liabilities	711

Capitalization:	
Common Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	7,539
Retained earnings	4,621

Common Stockholder's Equity	12,160

Total Capitalization	12,160

Total Liabilities and Capitalization	\$ 21,290
	=====

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

See accompanying notes to financial statements.

E.S. BOULOS COMPANY
INCOME STATEMENT
(Unaudited)

Three Months Ended June 30, 2002	Six Months Ended June 30, 2002

(Thousands of Dollars)	

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Operating Revenues	\$ 16,433	\$ 30,228
	-----	-----
Operating Expenses:		
Operating	374	656
Maintenance	15,018	28,001
Depreciation	31	59
	-----	-----
Total operating expenses	15,423	28,716
	-----	-----
Operating Income	1,010	1,512
Other Income, Net	125	296
	-----	-----
Income Before Income Tax Expense	1,135	1,808
Income Tax Expense	358	593
	-----	-----
Net Income	\$ 777	\$ 1,215
	=====	=====

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

See accompanying notes to financial statements.

NGS MECHANICAL COMPANY
BALANCE SHEET
(Unaudited)

	June 30, 2002

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 10
Taxes Receivable	1

Total Assets	\$ 11
	=====
LIABILITIES AND CAPITALIZATION	

Current Liabilities:	
Accounts payable to affiliated companies	\$ 3

Capitalization:	
Common Stockholder's Equity:	
Common stock, \$0 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	10
Accumulated deficit	(2)

Common Stockholder's Equity	8

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Total Capitalization	8	

Total Liabilities and Capitalization	\$ 11	
	=====	

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

See accompanying notes to financial statements.

NGS MECHANICAL COMPANY
INCOME STATEMENT
(Unaudited)

	Three Months Ended June 30, 2002	Six Months Ended June 30, 2002	
	-----	-----	
	(Thousands of Dollars)		
Operating Revenues	\$ -	\$ -	
Operating Expenses	1	1	
	-----	-----	
Operating Loss	(1)	(1)	
Income Tax Benefit	(1)	-	
	-----	-----	
Net Loss	\$ -	\$ (1)	
	=====	=====	

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

See accompanying notes to financial statements.

NORTHEAST UTILITIES (PARENT)
BALANCE SHEET
(Unaudited)

	June 30, 2002

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 1,102
Notes receivable from affiliated companies	222,100
Receivables, net	532
Accounts receivable from affiliated companies	2,324
Prepayments and other	1,070

	227,128

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Other Property and Investment:	
Investments in subsidiary companies, at equity	2,386,552
Investments in transmission companies, at equity	11,779
Other	14

	2,398,345

Deferred Debits and Other Assets	6,081

Total Assets	\$ 2,631,554
	=====

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

See accompanying notes to financial statements.

NORTHEAST UTILITIES (PARENT)
BALANCE SHEET
(Unaudited)

June 30,
2002

(Thousands
of Dollars)

LIABILITIES AND CAPITALIZATION

Current Liabilities:	
Notes payable to bank	\$ 80,000
Long-term debt - current portion	23,000
Accounts payable to affiliated companies	1,507
Accrued taxes	1,966
Accrued interest	5,889
Other	18,773

	131,135

Deferred Credits and Other Liabilities:	
Accumulated deferred income taxes	5,533
Other	167

	5,700

Capitalization:	
Long-Term Debt	351,000

Common Stockholder's Equity:	
Common shares, \$5 par value - authorized	
225,000,000 shares; 149,271,168 shares issued and	
129,773,079 shares outstanding	746,356
Capital surplus, paid in	1,109,741
Deferred contribution plan - employee stock	
ownership plan	(95,501)
Retained earnings	678,593
Accumulated other comprehensive income	1,383

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Treasury stock	(296,853)

Common Stockholder's Equity	2,143,719

Total Capitalization	2,494,719

Total Liabilities and Capitalization	\$ 2,631,554
	=====

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

See accompanying notes to financial statements.

NORTHEAST UTILITIES (PARENT)
STATEMENT OF INCOME
(Unaudited)

	Three Months Ended June 30, 2002	Six Months Ended June 30, 2002
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ -	\$ -
	-----	-----
Operating Expenses:		
Operation expense	3,557	9,156
Taxes other than income taxes	7	26
	-----	-----
Total operating expenses	3,564	9,182
	-----	-----
Operating Loss	(3,564)	(9,182)
	-----	-----
Other Income:		
Equity in earnings of subsidiaries	34,448	56,974
Equity in earnings of transmission companies	486	1,220
Other, net	2,703	5,121
	-----	-----
Other Income, Net	37,637	63,315
	-----	-----
Income Before Interest and Income Tax Benefit	34,073	54,133
	-----	-----
Interest Expense:		
Interest on long-term debt	8,892	13,900
Other interest	858	1,107
	-----	-----
Interest expense, net	9,750	15,007
	-----	-----
Income Before Income Tax Benefit	24,323	39,126
Income Tax Benefit	(4,534)	(8,373)
	-----	-----
Net Income for Common Shares	\$ 28,857	\$ 47,499
	=====	=====
Basic and Fully Diluted Earnings Per Common Share	\$ 0.22	\$ 0.37

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Basic Common Shares Outstanding (average)	129,504,005	129,590,899
Fully Diluted Common Shares Outstanding (average)	129,754,946	129,871,495

Note: In the opinion of the Company, all adjustments necessary for a fair presentation of the results of operations for the period shown have been made.

See accompanying notes to financial statements.

SELECT ENERGY NEW YORK, INC.
BALANCE SHEET
(Unaudited)

	June 30, 2002
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 19,411
Receivables, net	36,267
Accounts receivable from affiliated companies	377
Special deposits	2,363
Unrealized net gains on mark-to-market transactions	2,629
Prepayments and other	13,995
	----- 75,042 -----
Property Plant and Equipment:	
Competitive energy	2,255
Less: Accumulated provision for depreciation and amortization	2,104
	----- 151 -----
Deferred Debits and Other Assets	3,515

Total Assets	\$ 78,708 =====

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

See accompanying notes to financial statements.

SELECT ENERGY NEW YORK, INC.
BALANCE SHEET
(Unaudited)

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

	June 30, 2002	
	----- (Thousands of Dollars)	
LIABILITIES AND CAPITALIZATION		

Current Liabilities:		
Accounts payable	\$	26,957
Accounts payable to affiliated companies		486
Accrued taxes		2,122
Other		2,976
		----- 32,541
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes		600
Other		14
		----- 614
Capitalization:		
Long-Term Debt		26,699
Common Stockholder's Equity:		
Common stock, \$1 par value - authorized and outstanding 10,000 shares		10
Capital surplus, paid in		10,210
Retained earnings		8,634
		----- 18,854
Common Stockholder's Equity		----- 18,854
Total Capitalization		----- 45,553
Total Liabilities and Capitalization	\$	78,708
		=====

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

See accompanying notes to financial statements.

SELECT ENERGY NEW YORK, INC.
INCOME STATEMENT
(Unaudited)

	Three Months Ended June 30, 2002		Six Months Ended June 30, 2002	
	-----		-----	
	(Thousands of Dollars)			
Operating Revenues	\$	64,844	\$	135,127

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Operating Expenses:		
Purchased power, net interchange power and capacity	62,398	120,180
Other	2,030	4,388
Total operating expenses	64,428	124,568
Operating Income	416	10,559
Other Income, Net	86	81
Income Before Interest and Income Tax Expense	502	10,640
Interest Expense, Net	191	388
Income Before Income Tax Expense	311	10,252
Income Tax Expense	125	4,312
Net Income	\$ 186	\$ 5,940

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

See accompanying notes to financial statements.

HEC/CJTS ENERGY CENTER LLC
BALANCE SHEET
(Unaudited)

	June 30, 2002
	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 1
	1
Total Assets	\$ 1
	=====
LIABILITIES AND CAPITALIZATION	

Capitalization:	
Common Stockholder's Equity:	
Capital surplus, paid in	\$ 10
Accumulated deficit	(9)
Common Stockholder's Equity	1
Total Capitalization	1

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Total Liabilities and Capitalization \$ 1
 =====

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

See accompanying notes to financial statements.

HEC/CJTS ENERGY CENTER LLC
 INCOME STATEMENT
 (Unaudited)

	Three Months Ended June 30, 2002	Six Months Ended June 30, 2002
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ -	\$ -
	-----	-----
Operating Expenses:		
Other	-	-
	-----	-----
Total operating expenses	-	-
	-----	-----
Net Income	\$ -	\$ -
	=====	=====

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

See accompanying notes to financial statements.

Northeast Utilities
 Select Energy, Inc.
 Northeast Generation Services Company
 E.S. Boulos Company
 NGS Mechanical, Inc.
 Select Energy Contracting, Inc.
 Reeds Ferry Supply Co., Inc.
 HEC/Tobyhanna Energy Project, Inc.
 HEC/CJTS Energy Center, LLC
 ERI/HEC EFA-Med, LLC
 Yankee Energy Services Company
 R.M. Services, Inc.
 Acumentrics Corporation
 Select Energy New York, Inc.

Notes to Financial Statements (Unaudited)

1. About Northeast Utilities

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Northeast Utilities (NU) is the parent company of the Northeast Utilities system (NU system). The NU system's regulated utilities furnish franchised retail electric service in Connecticut, New Hampshire and western Massachusetts through three wholly owned subsidiaries: The Connecticut Light and Power Company, Public Service Company of New Hampshire (PSNH) and Western Massachusetts Electric Company. Another wholly owned subsidiary, North Atlantic Energy Corporation, sells all of its entitlement to the capacity and output of the Seabrook Station nuclear unit (Seabrook) to PSNH under the terms of two life-of-unit, full cost recovery contracts. A fifth wholly owned subsidiary, Holyoke Water Power Company, also is engaged in the production of electric power. A sixth wholly owned subsidiary, Yankee Energy System, Inc. (Yankee) is the parent company of Yankee Gas Services Company, Connecticut's largest natural gas distribution system.

Several wholly owned subsidiaries of NU provide support services for the NU system companies and, in some cases, for other New England utilities. Northeast Utilities Service Company provides centralized accounting, administrative, engineering, financial, information resources, legal, operational, planning, purchasing, and other services to the NU system companies. North Atlantic Energy Service Corporation has operational responsibility for Seabrook. Three other subsidiaries construct, acquire or lease some of the property and facilities used by the NU system companies.

NU Enterprises, Inc. (NUEI) is a wholly owned subsidiary of NU and acts as the holding company for certain of NU's competitive energy subsidiaries. Northeast Generation Company was formed to acquire and manage generation facilities. Select Energy, Inc. (Select Energy), and its subsidiary Select Energy New York, (SENY), Northeast Generation Services Company and its subsidiaries (NGS), Select Energy Services, Inc., and its subsidiaries (SESI), and Mode 1 Communications, Inc., engage in a variety of energy-related and telecommunications activities, as applicable, primarily in the competitive energy retail and wholesale commodity, marketing and services fields. E.S. Boulos Company (Boulos) and NGS Mechanical, Inc. (NGS Mechanical) are wholly owned subsidiaries of NGS. Select Energy Contracting, Inc. (Select Energy Contracting), Reeds Ferry Supply Co., Inc. (Reeds Ferry), HEC/Tobyhanna Energy Project, Inc., (HEC/Tobyhanna), and HEC/CJTS Energy Center, LLC (HEC/CJTS) are wholly owned subsidiaries of SESI. Another company, ERI/HEC EFA-Med, LLC (ERI/HEC), is 50 percent owned by SESI. On September 26, 2000, NUEI invested \$10 million in Acumentrics Corporation (Acumentrics) in return for a 5 percent ownership share of that company.

Yankee maintains certain wholly owned subsidiaries including Yankee Energy Services Company (YESCO) and owns 10 percent of the voting securities of R.M. Services, Inc. (R.M. Services).

Select Energy, SENY, NGS, Boulos, NGS Mechanical, Select Energy Contracting, Reeds Ferry, HEC/Tobyhanna, HEC/CJTS, ERI/HEC, YESCO, R.M. Services and Acumentrics, are "energy-related companies" under Rule 58.

2. About Select Energy

Select Energy is an integrated energy business that buys, markets, sells, and trades electricity, gas, oil and energy-related products and services to both wholesale and retail customers in the Northeastern United States. Select Energy procures and delivers energy and capacity required to serve its electric, gas and oil customers. Select Energy, collectively with its affiliated competitive energy businesses, provides a wide range of energy products and energy services.

Select Energy is a licensed retail electricity supplier and is registered with local electric distribution companies in the states of Connecticut,

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Virginia. Select Energy is a registered gas marketer with local gas distribution companies in the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Virginia.

3. About NGS

NGS was formed to provide management, operation and maintenance services to the electric generation market, as well as to large industrial customers, in the Northeastern United States. NGS also provides consulting services which include engineering services, construction management, permitting, and compliance management.

4. About Boulos

Boulos is an electrical construction company which specializes in high voltage electrical construction and maintenance in Maine, Massachusetts, New Hampshire, and Vermont. Boulos is wholly owned by NGS.

5. About NGS Mechanical

NGS Mechanical was formed to provide mechanical services initially in certain New England states and New York. NGS Mechanical is wholly owned by NGS.

6. About Select Energy Contracting

Select Energy Contracting designs, manages, and directs the construction of, and/or installation of mechanical, water and electrical systems, energy and other resource consuming equipment.

7. About Reeds Ferry

Reeds Ferry is an equipment wholesaler which purchases equipment on behalf of Select Energy Contracting.

8. About HEC/Tobyhanna

HEC/Tobyhanna was established as a special purpose entity to manage the assets of an Energy Savings Performance Contract at the Tobyhanna Army Depot.

9. About HEC/CJTS

HEC/CJTS is a special purpose entity formed to facilitate the financing of SESI's construction of an energy center at the Connecticut Juvenile Training School in Middletown, Connecticut. HEC/CJTS is wholly owned by SESI.

10. About ERI/HEC

ERI/HEC has an indefinite delivery/indefinite quantity contract with the United States Navy. ERI/HEC is 50 percent owned by SESI.

11. About YESCO

YESCO is winding down its energy-related services for its customers. YESCO has disposed of most of its assets and is in the process of liquidating the remainder of its assets.

12. About R.M. Services

R.M. Services provides consumer collection services for companies throughout the United States. Yankee owns 10 percent of the voting securities of R.M.

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Services.

13. About Acumentrics

NUEI owns 5 percent of the voting securities of Acumentrics. Acumentrics is a privately owned producer of advanced power generation and power protection technologies applicable to homes, telecommunications, commercial businesses, industrial facilities, and the auto industry.

14. About SENY

SENY is a wholly owned subsidiary of Select Energy and engages in the brokering, marketing, transportation, storage, and sale of energy commodities in the state of New York.

15. Public Utility Regulation

NU is registered with the Securities and Exchange Commission (SEC) as a holding company under the Public Utility Holding Company Act of 1935 (1935 Act), and the NU system is subject to the provisions of the 1935 Act. Arrangements among the NU system companies, outside agencies and other utilities covering interconnections, interchange of electric power and sales of utility property are subject to regulation by the Federal Energy Regulatory Commission (FERC) and/or the SEC. The operating subsidiaries are subject to further regulation for rates, accounting and other matters by the FERC and/or applicable state regulatory commissions.

16. Presentation

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

17. New Accounting Standard

In June 2002, the Emerging Issues Task Force (EITF) of the FASB reached a consensus on EITF Issue No. 02-3, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities," requiring energy trading companies to classify revenues and expenses associated with certain energy trading contracts on a net basis within revenues, rather than recording the gross revenues and expenses. The application of this consensus will be retroactive to all periods presented but will have no effect on net income. NU will adopt EITF Issue No. 02-3 in the third quarter of 2002. As a result, NU now estimates that Select Energy's and SENY's revenues and expenses will be reduced significantly from the amounts reflected in the accompanying Select Energy and SENY income statements.

18. Market Risk and Risk Management Instruments

Select Energy provides both firm requirement energy services to its customers and engages in energy trading and marketing activities. Select Energy manages its exposure to risk from its contractual commitments and provides risk management services to its customers through forward contracts, futures, over-the-counter swap agreements, and options (commodity derivatives).

Select Energy has utilized the sensitivity analysis methodology to disclose the quantitative information for its commodity price risks. Sensitivity analysis provides a presentation of the potential loss of future earnings, fair values or cash flows from market risk-sensitive instruments over a selected time period due to one or more hypothetical changes in commodity prices, or other similar price changes.

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Commodity Price Risk - Trading Activities: As a market participant in the Northeastern United States, Select Energy and SENY conduct commodity-trading activities in electricity and its related products, natural gas and oil, and therefore, experiences net open positions. Select Energy and SENY manage these open positions with strict policies which limit their exposure to market risk and require daily reporting to management of potential financial exposure. Under Emerging Issues Task Force Issue No. 98-10, these instruments are adjusted to market value, and the unrealized gains and losses are recognized in income in the current period in the consolidated income statements as purchased power, net interchange power and capacity and in the consolidated balance sheet as unrealized net gains on mark-to-market transactions. The net mark-to-market position at June 30, 2002 had asset values of \$85.8 million for Select Energy and \$2.6 million for SENY. These amounts include intercompany transactions of \$12.9 million.

Under sensitivity analysis, the fair value of the portfolio is a function of the underlying commodity, contract prices and market prices represented by each derivative commodity contract. For swaps, forward contracts and options, market value reflects management's best estimates considering over-the-counter quotations, time value and volatility factors of the underlying commitments. Exchange-traded futures and options are recorded at market based on closing exchange prices.

As of June 30, 2002, Select Energy has calculated the market price resulting from a 10 percent unfavorable change in forward market prices. That 10 percent change would result in approximately a \$2.4 million decline in the fair value of the Select Energy trading portfolio. In the normal course of business, Select Energy also faces risks that are either nonfinancial or nonquantifiable. Such risks principally include credit risk, which is not reflected in the aforementioned sensitivity analysis.

Commodity Price Risk - Nontrading Derivative Activities: Select Energy utilizes derivative financial and commodity instruments (derivatives), including futures and forward contracts, to reduce market risk associated with fluctuations in the price of electricity and natural gas sold under firm commitments with certain customers. Select Energy also utilizes derivatives, including price swap agreements, call and put option contracts, and futures and forward contracts, to manage the market risk associated with a portion of its anticipated supply requirements. These derivative instruments have been designated as cash flow hedging instruments.

When conducting sensitivity analyses of the change in the fair value of Select Energy's electricity, natural gas and oil nontrading derivatives portfolio, which would result from a hypothetical change in the future market price of electricity, natural gas and oil, the fair values of the contracts are determined from models which take into account estimated future market prices of electricity, natural gas and oil, the volatility of the market prices in each period, as well as the time value factors of the underlying commitments. In most instances, market prices and volatility are determined from quoted prices on the futures exchange.

Select Energy has determined a hypothetical change in the fair value for its nontrading derivatives and electricity, natural gas and oil contracts, assuming a 10 percent unfavorable change in forward market prices. As of June 30, 2002, an unfavorable 10 percent change in market price would have resulted in a decline in fair value of approximately \$18 million.

The impact of a change in electricity, natural gas and oil prices on Select Energy's nontrading derivatives contracts on June 30, 2002, is not necessarily representative of the results that will be realized when these contracts are physically delivered.

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-9C-3

Select Energy also maintains natural gas service agreements with certain customers to supply gas at fixed prices for terms extending through 2004. Select Energy has hedged its gas supply risk under these agreements through New York Mercantile Exchange (NYMEX) contracts. Under these contracts, the purchase price of a specified quantity of gas is effectively fixed over the term of the gas service agreements, which also extend through 2004. As of June 30, 2002, the NYMEX contracts had a notional value of \$58.2 million and a mark-to-market asset value of \$1.4 million.

19. Special Deposits

Special deposits include cash collateral posted in connection with various power purchase and sales agreements.

QUARTERLY REPORT OF NORTHEAST UTILITIES

SIGNATURE CLAUSE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations of the Securities and Exchange Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned officer thereunto duly authorized.

NORTHEAST UTILITIES

(Registered Holding Company)

By: /s/ John P. Stack

(Signature of Signing Officer)

John P. Stack

Vice President-Accounting and Controller

Date: August 27, 2002
