

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

NORTHEAST UTILITIES SYSTEM  
Form U-9C-3  
November 25, 2003

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 September 30, 2003

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 there under.

## 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 Company	Energy or Gas Related	Date of Organization	State of Organization	Percentage of Voting Securities Held	Nature of Business	Acti Rep Duri Pe
NU Enterprises, Inc.	Holding	01/04/99	Connecticut	100% by Northeast Utilities	Unregulated businesses holding company	(
Select Energy, Inc.	Energy	09/26/96	Connecticut	100% by NU Enterprises, Inc.	Energy-related activities	(
Northeast Generation Services Company	Energy	01/04/99	Connecticut	100% by NU Enterprises, Inc.	Energy-related activities	(
Select Energy Services, Inc.	Energy	06/19/90	Massachusetts	100% by NU Enterprises, Inc.	Energy-related activities	(
Reeds Ferry Supply Co., Inc.	Energy	07/15/64	New Hampshire	100% by Select Energy Services, Inc.	Energy-related activities	(
HEC/Tobyhanna Energy Project, Inc.	Energy	09/28/99	Massachusetts	100% by Select Energy Services, Inc.	Energy-related activities	(
Select Energy Contracting, Inc.	Energy	10/12/94	Massachusetts	100% by Select Energy Services, Inc.	Energy-related activities	(
Yankee Energy System, Inc.	Holding	02/15/00	Connecticut	100% by Northeast Utilities	Public Utility Holding Company	(
Yankee Energy Services Company	Energy	07/02/93	Connecticut	100% by Yankee Energy System, Inc.	Energy-related activities	(
R. M. Services, Inc.	Energy	11/22/94	Connecticut	10% by Yankee Energy System, Inc.	Energy-related activities	(
Acumentrics Corporation	Energy	09/13/00	Massachusetts	5% by NU Enterprises, Inc.	Energy-related activities	(

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

ERI/HEC EFA-Med, LLC	Energy	09/30/00	Delaware	50% by Select Energy Services, Inc.	Energy-related activities
E. S. Boulos Company	Energy	01/10/01	Connecticut	100% by Northeast Generation Services Company	Energy-related activities
NGS Mechanical, Inc.	Energy	01/24/01	Connecticut	100% by Northeast Generation Services Company	Provide mechanical construction and maintenance services
HEC/CJTS Energy Center LLC	Energy	03/02/01	Delaware	100% by Select Energy Services, Inc.	Facilitate construction financing
Select Energy New York, Inc.	Energy	02/13/96	Delaware	100% by Select Energy, Inc.	Energy-related activities
Woods Electrical Co., Inc.	Energy	07/18/02	Connecticut	100% by Northeast Generation Services Company	Provide electrical contracting services
Greenport Power, LLC	Energy	02/13/03	Delaware	50% by Northeast Generation Services Company	Energy related construction activities

(A) NU Enterprises, Inc. is not a "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, markets and sells 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 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 and 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.

(C) Northeast Generation Services Company (NGS) provides a full range of

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

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), a variety of Specialty Services (SS) and full-scope mechanical, Construction and Maintenance Services (CMS).

MOS is a service that is designed for generation asset owners. Within the SS platform, its offerings include electrical maintenance and laboratory analysis. Within the CMS platform, the product and service offerings include mechanical construction and maintenance services and engineering and environmental consulting services, with an emphasis on power plant systems.

- (D) Select Energy Services, Inc. (formerly HEC Inc.) is not a "reporting company" but is included in this Item 1 because it holds, directly or indirectly, voting securities issued by reporting companies as indicated above.
- (E) Reed's Ferry Supply Co., Inc. is an equipment wholesaler which purchases equipment on behalf of Select Energy Contracting, Inc.
- (F) HEC/Tobyhanna Energy Project, Inc. was established as a special purpose entity to manage the assets of an Energy Savings Performance Contract project at the Tobyhanna Army Depot.
- (G) Select Energy Contracting, Inc. designs, manages and directs the construction of, and/or installation of mechanical, water, and electrical systems, energy and other resource consuming equipment.
- (H) Yankee Energy System, Inc. is not a "reporting company" but is included in this Item 1 because it holds, directly or indirectly, voting securities issued by reporting companies as indicated above.
- (I) Yankee Energy Services Company has disposed of most of its assets and is winding down its energy-related business.
- (J) R. M. Services, Inc. provides consumer collection services for companies throughout the United States.
- (K) 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.
- (L) ERI/HEC EFA-Med, LLC (ERI/HEC) 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. ERI/HEC will designate either ERI or Select Energy Services, Inc. to perform each of the Delivery Orders. ERI/HEC will also act as the conduit for any project-related financing. ERI Services, Inc. and Select Energy Services, Inc. each own 50% of the LLC.
- (M) E. S. Boulos Company (Boulos) is in the electrical contracting business primarily in Maine, New Hampshire and Massachusetts. Boulos is registered to do business in Connecticut, Rhode Island, Maine, Massachusetts, New Hampshire, and Vermont.
- (N) NGS Mechanical, Inc. (NGSM) performs mechanical construction and maintenance services. NGSM is registered to do business in

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

Massachusetts, New Hampshire, Maine, Vermont, Rhode Island, and New York.

- (O) HEC/CJTS Energy Center LLC (HEC/CTJS) facilitated the construction of an energy center at the Connecticut Juvenile Training School in Middletown, Connecticut. HEC/CJTS does not have any employees nor does it conduct any activities other than those related to the lease related to such project.
- (P) Select Energy New York, Inc. is engaged in the brokering, marketing, transportation, storage, and sale of energy commodities.
- (Q) Woods Electrical Co., Inc. is in the electrical contracting business mainly in Connecticut. Woods is registered to do business in Connecticut, Massachusetts, Maine and New Hampshire.
- (R) Greenport Power LLC (Greenport) is a Delaware limited liability company that was formed by NGS and Hawkeye Electric LLC (Hawkeye Electric) to enter into an Engineering, Procurement and Construction Agreement with Global Commons LLC for the performance of design, engineering, procurement, construction and other services in connection with an electrical facility construction project in Greenport, Long Island, New York. Hawkeye Electric, which is not an affiliate of NU, and NGS each own 50% of Greenport.

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	Comp Cont Capi
Select Energy, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NU Ente Inc.
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								

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

Project, Inc. No transactions this quarter.

Yankee Energy  
Services  
Company No transactions this quarter.

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

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

E.S. Boulos  
Company No transactions this quarter.

NGS Mechanical,  
Inc. No transactions this quarter.

HEC/CJTS  
Energy  
Center LLC No transactions this quarter.

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

Woods Electrical  
Co., Inc. No transactions this quarter.

Northeast  
Utilities 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 September 30, 2003  (Thousands of Dollars)
-----	-----	-----	-----

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

Northeast Generation Services Company	Northeast Generation Company	Electrical and Mechanical Services	\$ 6,830 =====
Northeast Generation Services Company	Northeast Utilities Service Company	Miscellaneous	\$ 15 =====
Northeast Generation Services Company	The Connecticut Light and Power Company	Electrical and Mechanical Services	\$ 55 =====
Northeast Generation Services Company	Holyoke Water Power Company	Electrical and Mechanical Services	\$ 3,990 =====
Northeast Generation Services Company	Select Energy Services, Inc.	Electrical and Mechanical Services	\$ 1,744 =====
Northeast Generation Services Company	Public Service Company of New Hampshire	Electrical and Mechanical Services	\$ 442 =====
Northeast Generation Services Company	Select Energy, Inc.	Electrical and Mechanical Services	\$ 15 =====
Northeast Generation Services Company	Yankee Energy Services Company	Electrical and Mechanical Services	\$ 1 =====
Reeds Ferry Supply Co., Inc.	Select Energy Contracting, Inc.	Wholesale Purchasing Services	\$ 286 =====
E.S. Boulos Company	Northeast Generation Services Company	Wholesale Purchasing Services	\$ 209 =====
Select Energy, Inc.	Select Energy New York, Inc.	Wholesale Purchasing Services	\$ 3 =====
Select Energy, Inc.	Northeast Utilities Service Company	Miscellaneous	\$ 174 =====
Select Energy New York, Inc.	Select Energy, Inc.	Miscellaneous	\$ 79 =====

\* Total Amount Billed is for direct costs only.

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

Associate	Reporting	Total Amount Billed*
-----------	-----------	-------------------------



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

Company Rendering Services	Company Receiving Services	Types of Services Rendered	Three Months Ended September 30, 2003
			(Thousands of Dollars)
Northeast Generation Company	Northeast Generation Services Company	Miscellaneous	\$ 228 =====
Public Service Company of New Hampshire	Northeast Generation Services Company	Miscellaneous	\$ 18 =====
Public Service Company of New Hampshire	Select Energy, Inc.	Miscellaneous	\$ 204 =====
The Connecticut Light and Power Company	Northeast Generation Services Company	Miscellaneous	\$ 55 =====
The Connecticut Light and Power Company	Select Energy, Inc.	Miscellaneous	\$ 1 =====
Holyoke Water Power Company	Northeast Generation Services Company	Miscellaneous	\$ 223 =====
Western Massachusetts Electric Company	Northeast Generation Services Company	Miscellaneous	\$ 73 =====
Northeast Utilities Service Company	Select Energy New York, Inc.	Miscellaneous	\$ 92 =====
Northeast Utilities Service Company	Northeast Generation Services Company	Miscellaneous	\$ 1,104 =====
Northeast Utilities Service Company	Select Energy, Inc.	Miscellaneous	\$ 4,302 =====

\* Total Amount Billed is for direct costs only.

ITEM 4 - SUMMARY OF AGGREGATE INVESTMENT

Investments in energy-related companies:

	(Thousands of Dollars)	
Total consolidated capitalization as of 09/30/03	\$6,747,678	line 1
Total capitalization multiplied by 15% (line 1 multiplied by .15)	1,012,152	line 2
Greater of \$50 million or line 2	\$1,012,152	line 3
Total current aggregate investment:		

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

Select Energy, Inc.	795,678	
Northeast Generation Services Company	34,416	
Select Energy Contracting, Inc.	22,910	
Select Energy New York, Inc.	50,280	
Woods Electrical Co., Inc.	16,404	
Reeds Ferry Supply Co., Inc.	7	
HEC/Tobyhanna Energy Project, Inc.	-	
Yankee Energy Services Company	7,982	
E.S. Boulos Company	13,576	
R.M. Services, Inc.	14,295	
NGS Mechanical, Inc.	10	
Acumentrics Corporation	7,500	
Greenport, LLC	2,507	
ERI/HEC EFA-Med, LLC	9	
HEC/CJTS Energy Center LLC	12	
	-----	
Current aggregate investment		965,586
		-----
Elimination *		22,508
		-----
Total current aggregate investment		943,078 line 4
		-----
Difference between the greater of \$50 million or 15% of capitalization and the total aggregate investment of the registered holding company system		\$69,074 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

-----  
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

- 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

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

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 September 30, 2003  
Income Statement - Three and nine months ended September 30, 2003

#### Northeast Generation Services Company:

Balance Sheet - As of September 30, 2003  
Income Statement - Three and nine months ended September 30, 2003

#### Select Energy Contracting, Inc.:

Balance Sheet - As of September 30, 2003  
Income Statement - Three and nine months ended September 30, 2003

#### Reeds Ferry Supply Co., Inc.:

Balance Sheet - As of September 30, 2003  
Income Statement - Three and nine months ended September 30, 2003

#### HEC/Tobyhanna Energy Project, Inc.:

Balance Sheet - As of September 30, 2003  
Income Statement - Three and nine months ended September 30, 2003

#### Yankee Energy Services Company:

Balance Sheet - As of September 30, 2003  
Income Statement - Three and nine months ended September 30, 2003

#### ERI/HEC EFA-Med, LLC:

Not available

#### E. S. Boullos Company:

Balance Sheet - As of September 30, 2003  
Income Statement - Three and nine months ended September 30, 2003

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

### NGS Mechanical, Inc.:

Balance Sheet - As of September 30, 2003

Income Statement - Three and nine months ended September 30, 2003

### Northeast Utilities (Parent):

Balance Sheet - As of September 30, 2003

Income Statement - Three and nine months ended September 30, 2003

### Select Energy New York, Inc.:

Balance Sheet - As of September 30, 2003

Income Statement - Three and nine months ended September 30, 2003

### HEC/CJTS Energy Center LLC:

Balance Sheet - As of September 30, 2003

Income Statement - Three and nine months ended September 30, 2003

### Woods Electrical Co., Inc.:

Balance Sheet - As of September 30, 2003

Income Statement - Three and nine months ended September 30, 2003

### Greenport Power, LLC:

Not available

## 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.1.2a	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.2b	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.2c	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.2d	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.1.4	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.5a	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.5b	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.1.5c Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.5d Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.5e Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.5f Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.5g Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.5h 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.1.7a Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.7b 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

SELECT ENERGY, INC.  
BALANCE SHEET  
(Unaudited)

September 30,  
2003  
-----  
(Thousands)

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

of Dollars)

ASSETS

-----

Current Assets:

Receivables, net	\$	301,240
Accounts receivable from affiliated companies		218,838
Unbilled revenue		30,783
Special deposits		39,751
Derivative assets		85,957
Prepaid option premiums		12,730
Prepayments and other		17,944

-----  
707,243  
-----

Property, Plant and Equipment:

Competitive energy		14,146
Less: Accumulated depreciation and amortization		10,558

-----  
3,588

Construction work in progress		5,110
-------------------------------	--	-------

-----  
8,698  
-----

Deferred Debits and Other Assets:

Accumulated deferred income taxes		4,566
Goodwill and intangible assets, net		15,327
Prepaid pension		1,625
Long-term accounts receivable		6,313
Long-term contracts assets		41,189
Other		32,580

-----  
101,600  
-----

Total Assets	\$	817,541
--------------	----	---------

=====

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)

September 30,  
2003

-----  
(Thousands  
of Dollars)

LIABILITIES AND CAPITALIZATION

-----

Current Liabilities:

Notes payable to affiliated companies	\$	100,900
---------------------------------------	----	---------

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

Accounts payable	372,852
Accounts payable to affiliated companies	27,749
Accrued taxes	2,947
Derivative liabilities	61,745
Unearned option premiums	15,751
Other	52,489
	-----
	634,433
	-----
Deferred Credits and Other Liabilities	3,730
	-----
Capitalization:	
Long-Term Debt from NU Parent	150,000
	-----
Common Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	262,742
Accumulated deficit	(230,840)
Accumulated other comprehensive loss	(2,524)
	-----
Common Stockholder's Equity	29,378
	-----
Total Capitalization	179,378
	-----
Total Liabilities and Capitalization	\$ 817,541
	=====

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 September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 1,040,989	\$ 2,165,449
	-----	-----
Operating Expenses:		
Operation -		
Purchased power, net interchange power and capacity	1,011,488	2,109,374
Other	18,739	48,349
Depreciation and amortization	2,948	8,673
Taxes other than income taxes	1,162	3,390
	-----	-----

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

Total operating expenses	1,034,337	2,169,786
	-----	-----
Operating Income/(Loss)	6,652	(4,337)
Interest Expense, Net	2,549	5,498
Other (Loss)/Income, Net	(2,834)	476
	-----	-----
Income/(Loss) Before Income Tax Expense/(Benefit)	1,269	(9,359)
Income Tax Expense/(Benefit)	1,603	(4,300)
	-----	-----
Net Loss	\$ (334)	\$ (5,059)
	=====	=====

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

See accompanying notes to financial statements.

NORTHEAST GENERATION SERVICES COMPANY  
BALANCE SHEET  
(Unaudited)

	September 30, 2003
	-----
	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 1
Receivables, net	7,697
Accounts receivable from affiliated companies	1,003
Taxes receivable	422
Unbilled revenues	2,223
Fuel, materials and supplies, at average cost	5
Prepayments and other	1,025
	-----
	12,376
	-----
Property, Plant and Equipment:	
Competitive energy	2,997
Less: Accumulated depreciation	997
	-----
	2,000
Construction work in progress	593
	-----
	2,593
	-----
Deferred Debits and Other Assets:	
Accumulated deferred income taxes	240
Prepaid pension	900
Intangible assets, net and other	23,758
	-----



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

	24,898
	-----
Total Assets	\$ 39,867
	=====

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)

September 30,  
2003

-----  
(Thousands of  
Dollars)

LIABILITIES AND CAPITALIZATION

Current Liabilities:

Notes payable to affiliated companies	\$ 11,700
Accounts payable	4,541
Accounts payable to affiliated companies	2,774
Other	915

-----  
19,930  
-----

Deferred Credits and Other Liabilities

1,065

Capitalization:

Long-Term Debt	5,000
----------------	-------

Common Stockholder's Equity:

Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	15,468
Accumulated deficit	(1,554)
Accumulated comprehensive loss	(42)

-----  
Common Stockholder's Equity 13,872  
-----

Total Capitalization

18,872

Total Liabilities and Capitalization

\$ 39,867

=====

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.

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

NORTHEAST GENERATION SERVICES COMPANY  
 INCOME STATEMENT  
 (Unaudited)

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
----- (Thousands of Dollars)		
Operating Revenues	\$ 13,764	\$ 43,234
-----		
Operating Expenses:		
Operation -		
Other	9,984	34,138
Maintenance	2,979	8,499
Depreciation and amortization	66	200
Taxes other than income taxes	358	1,347
-----		
Total operating expenses	13,387	44,184
-----		
Operating Income/(Loss)	377	(950)
Interest Expense, Net	151	458
Other (Expense)/Income, Net	(1,333)	78
-----		
Loss Before Income Tax (Benefit)/Expense	(1,107)	(1,330)
Income Tax (Benefit)/Expense	(33)	233
-----		
Net Loss	\$ (1,074)	\$ (1,563)
=====		

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

See accompanying notes to financial statements.

SELECT ENERGY CONTRACTING, INC.  
 BALANCE SHEET  
 (Unaudited)

		September 30, 2003
----- (Thousands of Dollars)		
ASSETS		
-----		
Current Assets:		
Cash	\$	741
Receivables, net		17,540
Materials and supplies, at average cost		378

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

Prepayments and other		1,233
		-----
		19,892
		-----
Property, Plant and Equipment:		
Competitive energy		6,568
Less: Accumulated depreciation		4,489
		-----
		2,079
		-----
Deferred Debits and Other Assets:		
Goodwill, net		17,220
		-----
Total Assets	\$	39,191
		=====

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)

September 30,  
2003

-----  
(Thousands  
of Dollars)

### LIABILITIES AND CAPITALIZATION

-----		
Current Liabilities:		
Accounts payable	\$	5,884
Accounts payable to affiliated companies		11,355
Accrued taxes		99
Other		893
		-----
		18,231
		-----
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes		1,174
Other		1,995
		-----
		3,169
		-----
Capitalization:		
Common Stockholder's Equity:		
Common stock, \$1 par value - 100,000 shares authorized and 100 shares outstanding		-
Capital surplus, paid in		15,085
Retained earnings		2,706
		-----
Common Stockholder's Equity		17,791
		-----

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

Total Capitalization	17,791
	-----
Total Liabilities and Capitalization	\$ 39,191
	=====

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 September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 18,491	\$ 54,920
	-----	-----
Operating Expenses:		
Operation	16,707	49,991
Maintenance	136	453
Depreciation	268	880
Taxes other than income taxes	941	1,611
	-----	-----
Total operating expenses	18,052	52,935
	-----	-----
Operating Income	439	1,985
Interest Expense, Net	45	139
Other Loss, Net	(1)	(3)
	-----	-----
Income Before Income Tax Expense	393	1,843
Income Tax Expense	173	793
	-----	-----
Net Income	\$ 220	\$ 1,050
	=====	=====

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

See accompanying notes to financial statements.

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

September 30,  
2003

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

	----- (Thousands of Dollars)	
ASSETS		
-----		
Current Assets:		
Cash	\$	5
Receivables, net		62
		----- 67
Deferred Debits and Other Assets:		
Goodwill, net		248
		-----
Total Assets	\$	315
		=====
LIABILITIES AND CAPITALIZATION		
-----		
Current Liabilities:		
Accounts payable	\$	62
Accounts payable to affiliated companies		295
		----- 357
Capitalization:		
Common Stockholder's Equity:		
Common stock, no par value - 200 shares authorized and 100 shares outstanding		4
Capital surplus, paid in		3
Accumulated deficit		(49)
		----- (42)
Common Stockholder's Equity		(42)
		-----
Total Capitalization		(42)
		-----
Total Liabilities and Capitalization	\$	315
		=====

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 Ended September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 286	\$ 942
Operating Expenses	286	942

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

Net Income	----- \$ - =====	----- \$ - =====
------------	------------------------	------------------------

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

See accompanying notes to financial statements.

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

September 30,  
2003

-----  
(Thousands  
of Dollars)

ASSETS  
-----

Current Assets:

Receivables, net	\$ 1,182
Prepayments and other	584
	-----
	1,766
	-----

Deferred Debits and Other Assets:

Contracts receivable	27,504
Other	3,062
	-----
	30,566
	-----

Total Assets	\$ 32,332
	=====

LIABILITIES AND CAPITALIZATION  
-----

Current Liabilities:

Long-term debt - current portion	\$ 577
Accounts payable to affiliated companies	6,916
Accrued taxes	65
Accrued interest	236
Other	355
	-----
	8,149
	-----

Capitalization:

Long-Term Debt	23,372
	-----

Common Stockholder's Equity:

Common stock, \$1 par value - 100 shares authorized and outstanding	-
Retained earnings	811
	-----

Total Common Stockholder's Equity	811
	-----

Total Capitalization	24,183
	-----

Total Liabilities and Capitalization	\$ 32,332
--------------------------------------	-----------

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

=====

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 September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Interest Expense, Net	\$ 471	\$ 1,427
Other Income, Net	550	1,711
	-----	-----
Income Before Income Tax Expense	79	284
Income Tax Expense	90	180
	-----	-----
Net (Loss)/Income	\$ (11)	\$ 104
	=====	=====

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

See accompanying notes to financial statements.

YANKEE ENERGY SERVICES COMPANY  
BALANCE SHEET  
(Unaudited)

	September 30, 2003
	-----
	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 526
Receivables, net	5
Taxes receivable	13
	-----
	544
	-----
Deferred Debits and Other Assets:	
Accumulated deferred income taxes	436
Investments and other	4,536

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

	-----
	4,972
	-----
Total Assets	\$ 5,516
	=====

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)

September 30,  
2003

-----  
(Thousands  
of Dollars)

LIABILITIES AND CAPITALIZATION

-----	
Current Liabilities:	
Notes payable to affiliated companies	\$ 100
Accounts payable to affiliated companies	455
Other	3
	-----
	558
	-----
Deferred Credits and Other Liabilities	5
	-----
Capitalization:	
Common Stockholder's Equity:	
Common stock, no par value - 10,000 shares authorized and 200 shares outstanding	1
Capital surplus, paid in	7,881
Accumulated deficit	(2,929)
	-----
Common Stockholder's Equity	4,953
	-----
Total Capitalization	4,953
	-----
Total Liabilities and Capitalization	\$ 5,516
	=====

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)



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

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
	(Thousands of Dollars)	
Operating Revenues	\$ -	\$ 9
Operating Expenses	3	13
Operating Loss	(3)	(4)
Interest Expense, Net	-	4
Other Income, Net	-	3
Loss Before Income Tax (Benefit)/Expense	(3)	(5)
Income Tax (Benefit)/Expense	(1)	2
Net Loss	\$ (2)	\$ (7)

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

See accompanying notes to financial statements.

E.S. BOULOS COMPANY  
BALANCE SHEET  
(Unaudited)

	September 30, 2003
	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 156
Receivables, net	8,481
Accounts receivable from affiliated companies	291
Taxes receivable	385
Unbilled revenues	3,050
Materials and supplies	203
	-----
	12,566
	-----
Property, Plant and Equipment:	
Competitive energy	989
Less: Accumulated depreciation	329
	-----
	660
	-----
Deferred Debits and Other Assets:	
Goodwill	6,993
Other	50
	-----
	7,043

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

Total Assets	----- \$ 20,269 =====
--------------	-----------------------------

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)

	September 30, 2003 ----- (Thousands of Dollars)
LIABILITIES AND CAPITALIZATION -----	
Current Liabilities:	
Advance from parent, non-interest bearing	\$ 2,948
Accounts payable	1,995
Accounts payable to affiliated companies	1,180
Other	348
	----- 6,471 -----
Deferred Credits and Other Liabilities	
Accumulated deferred income taxes	480
Other	538
	----- 1,018 -----
Capitalization:	
Common Stockholder's Equity:	
Common stock, no par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	7,539
Retained earnings	5,241
	----- 12,780 -----
Total Capitalization	12,780 -----
Total Liabilities and Capitalization	\$ 20,269 =====

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

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

(Unaudited)

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
	----- (Thousands of Dollars) -----	
Operating Revenues	\$ 6,988	\$ 25,518
	-----	-----
Operating Expenses:		
Operation	290	892
Maintenance	8,037	25,746
Depreciation	47	125
	-----	-----
Total operating expenses	8,374	26,763
	-----	-----
Operating Loss	(1,386)	(1,245)
Other (Loss)/Income, Net	(14)	207
	-----	-----
Loss Before Income Tax Benefit	(1,400)	(1,038)
Income Tax Benefit	(558)	(158)
	-----	-----
Net Loss	\$ (842)	\$ (880)
	=====	=====

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

See accompanying notes to financial statements.

NGS MECHANICAL, INC.  
BALANCE SHEET  
(Unaudited)

	September 30, 2003
	----- (Thousands of Dollars) -----
ASSETS	
-----	
Current Assets:	
Cash	\$ 10
	-----
Total Assets	\$ 10
	=====
LIABILITIES AND CAPITALIZATION	
-----	
Current Liabilities:	
Accounts payable to affiliated companies	\$ 2
	-----

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

Capitalization:

Common Stockholder's Equity:	
Common stock, no par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	10
Accumulated deficit	(2)
	-----
Common Stockholder's Equity	8
	-----
Total Capitalization	8
	-----
Total Liabilities and Capitalization	\$ 10
	=====

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, INC.  
INCOME STATEMENT  
(Unaudited)

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ -	\$ -
Operating Expenses	-	-
	-----	-----
Net Income	\$ -	\$ -
	=====	=====

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

See accompanying notes to financial statements.

NORTHEAST UTILITIES (PARENT)  
BALANCE SHEET  
(Unaudited)

September 30,  
2003  
-----  
(Thousands  
of Dollars)

ASSETS  
-----

Current Assets:

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

Cash	\$	5,159
Notes receivable from affiliated companies		217,600
Notes and accounts receivable		5,292
Accounts receivable from affiliated companies		2,891
Taxes receivable		5,846
Prepayments		1,600
		-----
		238,388
		-----
Deferred Debits and Other Assets:		
Investments in subsidiary companies, at equity		2,559,237
Other		15,800
		-----
		2,575,037
		-----
Total Assets	\$	2,813,425
		=====

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)

September 30,  
2003

-----  
(Thousands  
of Dollars)

LIABILITIES AND CAPITALIZATION

-----		
Current Liabilities:		
Notes payable to banks	\$	30,000
Long-term debt - current portion		23,000
Accounts payable		4,946
Accounts payable to affiliated companies		305
Accrued interest		13,672
Other		756
		-----
		72,679
		-----
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes		4,330
Other		1,898
		-----
		6,228
		-----
Capitalization:		
Long-Term Debt		480,226
		-----
Common Stockholder's Equity:		
Common shares, \$5 par value - authorized		
225,000,000 shares; 150,098,023 shares issued and		

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

127,254,402 shares outstanding	750,492
Capital surplus, paid in	1,106,466
Deferred contribution plan - employee stock ownership plan	(76,970)
Retained earnings	837,963
Accumulated other comprehensive loss	(2,862)
Treasury stock	(360,797)
	-----
Common Stockholder's Equity	2,254,292
	-----
Total Capitalization	2,734,518
	-----
Total Liabilities and Capitalization	\$ 2,813,425
	=====

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 September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ -	\$ -
	-----	-----
Operating Expenses:		
Other	1,767	6,127
	-----	-----
Operating Loss	(1,767)	(6,127)
	-----	-----
Interest Expense	6,323	15,978
	-----	-----
Other Income, Net:		
Equity in earnings of subsidiaries	39,820	130,969
Other	4,382	9,168
	-----	-----
Other income, net	44,202	140,137
	-----	-----
Income Before Income Tax Benefit	36,112	118,032
Income Tax Benefit	3,126	8,279
	-----	-----
Net Income	\$ 39,238	\$ 126,311
	=====	=====

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

See accompanying notes to financial statements.

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

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

	September 30, 2003
	----- (Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 8,089
Special deposits	5,451
Receivables, net	41,905
Accounts receivable from affiliated companies	3,933
Taxes receivable	2,129
Derivative assets	14,320
Prepaid option premiums	5,823
Prepayments and other	12,948
	----- 94,598
Property, Plant and Equipment:	
Competitive energy	607
Less: Accumulated depreciation	339
	----- 268
Deferred Debits and Other Assets	----- 3,237
Total Assets	----- \$ 98,103 =====

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)

	September 30, 2003
	----- (Thousands of Dollars)
LIABILITIES AND CAPITALIZATION	
-----	
Current Liabilities:	
Accounts payable	\$ 28,060
Accounts payable to affiliated companies	7,691

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

Derivative liabilities	4,515
Other	2,037
	-----
	42,303
	-----
Deferred Credits and Other Liabilities:	
Accumulated deferred income taxes	7,716
Pension obligation	733
Other	51
	-----
	8,500
	-----
Capitalization:	
Long-Term Debt	14,699
	-----
Common Stockholder's Equity:	
Common stock, \$1 par value - authorized and outstanding 10,000 shares	10
Capital surplus, paid in	9,959
Retained earnings	20,870
Accumulated other comprehensive income	1,762
	-----
Common Stockholder's Equity	32,601
	-----
Total Capitalization	47,300
	-----
Total Liabilities and Capitalization	\$ 98,103
	=====

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 September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 85,630	\$ 307,207
	-----	-----
Operating Expenses:		
Purchased power, net interchange power and capacity	88,593	299,986
Other	2,368	6,631
Taxes other than income taxes	(412)	(1,236)
	-----	-----
Total operating expenses	90,549	305,381
	-----	-----
Operating (Loss)/Income	(4,919)	1,826



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

Interest Expense, Net	147	407
Other Income, Net	37	211
	-----	-----
(Loss)/Income Before Income Tax (Benefit)/Expense	(5,029)	1,630
Income Tax (Benefit)/Expense	(2,072)	666
	-----	-----
Net (Loss)/Income	\$ (2,957)	\$ 964
	=====	=====

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

See accompanying notes to financial statements.

HEC/CJTS ENERGY CENTER LLC  
BALANCE SHEET  
(Unaudited)

September 30,  
2003

-----  
(Thousands  
of Dollars)

ASSETS

-----

Current Assets:

Cash \$ 1

Total Assets \$ 1

=====

LIABILITIES AND CAPITALIZATION

-----

Capitalization:

Common Stockholder's Equity:

Capital surplus, paid in \$ 12  
Accumulated deficit (11)

Common Stockholder's Equity 1

Total Capitalization 1

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.

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

HEC/CJTS ENERGY CENTER LLC  
INCOME STATEMENT  
(Unaudited)

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ -	\$ -
	-----	-----
Operating Expenses	-	-
	-----	-----
Net Income	\$ -	\$ -
	=====	=====

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

See accompanying notes to financial statements.

WOODS ELECTRICAL CO., INC.  
BALANCE SHEET  
(Unaudited)

	September 30, 2003
	-----
	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Receivables, net	\$ 2,397
Taxes receivable	382
Unbilled revenue	251
Materials and supplies	57
Prepayments and other	28
	-----
	3,115
	-----
Property Plant and Equipment:	
Competitive energy	250
Less: Accumulated depreciation	46
	-----
	204
	-----
Deferred Debits and Other Assets:	
Goodwill and other purchased intangible assets, net	7,718

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

Total Assets	\$ 11,037
--------------	-----------

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.

WOODS ELECTRICAL CO., INC.  
BALANCE SHEET  
(Unaudited)

September 30,  
2003

(Thousands  
of Dollars)

LIABILITIES AND CAPITALIZATION

Current Liabilities:

Notes payable to affiliated companies	\$ 725
Advance from Northeast Generation Services Company, non-interest bearing	250
Accounts payable	614
Accounts payable to affiliated companies	82
Other	24
	-----
	1,695
	-----

Deferred Credits and Other Liabilities:

Accumulated deferred income taxes	198
Other	256
	-----
	454
	-----

Capitalization:

Long-Term Debt	4,450
	-----

Common Stockholder's Equity:

Common stock, no par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	5,000
Accumulated deficit	(562)
	-----

Common Stockholder's Equity	4,438
	-----

Total Capitalization	8,888
	-----

Total Liabilities and Capitalization	\$ 11,037
	=====

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.

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

WOODS ELECTRICAL CO., INC.  
INCOME STATEMENT  
(Unaudited)

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 2,571	\$ 5,456
	-----	-----
Operating Expenses:		
Other	406	1,207
Maintenance	2,091	4,624
Depreciation	61	81
Taxes other than income taxes	9	2
	-----	-----
Total operating expenses	2,567	5,914
	-----	-----
Operating Income/(Loss)	4	(458)
Interest Expense, Net	82	242
Other Income, Net	-	3
	-----	-----
Loss Before Income Tax Benefit	(78)	(697)
Income Tax Benefit	(30)	(243)
	-----	-----
Net Loss	\$ (48)	\$ (454)
	=====	=====

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

See accompanying notes to financial statements.

Northeast Utilities (Parent)  
    Select Energy, Inc.  
    Select Energy New York, Inc.  
Northeast Generation Services Company  
    E.S. Boulos Company  
    NGS Mechanical, Inc.  
    Woods Electrical Co., Inc.  
    Select Energy Contracting, Inc.  
    Reeds Ferry Supply Co., Inc.  
HEC/Tobyhanna Energy Project, Inc.  
    HEC/CJTS Energy Center LLC  
Yankee Energy Services Company

Notes to Financial Statements (Unaudited)

1. About Northeast Utilities (NU)

Northeast Utilities Parent is the parent company of NU's subsidiaries. NU's

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

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 and Western Massachusetts Electric Company. Another wholly owned subsidiary, North Atlantic Energy Corporation, previously sold 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. Seabrook was sold on November 1, 2002. Other subsidiaries include Holyoke Water Power Company, a company engaged in the production of electric power, and Yankee Energy System, Inc. (Yankee), 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 NU's 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 NU's companies. Prior to the sale of Seabrook on November 1, 2002, North Atlantic Energy Service Corporation had operational responsibility for Seabrook. Three other subsidiaries construct, acquire or lease some of the property and facilities used by NU's companies.

NU Enterprises, Inc. (NU Enterprises) is a wholly owned subsidiary of NU and acts as the holding company for certain of NU's subsidiaries. Select Energy, Inc. (Select Energy) and its subsidiary Select Energy New York, Inc. (SENY), Northeast Generation Services Company and its subsidiaries (NGS), Select Energy Services, Inc. and its subsidiaries (SESI), Mode 1 Communications, Inc. and Woods Network Services, Inc., engage in a variety of energy-related and telecommunications activities, primarily in the competitive energy retail and wholesale commodity, marketing and services fields. Northeast Generation Company acquires and manages generation facilities. E.S. Boulos Company (Boulos), NGS Mechanical, Inc. (NGS Mechanical) and Woods Electrical Co., Inc. (Woods Electrical) 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. Yankee maintains certain wholly owned subsidiaries, including Yankee Energy Services Company (YESCO).

Select Energy, SENY, NGS, Boulos, NGS Mechanical, Woods Electrical, Select Energy Contracting, Reeds Ferry, HEC/Tobyhanna, HEC/CJTS, and YESCO are "energy-related companies" under rule 58. These footnotes are applicable to the rule 58 companies with financial statements filed in this report on Form U-9C-3 under Item 6 Section A.

### 2. About Select Energy

Select Energy engages in wholesale and retail energy marketing activities. Select Energy is an integrated energy business that buys, markets and sells 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 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 and 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 SENY

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

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.

### 4. About NGS

NGS provides 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.

### 5. About Boulos

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

### 6. About NGS Mechanical

NGS Mechanical provides mechanical services in certain New England states and New York. NGS Mechanical is wholly owned by NGS.

### 7. About Woods Electrical

Woods Electrical is in the electrical contracting business in Connecticut and is a wholly owned subsidiary of NGS. Woods Electrical is also registered in the electrical contracting business in Maine, Massachusetts and New Hampshire. NGS acquired Woods Electrical on July 31, 2002, and the results of Woods Electrical's operations since July 1, 2002, are included in this report.

### 8. About Select Energy Contracting

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

### 9. About Reeds Ferry

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

### 10. About HEC/Tobyhanna

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

### 11. 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.

### 12. About YESCO

YESCO has disposed of most of its assets and has wound down its energy-related services for its customers.

### 13. Public Utility Regulation

NU is registered with the Securities and Exchange Commission (SEC) as a

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

holding company under the Public Utility Holding Company Act of 1935 (1935 Act), and is subject to the provisions of the 1935 Act. Arrangements among NU's 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.

### 14. 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.

### 15. New Accounting Standards

Derivative Accounting: Effective January 1, 2001, NU adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. In April 2003, the Financial Accounting Standards Board (FASB) issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends SFAS No. 133. This new statement incorporates interpretations that were included in previous Derivative Implementation Group (DIG) guidance, clarifies certain conditions, and amends other existing pronouncements. It is effective for contracts entered into or modified after June 30, 2003. The new rules indicate that derivative contracts that are subject to unplanned netting and can be settled for cash versus delivery would no longer qualify for the normal purchases and sales exception, which would require fair value accounting. Management has determined that the adoption of SFAS No. 149 did not change Select Energy's and SENY's accounting for wholesale and retail marketing contracts that were entered into prior to July 1, 2003, or the ability of Select Energy or SENY to elect the normal purchases and sales exception.

Emerging Issues Task Force (EITF) Issue No. 03-11, "Reporting Gains and Losses on Derivative Instruments That Are Subject to FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, and 'Not Held for Trading Purposes' as Defined in EITF Issue No. 02-3, 'Issues related to Accounting for Contracts Involved in Energy Trading and Risk Management Activities'" was derived from EITF Issue No. 02-3, which requires net reporting in the income statement in revenues of energy trading activities. Issue No. 03-11 addresses income statement classification of derivatives that are not related to energy trading activities. Prior to Issue No. 03-11, there was no specific accounting guidance that addressed the classification in the income statement of Select Energy's and SENY's retail marketing and wholesale contracts, many of which are derivatives. The only applicable guidance was EITF Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent." The indicators of gross revenue reporting include whether the entity is the primary obligor in the arrangement, whether the entity has inventory or credit risk, latitude in establishing price, and discretion in supplier selection. Indicators of net revenue reporting are whether the supplier is the primary obligor in the arrangement, the entity earns a fixed amount and the supplier has credit risk.

On July 31, 2003, the EITF reached a consensus in Issue No. 03-11 that determining whether realized gains and losses on contracts that physically deliver and are not held for trading purposes should be reported on a net or gross basis is a matter of judgment that depends on the relevant facts and circumstances. The EITF indicated that the indicators set forth in Issue No.

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

99-19 should continue to be considered and provided no new accounting guidance. Additionally, the consensus recommends disclosure of where the gains and losses are recorded in the income statement, and whether they are presented on a net or gross basis. Issue No. 03-11 is effective for Select Energy and SENY prospectively on October 1, 2003.

Select Energy currently reports the settlement of short-term contracts and Select Energy and SENY currently report the long-term derivative contracts that are not held for trading purposes on a gross basis, generally with sales in revenues and purchases in expenses. Short-term sales and purchases represent power that is purchased to serve full requirements contracts but is ultimately not needed based on the actual load of the full requirements customers. This excess power is sold to the independent system operator or to other counterparties. Management is currently evaluating the impact of the consensus in Issue No. 03-11 as it relates to income statement classification of Select Energy's short-term energy purchases and sales. Management will complete this evaluation in the fourth quarter in accordance with Issue No. 03-11. If management determines that revenues and expenses related to short-term sales and purchases should be reported net, then there could be a significant reduction in both Select Energy's revenues and expenses with no operating income or net income impact. For the first nine months of 2003, short-term and non-requirements sales amounted to approximately \$600 million.

On June 25, 2003, the DIG cleared Issue No. C-20, which addressed the meaning of "not clearly and closely related regarding contracts with a price adjustment feature" as it relates to the election of the normal purchase and sales exception to derivative accounting. The implementation of this guidance is required for the fourth quarter of 2003 for Select Energy and SENY. Management is currently evaluating the impacts of Issue No. C-20, but believes that when it is implemented, Issue No. C-20 will not have a significant impact on Select Energy and SENY.

### 16. Derivative Instruments, Market Risk and Risk Management

#### A. Derivative Instruments

Effective January 1, 2001, NU adopted SFAS No. 133, as amended by SFAS No. 149 in April 2003. Derivatives that are utilized for trading purposes are recorded at fair value with changes in fair value included in net income. Other contracts that are derivatives but do not meet the definition of a cash flow hedge and cannot be designated as being used for normal purchases or normal sales are also recorded at fair value with changes in fair value included in net income. For those contracts that meet the definition of a derivative and meet the cash flow hedge requirements, the changes in the fair value of the effective portion of those contracts are generally recognized in accumulated other comprehensive income, a component of equity, until the underlying transactions occur. For those contracts that meet the definition of a derivative and meet the fair value hedge requirements, the changes in fair value of the effective portion of those contracts are generally recognized on the balance sheet as both the hedge and the hedged item are recorded at fair value. For contracts that meet the definition of a derivative but do not meet the hedging requirements, and for the ineffective portion of contracts that meet the cash flow hedge requirements, the changes in fair value of those contracts are recognized currently in net income. Derivative contracts that are entered into as a normal purchase or sale, will result in physical delivery, meet the definitions in SFAS No. 149, and are documented as such, are recorded under accrual accounting.

For information regarding recent accounting changes related to trading activities, see Note 15, "New Accounting Standards," to the financial statements.



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

The tables below summarize Select Energy's and SENY's derivative assets and liabilities at September 30, 2003. These amounts do not include premiums paid, which amounted to \$18.6 million at September 30, 2003 (\$12.8 million for Select Energy and \$5.8 million for SENY). These amounts also do not include premiums received by Select Energy, which amounted to \$15.8 million at September 30, 2003. The premium amounts relate primarily to energy trading activities.

(Millions of Dollars)	Assets	Liabilities	Total
-----			
Select Energy:			
Trading	\$81.9	\$ (51.3)	\$ 30.6
Nontrading	1.0	--	1.0
Hedging	3.1	(10.5)	(7.4)
-----			
Total	\$86.0	\$ (61.8)	\$ 24.2
=====			

(Millions of Dollars)	Assets	Liabilities	Total
-----			
SENY:			
Trading	\$ 7.5	\$ (1.9)	\$ 5.6
Nontrading	2.6	(1.4)	1.2
Hedging	4.2	(1.2)	3.0
-----			
Total	\$14.3	\$ (4.5)	\$ 9.8
=====			

Trading: To gather market intelligence and utilize this information in risk management activities for the wholesale business, Select Energy conducts limited energy trading activities in electricity, natural gas and oil, and therefore, experiences net open positions. Select Energy and SENY manage these open positions with strict policies that limit their exposure to market risk and require daily reporting to management of potential financial exposures. Derivatives used in trading activities are recorded at fair value and included in the balance sheets as derivative assets or liabilities. Changes in fair value are recognized in operating revenues in the statements of income in the period of change. The net fair value positions of the trading portfolio at September 30, 2003 were assets of \$30.6 million for Select Energy and \$5.6 million for SENY. These amounts include intercompany assets and liabilities of \$0.4 million.

Select Energy's and SENY's trading portfolio includes New York Mercantile Exchange (NYMEX) futures and options, the fair value of which is based on closing exchange prices; over-the-counter forwards and options, the fair value of which is based on the mid-point of bid and ask market prices; bilateral contracts for the purchase or sale of electricity or natural gas, the fair value of which is determined using available information from external sources; and a long-term bilateral energy purchase contract, the fair value of which is determined using a model. The trading portfolio also includes a LIBOR-based interest rate swap to mitigate fair value fluctuations from changes in the LIBOR-based discount rate used to determine the fair value of certain trading contracts. SENY's trading portfolio also includes transmission congestion contracts. The fair value of certain transmission congestion contracts is based on published market data. Market information for other transmission congestion contracts is not available, and those contracts cannot be reliably valued. Management believes the amounts paid for these contracts, which total \$4.6 million, are equal to their fair value.

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

**Nontrading:** Nontrading derivative contracts are used for delivery of energy related to Select Energy's and SENY's retail and wholesale activities. These contracts are not entered into for trading purposes, but are subject to fair value accounting because these contracts are derivatives that cannot be designated as normal purchases or sales, as defined. These contracts cannot be designated as normal purchases or sales either because they are included in the New York energy market that settles financially or because the normal purchase and sale designation was not elected by management. The net fair values of nontrading derivatives valued at the mid-point of bid and ask market prices at September 30, 2003 were assets of \$1.0 million for Select Energy and \$1.2 million for SENY.

**Hedging:** Select Energy and SENY utilize derivative financial and commodity instruments, including futures and forward contracts, to reduce market risk associated with fluctuations in the price of electricity and natural gas purchased to meet firm sales commitments to certain customers. Select Energy and SENY also utilize 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 retail supply requirements. These derivatives have been designated as cash flow hedging instruments and are used to reduce the market risk associated with fluctuations in the price of electricity, natural gas, or oil. A derivative that hedges exposure to the variable cash flows of a forecasted transaction (a cash flow hedge) is initially recorded at fair value with changes in fair value recorded in accumulated other comprehensive income. Hedges impact net income when the forecasted transaction being hedged occurs, when hedge ineffectiveness is measured and recorded, when the forecasted transaction being hedged is no longer probable of occurring, or when there is accumulated other comprehensive loss and the hedge and the forecasted transaction being hedged are in a loss position on a combined basis.

Select Energy and SENY maintain natural gas service agreements with certain customers to supply gas at fixed prices for terms extending through 2005. Select Energy and SENY have hedged its gas supply component of the risk under these agreements through NYMEX futures contracts. Under these contracts, which also extend through 2005, the purchase price of a specified quantity of gas is effectively fixed over the term of the gas service agreements. At September 30, 2003, the NYMEX futures contracts had notional values of \$81.9 million and were recorded at fair value as a derivative liability of \$1.7 million.

Other derivative liabilities, which are valued at the mid-point of bid and ask market prices, include forwards, options and swaps to hedge Select Energy's basic generation service contracts in the PJM region and were recorded at fair value as derivative liabilities of \$5 million. Other derivative liabilities include futures, options and swaps in the New England region, which were recorded as derivative liabilities with a fair value of \$4.2 million at September 30, 2003.

SENY maintains hedges on its retail sales portfolio through 2004, which were also valued at the mid-point of bid and ask market prices and recorded at fair value as a derivative asset of \$4.1 million at September 30, 2003.

### B. Market Risk Information

Select Energy utilizes the sensitivity analysis methodology to disclose quantitative information for its commodity price risks. Sensitivity analysis provides a presentation of the potential loss of future net income, 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. Under sensitivity analysis, the fair value of the portfolio is a function of the underlying commodity, contract prices and

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

market prices represented by each derivative commodity contract. For swaps, forward contracts and options, fair 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 fair value based on closing exchange prices.

Trading Portfolio: At September 30, 2003, Select Energy calculated the market price resulting from a 10 percent change in forward market prices. That 10 percent change would result in approximately a \$0.3 million increase or decrease 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 this sensitivity analysis.

Retail Marketing and Wholesale Portfolio: 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 that 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 quotes on the futures exchange.

Select Energy has determined a hypothetical change in the fair value for its retail marketing and wholesale portfolio, which includes cash flow hedges and electricity, natural gas and oil contracts and generation assets, assuming a 10 percent change in forward market prices. At September 30, 2003, a 10 percent change in market price would have resulted in an increase or decrease in fair value of approximately \$3.5 million.

The impact of a change in electricity, natural gas and oil prices on Select Energy's retail marketing and wholesale portfolio at September 30, 2003, is not necessarily representative of the results that will be realized when the commodities provided for in these contracts are physically delivered.

### C. Other Risk Management Activities

Credit Risk Management: Credit risk relates to the risk of loss that NU would incur as a result of non-performance by counterparties pursuant to the terms of their contractual obligations. NU serves a wide variety of customers and suppliers that include independent power producers, industrial companies, gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and NU realizes interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms which, in turn, requires NU Enterprises to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by NU's risk management process.

Credit risks and market risks at NU Enterprises are monitored regularly by a Risk Oversight Council operating outside of the business units that create or actively manage these risk exposures to ensure compliance with NU's stated risk management policies.

NU tracks and re-balances the risk in its portfolio in accordance with fair value and other risk management methodologies that utilize forward price curves in the energy markets to estimate the size and probability of future potential exposure.

NYMEX traded futures and option contracts are guaranteed by the NYMEX and

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

have a lower credit risk. Select Energy and SENY have established written credit policies with regard to its counterparties to minimize overall credit risk on all types of transactions. These policies require an evaluation of potential counterparties' financial conditions (including credit ratings), collateral requirements under certain circumstances (including cash in advance, letters of credit, and parent guarantees), and the use of standardized agreements, which allow for the netting of positive and negative exposures associated with a single counterparty. This evaluation results in establishing credit limits prior to Select Energy and SENY entering into trading activities. The appropriateness of these limits is subject to continuing review. Concentrations among these counterparties may impact NU's overall exposure to credit risk, either positively or negatively, in that the counterparties may be similarly affected by changes to economic, regulatory or other conditions.

At September 30, 2003, Select Energy and SENY maintained collateral balances from counterparties of \$29.2 million. This amount does not include \$16 million of special deposits held by outside counterparties. This amount is included in both special deposits and other current liabilities on the accompanying balance sheets.

17. Special Deposits

Special deposits primarily consist of collateral balances resulting from Select Energy and SENY wholesale activities.

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 there under, 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: November 24, 2003  
-----

