

NORTHEAST UTILITIES SYSTEM

Form U-9C-3

November 23, 2004

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, 2004

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.

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.

4.

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

| <u>Name of Reporting Company</u> | <u>Energy or Gas Related Company</u> | <u>Date of Organization</u> | <u>State of Organization</u> | <u>Percentage of Voting Securities Held</u> | <u>Nature of Business</u> | <u>Activities Reported During the Period</u> |
|----------------------------------|--------------------------------------|-----------------------------|------------------------------|---|---------------------------|--|
|----------------------------------|--------------------------------------|-----------------------------|------------------------------|---|---------------------------|--|

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| | | | | | | |
|---------------------------------------|---------|----------|---------------|--------------------------------------|--|-----|
| NU Enterprises, Inc. | Holding | 01/04/99 | Connecticut | 100% by Northeast Utilities | Unregulated businesses holding company | (A) |
| Select Energy, Inc. | Energy | 09/26/96 | Connecticut | 100% by NU Enterprises, Inc. | Energy-related activities | (B) |
| Northeast Generation Services Company | Energy | 01/04/99 | Connecticut | 100% by NU Enterprises, Inc. | Energy-related activities | (C) |
| Select Energy Services, Inc. | Energy | 06/19/90 | Massachusetts | 100% by NU Enterprises, Inc. | Energy-related activities | (D) |
| Reeds Ferry Supply Co., Inc. | Energy | 07/15/64 | New Hampshire | 100% by Select Energy Services, Inc. | Energy-related activities | (E) |
| HEC/Tobyhanna Energy Project, Inc. | Energy | 09/28/99 | Massachusetts | 100% by Select Energy Services, Inc. | Energy-related activities | (F) |
| Select Energy Contracting, Inc. | Energy | 10/12/94 | Massachusetts | 100% by Select Energy Services, Inc. | Energy-related activities | (G) |
| Yankee Energy System, Inc. | Holding | 02/15/00 | Connecticut | 100% by Northeast Utilities | Public Utility Holding Company | (H) |
| Yankee Energy Services Company | Energy | 07/02/93 | Connecticut | 100% by Yankee Energy System, Inc. | Energy-related activities | (I) |
| R. M. Services, Inc. | Energy | 11/22/94 | Connecticut | 100% by Yankee Energy System, Inc. | (*) | (J) |
| Acumentrics Corporation | Energy | 09/13/00 | Massachusetts | 5% by NU Enterprises, Inc. | Energy-related activities | (K) |
| | Energy | 09/30/00 | Delaware | | | (L) |

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ERI/HEC EFA-Med,
LLC

50% by Select Energy-related
Energy Services, activities
Inc.

E. S. Boulos
Company

Energy

01/10/01

Connecticut

100% by Northeast Energy-related
Generation Services activities
Company

(M)

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| | | | | | | |
|------------------------------|--------|----------|-------------|---|--|-----|
| NGS Mechanical, Inc. | Energy | 01/24/01 | Connecticut | 100% by Northeast Generation Services Company | Provide mechanical construction and maintenance services | (N) |
| HEC/CJTS Energy Center LLC | Energy | 03/02/01 | Delaware | 100% by Select Energy Services, Inc. | Facilitate construction financing | (O) |
| Select Energy New York, Inc. | Energy | 02/13/96 | Delaware | 100% by Select Energy, Inc. | Energy-related activities | (P) |
| Woods Electrical Co., Inc. | Energy | 07/18/02 | Connecticut | 100% by Northeast Generation Services Company | Provide electrical contracting services | (Q) |
| Greenport Power, LLC | Energy | 02/13/03 | Delaware | 50% by Northeast Generation Services Company | Energy related construction activities | (R) |

(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,

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

Additionally, Select Energy is a licensed retail electricity supplier and is registered with the local electric distribution company in the District of Columbia, and is a licensed retail electricity supplier in the state of Ohio.

(C)

Northeast Generation Services Company (NGS) provides a full range of asset management and operation and maintenance services for electric power generation asset owners in the northeast. Services are provided primarily in support of affiliated-owned assets.

(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. is inactive as of June 30, 2004.

(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, New York, and Vermont.

(N)

NGS Mechanical, Inc. (NGSM) performs power plant operations, maintenance and capital project support. NGSM is registered to do business in Connecticut, 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, New York, 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 Greenport 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.

| <u>Company</u> | <u>Type of Security Issued</u> | <u>Principal Amount of Security</u> | <u>Issue or Renewal</u> | <u>Cost of Capital</u> | <u>Person to Whom Security Was Issued</u> | <u>Collateral Given With Security</u> | <u>Consideration Received for Each Security</u> | <u>Company Contributing Capital</u> | <u>Amount of Capital Contribution</u> |
|---------------------------------------|--------------------------------|-------------------------------------|-------------------------|------------------------|---|---------------------------------------|---|-------------------------------------|---------------------------------------|
| Select Energy, Inc. | No transactions this quarter. | | | | | | | | |
| Northeast Generation Services Company | No transactions this quarter. | | | | | | | | |
| Select Energy Contracting, Inc. | N/A | N/A | N/A | N/A | N/A | N/A | N/A | Select Energy Services, Inc. | \$334,000 |
| Reeds Ferry Supply Co., Inc. | No transactions this quarter. | | | | | | | | |

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

Yankee Energy
Services
Company No transactions this quarter

ERI/HECE
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.

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.

| | | | Total Amount |
|----------------------|----------------------|----------------------------|--|
| | | | Billed* |
| | | | Three Months |
| | | | Ended |
| Reporting Company | Associate Company | Types of Services Rendered | September 30, 2004 (Thousands of Dollars) |
| Rendering Services | Rendering Services | | |
| Northeast Generation | Northeast Generation | | |
| Services Company | Company | Power Plant | \$ 6,697 |
| Northeast Generation | Northeast | | |
| Services Company | Utilities | Miscellaneous Services | \$ 5 |
| Northeast | | | |

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| | | | | |
|------------------|---------------------|--------------------------------|----|-------|
| Generation | Northeast Utilities | Engineering and | | |
| Services Company | Service Company | Miscellaneous Services | \$ | 16 |
| Northeast | The Connecticut | | | |
| Generation | Light and Power | Engineering and | | |
| Services Company | Company | Miscellaneous Services | \$ | 65 |
| Northeast | Holyoke Water | | | |
| Generation | | | \$ | |
| Services Company | Power Company | Power Plant | | 7,832 |
| Northeast | Western | | | |
| Generation | Massachusetts | Power Plant and | | |
| Services Company | Electric Company | Miscellaneous Services | \$ | 2 |
| Northeast | Select Energy | | | |
| Generation | | | \$ | |
| Services Company | Services, Inc. | Power Plant | | 659 |
| Northeast | Public Service | | | |
| Generation | Company of | Electrical, Engineering and | | |
| Services Company | New Hampshire | Miscellaneous Services | \$ | 14 |

| | | | | |
|--|---|--|----|-------|
| Northeast Generation Services Company | Select Energy, Inc. | Power Plant, Electrical, Mechanical and Miscellaneous Services | \$ | 60 |
| Northeast Generation Services Company | Greenport Power, LLC | Engineering Services | \$ | 14 |
| Woods Electrical Co., Inc. | Northeast Utilities Service Company | Electrical and Construction Services | \$ | 7 |
| Woods Electrical Co., Inc. | Woods Network Services, Inc. | Electrical and Construction Services | \$ | 20 |
| Woods Electrical Co., Inc. | E.S. Boulos Company | Electrical and Construction Services | \$ | 16 |
| E.S. Boulos Company | The Connecticut Light and Power Company | Electrical and Construction Services | \$ | 1,609 |
| E.S. Boulos Company | Western Massachusetts Electric Company | Electrical and Construction Services | \$ | 14 |
| E.S. Boulos Company | Public Service Company of New Hampshire | Electrical and Construction Services | \$ | 194 |
| | Northeast Utilities | Electrical and | | |

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| | | | | |
|---------------------------------|---------------------------------------|--------------------------------------|----|-------|
| E.S. Boulos Company | Service Company | Construction Services | \$ | 2 |
| E.S. Boulos Company | Select Energy Services, Inc. | Electrical and Construction Services | \$ | 1,725 |
| E.S. Boulos Company | Northeast Generation Company | Electrical and Construction Services | \$ | 39 |
| E.S. Boulos Company | Select Energy Contracting, Inc. | Electrical Services | \$ | 1 |
| E.S. Boulos Company | Northeast Generation Services Company | Electrical and Construction Services | \$ | 99 |
| E.S. Boulos Company | Woods Electrical Co., Inc. | Electrical and Construction Services | \$ | 64 |
| Reeds Ferry Supply Co., Inc. | Select Energy Contracting, Inc. | Wholesale Purchasing Services | \$ | 151 |
| Select Energy Contracting, Inc. | Select Energy Services, Inc. | Electrical and Mechanical Services | \$ | 665 |

| | | | | |
|---------------------|--------------------------------------|------------------------|----|-------|
| | Select Energy | | | |
| Select Energy, Inc. | New York, Inc. | Miscellaneous Services | \$ | 3,569 |
| Select Energy, Inc. | Northeast Utilities | Miscellaneous Services | \$ | 5 |
| Select Energy, Inc. | Northeast Utilities Services Company | Miscellaneous Services | \$ | 439 |

* Total amount billed includes direct costs, overheads and a return.

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

| Associate Company | Reporting Company | Types of Services Rendered | Total Amount Billed* |
|---|---------------------------------------|----------------------------|--|
| Rendering Services | Receiving Services | | Three Months Ended |
| | | | September 30, 2004 (Thousands of Dollars) |
| Northeast Generation Company | Northeast Generation Services Company | Miscellaneous Services | \$ 204 |
| Northeast Utilities | Select Energy, Inc. | Miscellaneous Services | \$ 114 |
| The Connecticut Light and Power Company | Northeast Generation Services Company | Miscellaneous Services | \$ 55 |
| The Connecticut Light and Power Company | Select Energy, Inc. | Miscellaneous Services | \$ 1 |
| Holyoke Water Power Company | Northeast Generation Services Company | Miscellaneous Services | \$ 485 |
| Western Massachusetts Electric Company | Northeast Generation Services Company | Miscellaneous Services | \$ 73 |

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| | | | | |
|---------------------|-------------------------|-------------------------|----|-------|
| Northeast Utilities | Select Energy | | | |
| Service Company | New York, Inc. | Miscellaneous Services | \$ | 239 |
| Northeast Utilities | Northeast Generation | | | |
| Service Company | Services Company | Miscellaneous Services | \$ | 935 |
| Northeast Utilities | | | | |
| Service Company | Select Energy, Inc. | Miscellaneous Services | \$ | 4,991 |
| Select Energy | HEC/Tobyhana Energy | | | |
| Services, Inc. | Project, Inc. | Engineering Services | \$ | 458 |

* Total amount billed includes direct costs, overheads and a return.

ITEM 4 - SUMMARY OF AGGREGATE INVESTMENT

Investments in energy-related companies:

| | | (Thousands of Dollars) | |
|---|----------|------------------------|--------------------|
| Total consolidated capitalization as of | 09/30/04 | \$6,956,753 | line 1 |
| Total capitalization multiplied by 15% (line 1 multiplied by 0.15) | | 1,043,513 | |
| Additional investment allowed through 6/30/07 * | | 500,000 | |
| | | 1,543,513 | line 2 |
| Total Allowed (greater of \$50 million on line 2) | | | \$1,543,513 line 3 |
| Total current aggregate investment: | | | |
| Select Energy, Inc. and Subsidiary | | 976,788 | |
| Northeast Generation Services Company | | 21,054 | |
| Select Energy Contracting, Inc. | | 15,639 | |
| Woods Electrical Co., Inc. | | 13,159 | |
| Reeds Ferry Supply Co., Inc. | | 7 | |
| HEC/Tobyhanna Energy Project, Inc. | | - | |
| Yankee Energy Services Company | | 7,882 | |
| E.S. Boulos Company | | 7,551 | |
| | | - | |
| R.M. Services, Inc. | | | |
| NGS Mechanical, Inc. | | 10 | |
| Acumentrics Corporation | | 3,750 | |
| Greenport, LLC | | 501 | |
| ERI/HEC EFA-Med, LLC | | 9 | |
| HEC/CJTS Energy Center LLC | | 12 | |
| Current aggregate investment | | | 1,046,362 |
| Elimination ** | | | 12,539 |
| Total current aggregate investment | | | 1,033,823 line 4 |
| Difference between the total allowed and the total current aggregate investment of the registered holding company system (line 3 less line 4) | | | \$509,690 line 5 |

*Per SEC Order dated July 2, 2004 (Rel. No. 35-27868A).

**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

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. Consolidated:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

Northeast Generation Services Company:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

Select Energy Contracting, Inc.:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

Reeds Ferry Supply Co., Inc.:

Balance Sheet - As of September 30, 2004

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Income Statement - Three and nine months ended September 30, 2004

HEC/Tobyhanna Energy Project, Inc.:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

Yankee Energy Services Company:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

ERI/HEC EFA-Med, LLC:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

E. S. Boulos Company:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

NGS Mechanical, Inc.:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

HEC/CJTS Energy Center LLC:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

Woods Electrical Co., Inc.:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

Greenport Power, LLC:

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

Acumentrics Corporation:

Not available

R. M. Services, Inc.:

Inactive as of June 30, 2004

Northeast Utilities (Parent):

Balance Sheet - As of September 30, 2004

Income Statement - Three and nine months ended September 30, 2004

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).

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.1.1i

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.1j

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.1k

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.1l

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.1m

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.1n

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.1o

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.1.3a

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.1.3d

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.3e

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.3f

Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

6.B.1.3g

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.2.1

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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. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

(Unaudited)

September 30,
2004
(Thousands
of dollars)ASSETS

Current Assets:

| | | |
|--|----|---------|
| Cash | \$ | 7,225 |
| Special deposits | | 80,182 |
| Receivables, less provision for uncollectible accounts of \$9,770 | | 354,784 |
| Accounts receivable from affiliated companies | | 85,328 |
| Unbilled revenues | | 26,323 |
| Derivative assets | | 178,156 |
| Prepaid option premiums | | 13,371 |
| Prepayments and other | | 65,968 |
| | | 811,337 |

Property, Plant and Equipment:

| | | |
|--------------------------------|--|--------|
| Competitive energy | | 20,485 |
| Less: Accumulated depreciation | | 12,720 |
| | | 7,765 |
| Construction work in progress | | 1,897 |
| | | 9,662 |

Deferred Debits and Other Assets:

| | | |
|-----------------------------------|--|--------|
| Goodwill | | 3,200 |
| Purchased intangible assets, net | | 11,721 |
| Accumulated deferred income taxes | | 16,255 |

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| | |
|-------------------------------|------------|
| Long-term accounts receivable | 5,811 |
| Long-term contracts asset | 34,607 |
| | 71,594 |
| | |
| Total Assets | \$ 892,593 |

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. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

(Unaudited)

September 30,
2004
(Thousands
of dollars)LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | |
|--|----------|
| Notes payable to affiliated companies | \$ 6,200 |
| Accounts payable | 400,202 |
| Accounts payable to affiliated companies | 36,124 |
| Accrued taxes | 1,821 |
| Derivative liabilities | 158,249 |
| Unearned option premiums | 8,949 |
| Counterparty deposits | 67,356 |
| Other | 46,419 |
| | 725,320 |

Deferred Credits and Other Liabilities:

| | |
|-----------------|-------|
| Accrued pension | 1,077 |
| Other | 6,552 |
| | 7,629 |

Capitalization:

| | |
|-------------------------------|---------|
| Long-Term Debt from NU Parent | 150,000 |
|-------------------------------|---------|

Common Stockholder's Equity:

| | |
|---|---------|
| Common stock, \$1 par value - authorized 20,000 shares; 100 shares outstanding | - |
| Capital surplus, paid in | 286,172 |

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| | |
|--------------------------------------|------------|
| Accumulated deficit | (274,246) |
| Accumulated other comprehensive loss | (2,282) |
| Common Stockholder's Equity | 9,644 |
| Total Capitalization | 159,644 |
| | |
| Total Liabilities and Capitalization | \$ 892,593 |

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. AND
SUBSIDIARY

CONSOLIDATED STATEMENTS OF
OPERATIONS

(Unaudited)

| | Three Months Ended September 2004 | Nine Months Ended September 2004 |
|--|--|---|
| Operating Revenues | \$ 664,021 | \$ 1,948,553 |
| Operating Expenses: | | |
| Operation - | | |
| Purchased power, net interchange power and capacity | 642,070 | 1,866,012 |
| Other | 26,198 | 69,447 |
| Depreciation and amortization | 2,131 | 5,835 |
| Taxes other than income taxes | 2,275 | 8,060 |
| Total operating expenses | 672,674 | 1,949,354 |
| Operating Loss | (8,653) | (801) |
| Interest Expense, Net | 2,747 | 7,957 |
| Other Income, Net | 348 | 172 |
| Loss Before Income Tax Benefit | (11,052) | (8,586) |
| Income Tax Benefit | (4,785) | (3,726) |
| Net Loss | \$ (6,267) | \$ (4,860) |

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 SHEETS

(Unaudited)

September 30,
2004
(Thousands of
Dollars)

ASSETS

Current Assets:

| | | |
|---|----|-------|
| Cash and cash equivalents | \$ | 429 |
| Receivables, less provision for uncollectible accounts of \$13 | | 2,316 |
| Accounts receivable from affiliated companies | | 4,031 |
| Taxes receivable | | 124 |
| Unbilled revenues | | 149 |
| Materials and supplies | | 8 |
| Prepayments and other | | 672 |
| | | 7,729 |

Property, Plant and Equipment:

| | | |
|--------------------------------|--|-------|
| Other Competitive Energy | | 3,651 |
| Less: Accumulated depreciation | | 1,294 |
| | | 2,357 |
| Construction work in progress | | 52 |
| | | 2,409 |

Deferred Debits and Other Assets:

| | | |
|-----------------------------------|--|--------|
| Accumulated deferred income taxes | | 387 |
| Other | | 21,671 |
| | | 22,058 |

| | | | |
|--------------|--|----|--------|
| Total Assets | | \$ | 32,196 |
|--------------|--|----|--------|

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 financials statements.

NORTHEAST GENERATION SERVICES COMPANY

BALANCE SHEETS

(Unaudited)

September 30,
2004
(Thousands of
Dollars)

LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | | |
|--|----|--------|
| Notes payable to affiliated companies | \$ | 600 |
| Accounts payable | | 5,185 |
| Accounts payable to affiliated companies | | 3,472 |
| Accrued pension | | 887 |
| Other | | 1,288 |
| | | 11,432 |

Deferred Credits and Other Liabilities

1,737

Capitalization:

| | |
|-------------------------------|-------|
| Long-Term Debt from NU Parent | 5,000 |
|-------------------------------|-------|

Common Stockholder's Equity:

| | |
|---|---------|
| Common stock, \$1 par value - 20,000 authorized and 100 shares outstanding | - |
| Capital surplus, paid in | 15,418 |
| Accumulated deficit | (1,378) |
| Accumulated comprehensive loss | (13) |
| Common Stockholder's Equity | 14,027 |
| Total Capitalization | 19,027 |

| | | |
|--------------------------------------|----|--------|
| Total Liabilities and Capitalization | \$ | 32,196 |
|--------------------------------------|----|--------|

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 financials statements.

NORTHEAST GENERATION SERVICES
COMPANY

STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|----------------------------------|--|---|
| | (Thousands of Dollars) | |
| Operating Revenues | \$ 14,376 | \$ 40,480 |
| Operating Expenses: | | |
| Operation - | | |
| Other | 7,155 | 24,009 |
| Maintenance | 6,280 | 13,276 |
| Depreciation and amortization | 101 | 268 |
| Taxes other than income taxes | 358 | 1,391 |
| Total operating expenses | 13,894 | 38,944 |
| Operating Income | 482 | 1,536 |
| Interest Expense, Net | 105 | 358 |
| Other Income/(Loss), Net | 34 | (186) |
| Income Before Income Tax Expense | 411 | 992 |
| Income Tax Expense | 46 | 226 |
| Net Income | \$ 365 | \$ 766 |

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,
2004
(Thousands
of Dollars)

ASSETS

Current Assets:

| | | |
|--|----|--------|
| Cash | \$ | 1 |
| Receivables, less provision for uncollectible accounts of \$973 | | 24,888 |
| Materials and supplies | | 603 |
| Prepayments and other | | 1,105 |
| | | 26,597 |

Property, Plant and Equipment:

| | | |
|--------------------------------|--|-------|
| Competitive energy | | 5,958 |
| Less: Accumulated depreciation | | 3,460 |
| | | 2,498 |

Deferred Debits and Other Assets:

| | | |
|---------------|--|--------|
| Goodwill, net | | 17,220 |
| Other | | 2,016 |
| | | 19,236 |

| | | |
|--------------|----|--------|
| Total Assets | \$ | 48,331 |
|--------------|----|--------|

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 financials statements.

SELECT ENERGY CONTRACTING INC.

BALANCE SHEET

(Unaudited)

September 30,
2004
(Thousands
of Dollars)LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | | |
|--|----|--------|
| Accounts payable | \$ | 5,925 |
| Accounts payable to affiliated companies | | 16,849 |
| Accrued taxes | | 718 |
| Other | | 5,473 |
| | | 28,965 |

Deferred Credits and Other Liabilities:

| | | |
|-----------------------------------|--|-------|
| Accumulated deferred income taxes | | 1,688 |
| | | 1,688 |

Capitalization:

Common Stockholder's Equity:

| | | |
|---|--|--------|
| Common stock, \$1 par value - 100,000 shares authorized and 100 shares outstanding | | - |
| Capital surplus, paid in | | 15,395 |
| Retained earnings | | 2,283 |
| Common Stockholder's Equity | | 17,678 |
| Total Capitalization | | 17,678 |

| | | |
|--------------------------------------|----|--------|
| Total Liabilities and Capitalization | \$ | 48,331 |
|--------------------------------------|----|--------|

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.

STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|--------------------------------|--|---|
| | (Thousands of Dollars) | |
| Operating Revenues | \$ 24,026 | \$ 63,088 |
| Operating Expenses: | | |
| Operation | 24,302 | 62,184 |
| Maintenance | 125 | 308 |
| Depreciation | 219 | 791 |
| Total operating expenses | 24,646 | 63,283 |
| Operating Loss | (620) | (195) |
| Interest Expense, Net | 44 | 111 |
| Other Income, Net | 17 | 48 |
| Loss Before Income Tax Benefit | (647) | (258) |
| Income Tax Benefit | (224) | (39) |
| Net Loss | \$ (423) | \$ (219) |

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 financials statements.

REEDS FERRY SUPPLY CO., INC.

BALANCE SHEET
(Unaudited)

| | September 30, 2004 (Thousands of Dollars) |
|--|--|
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash | \$ 5 |
| Receivables, net | 49 |
| | 54 |
| Deferred Debits and Other Assets: | |
| Goodwill, net | 247 |
| Total Assets | \$ 301 |
| <u>LIABILITIES AND CAPITALIZATION</u> | |
| Current Liabilities: | |
| Accounts payable | \$ 48 |
| Accounts payable to affiliated companies | 295 |
| | 343 |
| 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) |
| Common Stockholder's Equity | (42) |
| Total Capitalization | (42) |

| | | |
|--------------------------------------|----|-----|
| Total Liabilities and Capitalization | \$ | 301 |
|--------------------------------------|----|-----|

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 financials statements.

REEDS FERRY SUPPLY CO., INC.

STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|--------------------|--|---|
| Operating Revenues | \$ 151 | \$ 767 |
| Operating Expenses | 151 | 767 |
| 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 financials statements.

HEC/TOBYHANNA ENERGY PROJECT, INC.

BALANCE SHEET

(Unaudited)

September 30,
2004
(Thousands
of Dollars)ASSETS

Current Assets:

| | | |
|------------------|----|-------|
| Special deposits | \$ | 4,530 |
| Receivables, net | | 776 |
| | | 5,306 |

Deferred Debits and Other Assets:

| | | |
|--------------------------|--|--------|
| Contracts receivable | | 26,827 |
| Unamortized debt expense | | 551 |
| | | 27,378 |

| | | |
|--------------|----|--------|
| Total Assets | \$ | 32,684 |
|--------------|----|--------|

LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | | |
|--|----|-------|
| Long-term debt - current portion | \$ | 621 |
| Accounts payable to affiliated companies | | 7,663 |
| Accrued taxes | | 99 |
| Accrued interest | | 223 |
| Other | | 286 |
| | | 8,892 |

Capitalization:

| | | |
|----------------|--|--------|
| Long-Term Debt | | 22,751 |
|----------------|--|--------|

Common Stockholder's Equity:

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| | |
|--|---------------|
| Common stock, \$1 par value - 100 shares authorized and outstanding | - |
| Retained earnings | 1,041 |
| Total Common Stockholder's Equity | 1,041 |
| Total Capitalization | 23,792 |
| Total Liabilities and Capitalization | \$ 32,684 |

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 financials statements.

HEC/TOBYHANNA ENERGY PROJECT,
INC.

STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|----------------------------|--|---|
| | (Thousands of Dollars) | |
| Interest Expense, Net | \$ 448 | \$ 1,370 |
| Other Income | 539 | 1,644 |
| Income Before Income Taxes | 91 | 274 |
| Income Tax Expense | 38 | 135 |
| Net Income | \$ 53 | \$ 139 |

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,
2004
(Thousands of
Dollars)

ASSETS

Current Assets:

| | | |
|--|----|-------|
| Cash | \$ | 334 |
| Notes receivable from affiliated companies | | 700 |
| Taxes receivable | | 1 |
| | | 1,035 |

Deferred Debits and Other Assets:

| | | |
|-----------------------------------|--|-------|
| Accumulated deferred income taxes | | 1,287 |
| Investments and other | | 1,367 |
| | | 2,654 |

| | | |
|--------------|----|-------|
| Total Assets | \$ | 3,689 |
|--------------|----|-------|

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,
2004
(Thousands of
Dollars)LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | | |
|--|----|-----|
| Accounts payable to affiliated companies | \$ | 453 |
| Other | | 3 |
| | | 456 |

Deferred Credits and Other Liabilities:

| | | |
|-------|--|---|
| Other | | 5 |
| | | 5 |

Common Stockholder's Equity:

| | | |
|---|----|---------|
| Common stock, \$0 par value - 10,000 shares authorized, 200 shares outstanding | | 1 |
| Capital surplus, paid in | | 7,881 |
| Accumulated deficit | | (4,654) |
| Common Stockholder's Equity | | 3,228 |
| Total Capitalization | | 3,228 |
| Total Liabilities and Capitalization | \$ | 3,689 |

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

STATEMENTS OF INCOME

(Unaudited)

| Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|--|---|
|--|---|

(Thousands of Dollars)

| | | |
|---|------|------------|
| Operating Revenues | \$ - | \$ - |
| Operating Expenses | - | 1 |
| Operating Income/(Loss) | - | (1) |
| Other Income/(Loss), Net | 2 | (2,482) |
| Income/(Loss) Before Income Tax Benefit | 2 | (2,483) |
| Income Tax Benefit | - | (1,020) |
| Net Income/(Loss) | \$ 2 | \$ (1,463) |

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,
2004
(Thousands of Dollars)

ASSETS

Current Assets:

| | |
|--|----------|
| Receivables, less provisions for uncollectible accounts of \$10 | \$ 9,641 |
| Accounts receivable from affiliated companies | 1,813 |
| Unbilled revenue | 4,503 |
| Materials and supplies | 198 |
| | 16,155 |

Property, Plant and Equipment:

| | |
|--------------------------------|-------|
| Competitive energy | 1,343 |
| Less: Accumulated depreciation | 572 |
| | 771 |

Deferred Debits and Other Assets:

| | |
|----------------------------------|-------|
| Goodwill | 6,963 |
| Purchased intangible assets, net | 30 |
| Other | 45 |
| | 7,038 |

| | |
|--------------|-----------|
| Total Assets | \$ 23,964 |
|--------------|-----------|

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,
2004
(Thousands of Dollars)

LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | | |
|---|----|-------|
| Advance from parent, non-interest bearing | \$ | 2,948 |
| Notes payable to banks | | 1,043 |
| Accounts payable | | 4,019 |
| Accounts payable to affiliated companies | | 607 |
| Accrued taxes | | 122 |
| Other | | 589 |
| | | 9,328 |

Deferred Credits and Other Liabilities:

| | | |
|-----------------------------------|--|-------|
| Accumulated deferred income taxes | | 439 |
| Other | | 717 |
| | | 1,156 |

Capitalization:

Common Stockholder's Equity:

| | | |
|--|--|--------|
| Common stock, \$0 par value 20,000 shares authorized and 100 shares outstanding | | - |
| Capital surplus, paid in | | 7,539 |
| Retained earnings | | 5,941 |
| Common Stockholder's Equity | | 13,480 |
| Total Capitalization | | 13,480 |

| | | |
|--------------------------------------|----|--------|
| Total Liabilities and Capitalization | \$ | 23,964 |
|--------------------------------------|----|--------|

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

STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|----------------------------------|--|---|
| | (Thousands of Dollars) | |
| Operating Revenues | \$ 10,474 | \$ 32,821 |
| Operating Expenses: | | |
| Operation - | | |
| Other | 10,297 | 31,911 |
| Depreciation | 67 | 191 |
| Total operating expenses | 10,364 | 32,102 |
| Operating Income | 110 | 719 |
| Other Loss, Net | (7) | (14) |
| Income Before Income Tax Expense | 103 | 705 |
| Income Tax Expense | 27 | 247 |
| Net Income | \$ 76 | \$ 458 |

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,
2004
(Thousands
of Dollars)

ASSETS

Current Assets:

| | | |
|--------------|----|----|
| Cash | \$ | 10 |
| Total Assets | \$ | 10 |

LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | | |
|---|----|-----|
| Accounts payable to affiliated companies | \$ | 3 |
| | | 3 |
| Common Stockholder's Equity: | | |
| Common stock, \$0 par value - authorized 20,000 shares; outstanding 100 shares | | - |
| Capital surplus, paid in | | 10 |
| Accumulated deficit | | (3) |
| Common Stockholder's Equity | | 7 |
| Total Capitalization | | 7 |
| 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.

STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|--------------------|--|---|
| | (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, 2004 (Thousands of dollars) |
|--|--|
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash | \$ 170 |
| Notes receivable from affiliated companies | 126,400 |
| Notes and accounts receivable | 3,357 |
| Accounts receivable from affiliated companies | 33,395 |
| Taxes receivable | 4,667 |
| Derivative assets | 716 |
| Prepayments | 76 |
| | 168,781 |
| Deferred Debits and Other Assets: | |
| Investments in subsidiary companies, at equity | 2,636,296 |
| Other | 13,994 |
| | 2,650,290 |
| | |
| Total Assets | \$ 2,819,071 |

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,
2004
(Thousands
of dollars)LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | | |
|--|----|--------|
| Long-term debt - current portion | \$ | 25,000 |
| Accounts payable | | 1,196 |
| Accounts payable to affiliated companies | | 151 |
| Accrued interest | | 12,942 |
| Other | | 327 |
| | | 39,616 |

Deferred Credits and Other Liabilities:

| | |
|-----------------------------------|-------|
| Accumulated deferred income taxes | 4,302 |
| Other | 1,785 |
| | 6,087 |

Capitalization:

| | |
|----------------|---------|
| Long-Term Debt | 454,459 |
|----------------|---------|

Common Shareholders' Equity:

| | |
|---|-----------|
| Common stock, \$5 par value - authorized 225,000,000 shares; 150,683,698 shares issued and 128,349,411 shares outstanding | 753,418 |
| Capital surplus, paid in | 1,111,152 |
| Deferred contribution plan - employee stock ownership plan | (63,831) |
| Retained earnings | 879,153 |
| Accumulated other comprehensive loss | (1,923) |

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| | | |
|--------------------------------------|----|-----------|
| Treasury stock | | (359,060) |
| Common Shareholders' Equity | | 2,318,909 |
| Total Capitalization | | 2,773,368 |
| Total Liabilities and Capitalization | \$ | 2,819,071 |

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, 2004 | Nine Months Ended September 30, 2004 |
|---|--|---|
| | (Thousands of Dollars) | |
| Operating Revenues | \$ - | \$ - |
| Operating Expenses: | | |
| Other | 1,432 | 6,400 |
| Operating Loss | (1,432) | (6,400) |
| Interest Expense | 6,092 | 17,953 |
| Other Income, Net: | | |
| Equity in earnings of subsidiaries | 42,793 | 138,653 |
| Other | 4,146 | 11,999 |
| Other income, net | 46,939 | 150,652 |
| Income Before Income Tax Expense/(Benefit) | 39,415 | 126,299 |
| Income Tax Expense/(Benefit) | 298 | (3,143) |
| Net Income | \$ 39,117 | \$ 129,442 |

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,
2004
(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 financials statements.

HEC/CJTS ENERGY CENTER LLC

STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|--------------------|--|---|
| | (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 financials statements.

WOODS ELECTRICAL CO., INC.

BALANCE SHEET

(Unaudited)

September 30,
2004
(Thousands of
Dollars)ASSETS

Current Assets:

| | | |
|------------------------|----|-------|
| Cash | \$ | 382 |
| Receivables, net | | 5,593 |
| Taxes receivable | | 137 |
| Unbilled revenues | | 2,196 |
| Materials and supplies | | 110 |
| | | 8,418 |

Property, Plant and Equipment:

| | | |
|---|--|-----|
| Competitive Energy | | 297 |
| Less: Accumulated depreciation and amortization | | 95 |
| | | 202 |

Deferred Debits and Other Assets:

| | | |
|----------------------------------|--|-------|
| Goodwill | | 3,218 |
| Purchased intangible assets, net | | 4,450 |
| Other | | 1 |
| | | 7,669 |

| | | |
|--------------|----|--------|
| Total Assets | \$ | 16,289 |
|--------------|----|--------|

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, 2004 (Thousands of Dollars) |
|--|--|
| <u>LIABILITIES AND CAPITALIZATION</u> | |
| Current Liabilities: | |
| Notes payable to affiliated companies | \$ 3,600 |
| Advance from parent, non-interest bearing | 250 |
| Accounts payable | 2,583 |
| Accounts payable to affiliated companies | 402 |
| Other | 76 |
| | 6,911 |
| Deferred Credits and Other Liabilities: | |
| Accumulated deferred income taxes | 384 |
| Other | 322 |
| | 706 |
| Capitalization: | |
| Long-Term Debt from NU Parent | 4,450 |
| Common Stockholder's Equity: | |
| Common stock, \$0 par value - 20,000 shares authorized and 100 shares outstanding | - |
| Capital surplus, paid in | 5,000 |
| Retained deficit | (778) |
| Common Stockholder's Equity | 4,222 |
| Total Capitalization | 8,672 |
| Total Liabilities and Capitalization | \$ 16,289 |

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.

STATEMENTS OF INCOME

(Unaudited)

| Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|--|---|
|--|---|

(Thousands of Dollars)

| | | |
|---------------------------------|----------|-----------|
| Operating Revenues | \$ 6,677 | \$ 13,083 |
| Operating Expenses: | | |
| Other | 6,560 | 13,232 |
| Depreciation | 14 | 39 |
| Total operating expenses | 6,574 | 13,271 |
| Operating Income/(Loss) | 103 | (188) |
| Interest Expense, Net | 89 | 255 |
| Other Income, Net | 1 | 2 |
| Income/(Loss) Before Income Tax | | |
| Expense/(Benefit) | 15 | (441) |
| Income Tax Expense/(Benefit) | 6 | (180) |
| Net Income/(Loss) | \$ 9 | \$ (261) |

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.

GREENPORT POWER, LLC

BALANCE SHEET
(Unaudited)

September 30,
2004
(Thousands
of Dollars)

ASSETS

Current Assets:

| | | |
|------|----|-----|
| Cash | \$ | 181 |
|------|----|-----|

| | | |
|--------------|----|-----|
| Total Assets | \$ | 181 |
|--------------|----|-----|

LIABILITIES AND CAPITALIZATION

Current Liabilities:

| | | |
|------------------|----|----|
| Accounts payable | \$ | 46 |
|------------------|----|----|

| | | |
|-------|--|-----|
| Other | | 89 |
| | | 135 |

| | | |
|-----------------|--|----|
| Member's equity | | 46 |
|-----------------|--|----|

| | | |
|--------------------------------------|----|-----|
| Total Liabilities and Capitalization | \$ | 181 |
|--------------------------------------|----|-----|

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.

GREENPORT POWER, LLC

STATEMENTS OF INCOME

(Unaudited)

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|--------------------|--|---|
| | (Thousands of Dollars) | |
| Operating Revenues | \$ - | \$ - |
| Operating Expenses | - | 180 |
| Net Loss | \$ - | \$ (180) |

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 has a 50 percent ownership interest in Greenport Power, LLC

ERI/HEC EFA-Med, LLC

BALANCE SHEET
(Unaudited)

September 30,
2004
(Thousands
of Dollars)

ASSETS

Current Assets:

| | | |
|------|----|---|
| Cash | \$ | 2 |
|------|----|---|

| | | |
|--------------|----|---|
| Total Assets | \$ | 2 |
|--------------|----|---|

LIABILITIES AND CAPITALIZATION

Capitalization:

Common Stockholder's Equity:

| | | |
|--------------------------|----|----|
| Capital surplus, paid in | \$ | 18 |
|--------------------------|----|----|

| | | |
|---------------------|--|------|
| Accumulated deficit | | (16) |
|---------------------|--|------|

| | | |
|-----------------------------|--|---|
| Common Stockholder's Equity | | 2 |
|-----------------------------|--|---|

| | | |
|----------------------|--|---|
| Total Capitalization | | 2 |
|----------------------|--|---|

| | | |
|--------------------------------------|----|---|
| Total Liabilities and Capitalization | \$ | 2 |
|--------------------------------------|----|---|

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 Services, Inc. has a 50 percent ownership interest in ERI/HEC EFA-Med, LLC.

ERI/HEC EFA-Med, LLC

STATEMENTS OF INCOME

(Unaudited)

| Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|--|---|
|--|---|

(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.

Select Energy Services, Inc. has a 50 percent ownership interest in ERI/HEC EFA-Med, LLC.

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.
Greenport Power, LLC
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

Notes to Financial Statements (Unaudited)

1.

About Northeast Utilities (NU)

Northeast Utilities Parent is the parent company of NU's subsidiaries. NU's regulated utilities furnish franchised retail electric service in Connecticut, New Hampshire and Massachusetts through three wholly owned subsidiaries: The Connecticut Light and Power Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company. 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. Northeast Utilities Service Company provides centralized accounting, administrative, engineering, financial, information technology, legal, operational, planning, purchasing, and other services to NU's companies. 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 consolidated 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 generation facilities. E.S. Boulos

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Company (Boulos), NGS Mechanical, Inc. (NGS Mechanical) and Woods Electrical Co., Inc. (Woods Electrical) are wholly owned subsidiaries of NGS. Greenport Power, LLC (Greenport) is a joint venture that is 50 percent owned by 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. Yankee maintains certain wholly owned subsidiaries, including Yankee Energy Services Company (YESCO).

NU Enterprises is grouped into two business segments: the merchant energy business segment and the energy services business segment. The merchant energy business segment is comprised of Select Energy's wholesale and retail businesses. The energy services business segment consists of the operations of NGS, SESI and Woods Network.

Select Energy, SENY, NGS, Boulos, NGS Mechanical, Woods Electrical, Greenport, Select Energy Contracting, Reeds Ferry, HEC/Tobyhanna, HEC/CJTS, ERI/HEC 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's merchant energy business segment includes its wholesale marketing and retail marketing businesses. The wholesale marketing business includes wholesale origination, portfolio management and the operation of more than 1,400 megawatts of pumped storage, hydroelectric and coal-fired generation assets. The wholesale business primarily services firm requirements sales to local distribution companies and bilateral sales to other counterparties. 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 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. Additionally, Select Energy is a licensed retail electricity supplier and is registered with the local electric distribution company in the District of Columbia, and is a licensed retail electricity supplier in the state of Ohio.

3.

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.

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.

5.

About Boulos

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

6.

About NGS Mechanical

NGS Mechanical provides power plant operations, maintenance and capital project support 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, New Hampshire and New York.

8.

About Greenport

Greenport is a limited liability company that was established to enter into an engineering, procurement and construction agreement with Global Common LLC for the performance of design, engineering, procurement, construction, and other services in connection with an electrical generation facility construction project in Greenport - Long Island, New York. Greenport is 50 percent owned by NGS.

9.

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.

10.

About Reeds Ferry

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

11.

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.

12.

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.

13.

About ERI/HEC

ERI/HEC was established on September 30, 2000, by SESI and ERI Services, Inc. to enter into an indefinite delivery/indefinite quantity contract with the United States Navy. ERI/HEC is 50 percent owned by SESI.

14.

About YESCO

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

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 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. NU's 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.

Derivative Instruments, Market Risk Information and Other Risk Management Activities

A.

Derivative Instruments

Derivatives that are utilized for trading purposes are recorded at fair value with changes in fair value included in earnings. Other contracts that are derivatives but do not meet the definition of a cash flow or fair value hedge and cannot be designated as normal purchases or normal sales are also recorded at fair value with changes in fair value included in earnings. 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 until the underlying transactions occur. 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 earnings. Derivative contracts designated as fair value hedges and the item they are hedging are both recorded at fair value on the consolidated balance sheets. Derivative contracts that are entered into as a normal purchase or sale and are probable of resulting in physical delivery, and are documented as such, are recorded under accrual accounting.

There was no material impact recognized in earnings for the ineffective portion of cash flow hedges. A pre-tax negative \$4.2 million was recognized in earnings for the ineffective portion of fair value hedges. The changes in the fair value of both the fair value hedges and the natural gas inventory being hedged are recorded in purchased power, net interchange power and capacity on the accompanying consolidated statements of income.

The tables below summarize the derivative assets and liabilities at September 30, 2004. The business activities of NU Enterprises that result in the recognition of derivative assets include concentrations of credit risk to energy marketing and trading counterparties. At September 30, 2004, Select Energy has \$178.2 million of derivative assets from trading, non-trading, and hedging activities. These assets are exposed to counterparty credit risk. However, a significant portion of these assets is contracted with investment grade rated counterparties or collateralized with cash. The amounts below do not include option premiums paid, which are recorded as prepayments and amounted to \$4.4 million related to energy trading activities and \$9 million related to marketing activities at September 30, 2004. These amounts also do not include option premiums received, which are recorded as other current liabilities and amounted to \$7 million related to energy trading activities and \$1.9 million related to marketing activities at September 30, 2004.

| <i>(Millions of Dollars)</i> | Assets | Liabilities | Total |
|------------------------------|---------|-------------|--------|
| Trading | \$ 94.0 | \$ (71.0) | \$23.0 |
| Non-trading | 3.3 | (2.3) | 1.0 |
| Hedging | 80.9 | (84.9) | (4.0) |
| Total | \$178.2 | \$(158.2) | \$20.0 |

Trading: To gather market intelligence and utilize this information in risk management activities for the wholesale marketing activities, Select Energy conducts limited energy trading activities in electricity, natural gas, and oil, and therefore, experiences net open positions. Select Energy manages these open positions with strict policies that limit its 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 consolidated balance sheets as derivative assets or liabilities. Changes in fair value are recognized in operating revenues in the consolidated statements of income in the period of change. The net fair value position of the trading portfolio at September 30, 2004 was assets of \$23 million.

Select Energy's trading portfolio includes New York Mercantile Exchange (NYMEX) futures, financial swaps, and options, the fair value of which is based on closing exchange prices; over-the-counter forwards, financial swaps, and options, the fair value of which is based on the mid-point of bid and ask market prices; and 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. Select Energy's trading portfolio also includes transmission congestion contracts (TCC). The fair value of the TCCs included in the trading portfolio is based on published market data.

Non-Trading: Non-trading derivative contracts are used for delivery of energy related to Select Energy's wholesale and retail marketing activities. These contracts 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 which settles financially

or because management did not elect the normal purchases and sales designation. Changes in fair value of a positive \$0.2 million of non-trading derivative contracts were recorded in revenues in the first nine months of 2004.

Market information for the TCCs classified as non-trading is not available and those contracts cannot be reliably valued. Management believes the amounts paid for these contracts, which total \$5.4 million at September 30, 2004, and are included in premiums paid, are equal to their fair value.

Hedging: Select Energy utilizes 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 and purchase commitments to 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 and delivery 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 or natural gas. 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. Cash flow 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 maintains natural gas service agreements with certain customers to supply gas at fixed prices for terms extending through 2006. Select Energy has hedged its gas supply risk under these agreements through NYMEX futures contracts. Under these contracts, which also extend through 2006, the purchase price of a specified quantity of gas is effectively fixed over the term of the gas service agreements. At September 30, 2004 the NYMEX futures contracts had notional values of \$88.3 million and were recorded at fair value as derivative assets of \$18.9 million.

Select Energy also maintains various physical and financial instruments to hedge its electric and gas purchases and sales through 2006. These instruments include forwards, futures, options, financial collars, swaps and financial transmission rights. These hedging contracts, which are valued at the mid-point of bid and ask market prices, were recorded as derivative assets of \$62 million and derivative liabilities of \$84.5 million at September 30, 2004.

Select Energy hedges certain amounts of natural gas inventory with gas futures, options and swaps, some of which are accounted for as fair value hedges. The changes in fair value of the futures, options and swaps were recorded as derivative liabilities of \$0.4 million at September 30, 2004. During the third quarter, a change in the fair value of hedged natural gas inventory of a negative \$4.3 million was recorded along with the change in the fair value of the hedge of a positive \$0.1 million. In September 2004, certain of these fair value hedges were redesignated as cash flow hedges, and future changes in fair value will be included in other comprehensive income (equity), unless ineffective.

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 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. 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, 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.

Wholesale and Retail Marketing Portfolio: When conducting sensitivity analyses of the change in the fair value of Select Energy's electricity, natural gas and oil on the wholesale and retail marketing 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 consideration 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 wholesale and retail marketing portfolio, which includes cash flow hedges and electricity, natural gas and oil contracts, assuming a 10 percent change in forward market prices. At September 30, 2004, a 10 percent change in market price would have resulted in an increase in fair value of \$47.4 million or a decrease in fair value of \$45.1 million.

The impact of a change in electricity, natural gas and oil prices on Select Energy's wholesale and retail marketing portfolio at September 30, 2004, is not necessarily representative of the results that will be realized when these contracts are physically delivered.

Trading Contracts: At September 30, 2004, Select Energy has calculated the market price resulting from a 10 percent change in forward market prices. That 10 percent change would result in approximately a \$1.1 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 non-financial or non-quantifiable. These risks principally include credit risk, which is not reflected in this sensitivity analysis.

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 its 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 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 lines 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 cleared off the NYMEX exchange are ultimately guaranteed by NYMEX to Select Energy. Select Energy has 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 condition (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 entering into energy contracts. The appropriateness of these limits is subject to continuing review. Concentrations among these counterparties may impact Select Energy'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, 2004, Select Energy maintained collateral balances from counterparties of \$67.4 million. These amounts are included in both cash and cash equivalents and other current liabilities on the accompanying consolidated balance sheets.

18.

Special Deposits

Special deposits represents amounts Select Energy has on deposit with unaffiliated counterparties and brokerage firms in the amount of \$80.2 million.

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)

/s/ John P. Stack

(Signature of Signing Officer)

John P. Stack
Vice President - Accounting and
Controller
Date: November 23, 2004