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NORTHEAST UTILITIES SYSTEM

Form U-9C-3

March 25, 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 December 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.

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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

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### Instructions

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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.

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

-----  
 4th quarter not required.

ITEM 2 - ISSUANCES AND RENEWALS OF SECURITIES AND CAPITAL CONTRIBUTIONS

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 Instruction  
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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	Completed
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 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Sele Serv Inc.
E.S. Boulos Company	No transactions this quarter.							
NGS Mechanical, Inc.	No transactions this quarter.							

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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.

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 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 December 31, 2003
-----			-----
			(Thousands of Dollars)
Northeast Generation Services Company	Northeast Generation Company	Electrical and Mechanical Services	\$ 6,739 =====
Northeast Generation Services Company	Northeast Utilities Service Company	Miscellaneous	\$ 25 =====
Northeast Generation Services Company	The Connecticut Light and Power Company	Electrical and Mechanical Services	\$ 52 =====
Northeast			

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Generation Services Company	Holyoke Water Power Company	Electrical and Mechanical Services	\$ 4,195 =====
Northeast Generation Services Company	Select Energy Services, Inc.	Electrical and Mechanical Services	\$ 2,470 =====
Northeast Generation Services Company	Public Service Company of New Hampshire	Electrical and Mechanical Services	\$ 153 =====
Northeast Generation Services Company	Select Energy, Inc.	Electrical and Mechanical Services	\$ 6 =====
Northeast Generation Services Company	E.S. Boulos Company	Wholesale Purchasing Services	\$ 20 =====
Reeds Ferry Supply Co., Inc.	Select Energy Contracting, Inc.	Wholesale Purchasing Services	\$ 235 =====
E.S. Boulos Company	Northeast Generation Services Company	Wholesale Purchasing Services	\$ 247 =====
Select Energy, Inc.	Select Energy New York, Inc.	Wholesale Purchasing Services	\$ 5 =====
Select Energy, Inc.	Northeast Generation Services Company	Miscellaneous	\$ 1 =====
Select Energy, Inc.	Northeast Utilities Service Company	Miscellaneous	\$ 388 =====
Select Energy New York, Inc.	Select Energy, Inc.	Miscellaneous	\$ 65 =====

\* Total Amount Billed is for direct costs only.

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

Associate Company Rendering Services	Reporting Company Receiving Services	Types of Services Rendered	Total Amount Billed* Three Months Ended December 31, 2003  (Thousands of Dollars)
-----	-----	-----	-----
Northeast Generation Company	Northeast Generation Services Company	Miscellaneous	\$ 570 =====
Northeast Utilities	Select Energy, Inc.	Miscellaneous	\$ 64

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=====			
Public Service Company of New Hampshire	Northeast Generation Services Company	Miscellaneous	\$ 1
=====			
Public Service Company of New Hampshire	Select Energy, Inc.	Miscellaneous	\$ 4
=====			
The Connecticut Light and Power Company	Northeast Generation Services Company	Miscellaneous	\$ 13
=====			
Holyoke Water Power Company	Northeast Generation Services Company	Miscellaneous	\$ 107
=====			
Western Massachusetts Electric Company	Northeast Generation Services Company	Miscellaneous	\$ 15
=====			
Western Massachusetts Electric Company	Select Energy, Inc.	Miscellaneous	\$ 1
=====			
Northeast Utilities Service Company	Select Energy New York, Inc.	Miscellaneous	\$ 122
=====			
Northeast Utilities Service Company	Northeast Generation Services Company	Miscellaneous	\$ 1,532
=====			
Northeast Utilities Service Company	Select Energy, Inc.	Miscellaneous	\$ 4,294
=====			

\* 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	12/31/03	\$6,761,547	line 1
Total capitalization multiplied by 15% (line 1 multiplied by .15)		1,014,232	line 2
Greater of \$50 million or line 2		\$1,014,232	line 3
Total current aggregate investment:			
Select Energy, Inc.		762,860	
Northeast Generation Services Company		32,756	
Select Energy Contracting, Inc.		24,929	
Select Energy New York, Inc.		60,192	
Woods Electrical Co., Inc.		15,585	
Reeds Ferry Supply Co., Inc.		7	
HEC/Tobyhanna Energy Project, Inc.		-	
Yankee Energy Services Company		7,882	

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E.S. Boulos Company	9,880
R.M. Services, Inc.	15,125
NGS Mechanical, Inc.	10
Acumentrics Corporation	7,500
Greenport, LLC	501
ERI/HEC EFA-Med, LLC	9
HEC/CJTS Energy Center LLC	12
	-----
Current aggregate investment	937,248
	-----
Elimination *	22,505
	-----
Total current aggregate investment	914,743 line 4
	-----
Difference between the greater of \$50 million or 15% of capitalization and the total aggregate investment of the registered holding company system	\$99,489 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  
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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  
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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.

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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 December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

Northeast Generation Services Company:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

Select Energy Contracting, Inc.:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

Reeds Ferry Supply Co., Inc.:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

HEC/Tobyhanna Energy Project, Inc.:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

Yankee Energy Services Company:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

ERI/HEC EFA-Med, LLC:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

E. S. Boulos Company:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

NGS Mechanical, Inc.:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003

Select Energy New York, Inc.:

Balance Sheet - As of December 31, 2003  
Income Statement - Three and twelve months ended December 31, 2003



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HEC/CJTS Energy Center LLC:

Balance Sheet - As of December 31, 2003

Income Statement - Three and twelve months ended December 31, 2003

Woods Electrical Co., Inc.:

Balance Sheet - As of December 31, 2003

Income Statement - Three and twelve months ended December 31, 2003

Greenport Power, LLC:

Balance Sheet - As of December 31, 2003

Income Statement - Three and twelve months ended December 31, 2003

Acumentrics Corporation:

Not available

R. M. Services, Inc.:

Not available

Northeast Utilities (Parent):

4th quarter not required.

### 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.1.2	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.3	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).
6.B.1.6	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.7	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
6.B.1.8	Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).

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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)

		December 31, 2003
		----- (Thousands of Dollars)
<b>ASSETS</b>		
-----		
Current Assets:		
Unrestricted cash from counterparties	\$	39,455
Receivables, net		330,758
Accounts receivable from affiliated companies		173,878
Taxes receivable		30,944
Unbilled revenues		48,703
Special deposits		12,994
Derivative assets		168,987
Prepaid option premiums		12,469
Prepayments and other		13,820
		----- 832,008 -----
Property, Plant and Equipment:		
Competitive Energy		14,192
Less: Accumulated depreciation and amortization		11,779
		----- 2,413
Construction work in progress		6,167
		----- 8,580 -----
Deferred Debits and Other Assets:		
Purchased intangible assets, net		14,426
Prepaid pension		1,421
Long-term accounts receivable		6,194

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Long-term contracts asset	39,339
Other	38,099
	-----
	99,479
	-----
Total Assets	\$ 940,067
	=====

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)

	December 31, 2003
	-----
	(Thousands of Dollars)
LIABILITIES AND CAPITALIZATION	
-----	
Current Liabilities:	
Notes payable to affiliated companies	\$ 63,200
Accounts payable	449,494
Accounts payable to affiliated companies	24,538
Derivative liabilities	103,161
Unearned option premiums	12,244
Counterparty deposits	39,454
Other	36,762
	-----
	728,853
	-----
Deferred Credits and Other Liabilities:	
Accumulated deferred income taxes	10,653
Other	8,359
	-----
	19,012
	-----
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	286,224
Accumulated deficit	(269,386)
Accumulated other comprehensive income	25,364
	-----
Common Stockholder's Equity	42,202
	-----
Total Capitalization	192,202
	-----
Total Liabilities and Capitalization	\$ 940,067
	=====

Note: In the opinion of the Company, all adjustments necessary for a fair

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presentation of financial position for the period shown have been made.

See accompanying notes to financial statements.

SELECT ENERGY, INC.  
STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended December 31, 2003	Twelve Months Ended December 31, 2003
-----		
(Thousands of Dollars)		
Operating Revenues	\$ 555,429	\$ 2,149,828
-----		
Operating Expenses:		
Operation -		
Purchased power, net interchange power and capacity	586,584	2,124,909
Other	23,456	71,806
Depreciation and amortization	3,049	11,722
Taxes other than income taxes	1,700	5,089
-----		
Total operating expenses	614,789	2,213,526
-----		
Operating Loss	(59,360)	(63,698)
Interest Expense, Net	2,919	8,417
Other Income, Net	951	1,428
-----		
Loss Before Income Tax Benefit	(61,328)	(70,687)
Income Tax Benefit	(22,782)	(27,082)
-----		
Net Loss	\$ (38,546)	\$ (43,605)
=====		

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)

	December 31, 2003
-----	
(Thousands of Dollars)	
ASSETS	
-----	
Current Assets:	
Cash	\$ 527
Receivables, net	5,833
Accounts receivable from affiliated companies	3,869
Taxes receivable	557
Unbilled revenues	1,353

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Materials and supplies	3
Prepayments and other	961
	-----
	13,103
	-----
Property, Plant and Equipment:	
Competitive energy	2,997
Less: Accumulated depreciation	1,055
	-----
	1,942
Construction work in progress	668
	-----
	2,610
	-----
Deferred Debits and Other Assets:	
Accumulated deferred income taxes	156
Prepaid pension	975
Other	22,314
	-----
	23,445
	-----
Total Assets	\$ 39,158
	=====

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)

	December 31, 2003
	-----
	(Thousands of Dollars)
LIABILITIES AND CAPITALIZATION	
-----	
Current Liabilities:	
Notes payable to affiliated companies	\$ 10,500
Accounts payable	4,934
Accounts payable to affiliated companies	2,701
Other	1,532
	-----
	19,667
	-----
Deferred Credits and Other Liabilities	1,192
	-----
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	15,455
Accumulated deficit	(2,143)
Accumulated comprehensive loss	(13)

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Common Stockholder's Equity	----- 13,299 -----
Total Capitalization	----- 18,299 -----
Total Liabilities and Capitalization	\$ 39,158 =====

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  
STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended December 31, 2003	Twelve Months Ended December 31, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 15,304	\$ 58,538
	-----	-----
Operating Expenses:		
Operation -		
Other	11,978	46,116
Maintenance	3,689	12,188
Depreciation and amortization	68	268
Taxes other than income taxes	414	1,761
	-----	-----
Total operating expenses	16,149	60,333
	-----	-----
Operating Loss	(845)	(1,795)
Interest Expense, Net	134	591
Other Expense, Net	(376)	(298)
	-----	-----
Loss Before Income Tax Benefit	(1,355)	(2,684)
Income Tax Benefit	(765)	(532)
	-----	-----
Net Loss	\$ (590)	\$ (2,152)
	=====	=====

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)

December 31,  
2003  
-----  
(Thousands)

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	of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 475
Receivables, net	17,502
Materials and supplies	330
Prepayments and other	1,240
	-----
	19,547
	-----
Property, Plant and Equipment:	
Competitive energy	4,674
Less: Accumulated depreciation	2,669
	-----
	2,005
	-----
Deferred Debits and Other Assets:	
Goodwill, net	17,220
	-----
Total Assets	\$ 38,772
	=====

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)

	December 31, 2003
	-----
	(Thousands of Dollars)
LIABILITIES AND CAPITALIZATION	
-----	
Current Liabilities:	
Notes payable to affiliated companies	\$ 3,790
Accounts payable	4,029
Accounts payable to affiliated companies	9,172
Accrued taxes	238
Other	981
	-----
	18,210
	-----
Deferred Credits and Other Liabilities:	
Accumulated deferred income taxes	1,276
Other	1,704
	-----
	2,980
	-----
Capitalization:	
Common Stockholder's Equity:	
Common stock, \$1 par value - 100,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	15,080
Retained earnings	2,502

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Common Stockholder's Equity	----- 17,582 -----
Total Capitalization	----- 17,582 -----
Total Liabilities and Capitalization	\$ 38,772 =====

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 December 31, 2003	Twelve Months Ended December 31, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 16,373	\$ 71,293
	-----	-----
Operating Expenses:		
Operation	15,882	65,874
Maintenance	153	606
Depreciation	159	1,039
Taxes other than income taxes	542	2,152
	-----	-----
Total operating expenses	16,736	69,671
	-----	-----
Operating (Loss)/Income	(363)	1,622
Interest Expense, Net	41	180
Other Loss, Net	(36)	(39)
	-----	-----
(Loss)/Income Before Income Tax (Benefit)/Expense	(440)	1,403
Income Tax (Benefit)/Expense	(235)	558
	-----	-----
Net (Loss)/Income	\$ (205)	\$ 845
	=====	=====

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)

December 31,  
2003  
-----



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	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 5
Receivables, net	1
Accounts receivable from affiliated companies	109
	-----
	115
	-----
Deferred Debits and Other Assets:	
Goodwill, net	247
	-----
Total Assets	\$ 362
	=====

LIABILITIES AND CAPITALIZATION

-----	
Current Liabilities:	
Accounts payable to affiliated companies	\$ 404
	-----
	404
	-----
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	\$ 362
	=====

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.  
STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended December 31, 2003	Twelve Months Ended December 31, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ 235	\$ 1,177
Operating Expenses	235	1,177
	-----	-----
Net Income	\$ -	\$ -
	=====	=====

Note: In the opinion of the Company, all adjustments necessary for a fair

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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)

	December 31, 2003
-----	
(Thousands of Dollars)	
<b>ASSETS</b>	
-----	
Current Assets:	
Special deposits	\$ 4,314
Receivables, net	766
	-----
	5,080
	-----
Deferred Debits and Other Assets:	
Contracts receivable	27,340
Unamortized debt expense	576
	-----
	27,916
	-----
Total Assets	\$ 32,996
	=====
 <b>LIABILITIES AND CAPITALIZATION</b>	
-----	
Current Liabilities:	
Long-term debt - current portion	\$ 577
Accounts payable to affiliated companies	7,109
Accrued taxes	25
Accrued interest	693
Other	318
	-----
	8,722
	-----
Capitalization:	
Long-Term Debt	23,372
	-----
Common Stockholder's Equity:	
Common stock, \$1 par value - 100 shares authorized and outstanding	-
Retained earnings	902
	-----
Total Common Stockholder's Equity	902
	-----
Total Capitalization	24,274
	-----
Total Liabilities and Capitalization	\$ 32,996
	=====

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

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See accompanying notes to financial statements.

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

	Three Months Ended December 31, 2003	Twelve Months Ended December 31, 2003
----- (Thousands of Dollars)		
Interest Expense, Net	\$ 465	\$ 1,892
Other Income, Net	569	2,280
	-----	-----
Income Before Income Tax Expense	104	388
Income Tax Expense	12	193
	-----	-----
Net Income	\$ 92	\$ 195
	=====	=====

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)

	December 31, 2003
----- (Thousands of Dollars)	
ASSETS	
-----	
Current Assets:	
Cash	\$ 444
Taxes receivable	301
Notes receivable from affiliated companies	100
	-----
	845
	-----
Deferred Debits and Other Assets:	
Accumulated deferred income taxes	266
Investments and other	4,042
	-----
	4,308
	-----
Total Assets	\$ 5,153
	=====

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.

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YANKEE ENERGY SERVICES COMPANY  
BALANCE SHEET  
(Unaudited)

	December 31, 2003
	----- (Thousands of Dollars)
LIABILITIES AND CAPITALIZATION	
-----	
Current Liabilities:	
Accounts payable to affiliated companies	\$ 454
Other	3
	-----
	457
	-----
Deferred Credits and Other Liabilities	5
	-----
Capitalization:	
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	(3,191)
	-----
Common Stockholder's Equity	4,691
	-----
Total Capitalization	4,691
	-----
Total Liabilities and Capitalization	\$ 5,153
	=====

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 December 31, 2003	Twelve Months Ended December 31, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ -	\$ 9
Operating Expenses	443	455
	-----	-----
Operating Loss	(443)	(446)
Interest Expense, Net	-	4

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Other Income, Net	-	3
	-----	-----
Loss Before Income Tax Benefit	(443)	(447)
Income Tax Benefit	(181)	(178)
	-----	-----
Net Loss	\$ (262)	\$ (269)
	=====	=====

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)

	December 31, 2003
	-----
	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 691
Receivables, net	8,599
Accounts receivable from affiliated companies	294
Unbilled revenues	3,014
Materials and supplies	203
	-----
	12,801
	-----
Property, Plant and Equipment:	
Competitive energy	1,131
Less: Accumulated depreciation	382
	-----
	749
	-----
Deferred Debits and Other Assets:	
Goodwill	6,963
Purchased intangible assets, net	30
Other	45
	-----
	7,038
	-----
Total Assets	\$ 20,588
	=====

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)

December 31,

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	2003	
	----- (Thousands of Dollars)	
LIABILITIES AND CAPITALIZATION		
-----		
Current Liabilities:		
Advance from parent, non-interest bearing	\$	2,948
Accounts payable		1,943
Accounts payable to affiliated companies		855
Accrued taxes		424
Other		198
		----- 6,368 -----
Deferred Credits and Other Liabilities		
Accumulated deferred income taxes		348
Other		850
		----- 1,198 -----
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		5,483
		----- 13,022 -----
Common Stockholder's Equity		13,022
Total Capitalization		----- 13,022 -----
Total Liabilities and Capitalization	\$	20,588 =====

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 December 31, 2003	Twelve Months Ended December 31, 2003
	----- (Thousands of Dollars) -----	
Operating Revenues	\$ 9,255	\$ 34,773
Operating Expenses:		
Operation -		
Other	362	1,255
Maintenance	8,469	34,215
Depreciation	53	178
Taxes other than income taxes	56	55
	-----	-----

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Total operating expenses	8,940	35,703
	-----	-----
Operating Income/(Loss)	315	(930)
Other (Loss)/Income, Net	(138)	68
	-----	-----
Income/(Loss) Before Income Tax Benefit	177	(862)
Income Tax Benefit	(65)	(224)
	-----	-----
Net Income/(Loss)	\$ 242	\$ (638)
	=====	=====

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)

	December 31, 2003
	-----
	(Thousands of Dollars)
 ASSETS	
-----	
Current Assets:	
Cash	\$ 10
	-----
Total Assets	\$ 10
	=====
 LIABILITIES AND CAPITALIZATION	
-----	
Current Liabilities:	
Accounts payable to affiliated companies	\$ 2
	-----
Capitalization:	
Common Stockholder's Equity:	
Common stock, \$0 par value - authorized 20,000 shares; outstanding 100 shares	-
Capital surplus, paid in	10
Retained 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.

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NGS MECHANICAL, INC.  
STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended December 31, 2003	Twelve Months Ended December 31, 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.

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

	December 31, 2003
	-----
	(Thousands of Dollars)
<b>ASSETS</b>	
-----	
<b>Current Assets:</b>	
Cash	\$ 906
Unrestricted cash from counterparties	7,041
Receivables, net	58,102
Accounts receivable from affiliated companies	4,024
Notes receivable from affiliated companies	11,000
Special deposits	4,011
Derivative assets	12,365
Prepaid option premiums	4,273
Prepayments and other	13,414
	-----
	115,136
	-----
<b>Property, Plant and Equipment:</b>	
Competitive energy	654
Less: Accumulated depreciation	369
	-----
	285
	-----
<b>Deferred Debits and Other Assets:</b>	
Goodwill	3,200
	-----
<b>Total Assets</b>	<b>\$ 118,621</b>
	=====

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



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See accompanying notes to financial statements.

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

	December 31, 2003
	----- (Thousands of Dollars)
LIABILITIES AND CAPITALIZATION	
-----	
Current Liabilities:	
Accounts payable	\$ 29,547
Accounts payable to affiliated companies	12,487
Accrued taxes	4,969
Derivative liabilities	1,800
Counterparty deposits	7,042
Other	2,485
	-----
	58,330
	-----
Deferred Credits and Other Liabilities:	
Accumulated deferred income taxes	6,116
Accrued pension	1,026
Other	451
	-----
	7,593
	-----
Capitalization:	
Long-Term Debt from NU Parent	14,699
	-----
Common Stockholder's Equity:	
Common stock, \$1 par value - authorized and outstanding 10,000 shares	10
Capital surplus, paid in	9,957
Retained earnings	22,753
Accumulated other comprehensive income	5,279
	-----
Common Stockholder's Equity	37,999
	-----
Total Capitalization	52,698
	-----
Total Liabilities and Capitalization	\$ 118,621
	=====

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.  
STATEMENTS OF INCOME  
(Unaudited)

Three Months      Twelve Months

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	Ended December 31, 2003	Ended December 31, 2003
	(Thousands of Dollars)	
Operating Revenues	\$ 98,116	\$ 380,628
Operating Expenses:		
Purchased power, net interchange power and capacity	93,835	369,126
Other	2,710	9,341
Taxes other than income taxes	(409)	(1,645)
Total operating expenses	96,136	376,822
Operating Income	1,980	3,806
Interest Expense, Net	87	494
Other Income, Net	37	248
Income Before Income Tax Expense	1,930	3,560
Income Tax Expense	44	710
Net Income	\$ 1,886	\$ 2,850

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)

	December 31, 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

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

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

See accompanying notes to financial statements.

HEC/CJTS ENERGY CENTER LLC  
STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended December 31, 2003	Twelve Months Ended December 31, 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)

	December 31, 2003
	-----
	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Receivables, net	\$ 3,774
Unbilled revenues	280
Materials and supplies	62
Prepayments and other	5
	-----
	4,121
	-----
Property Plant and Equipment:	
Competitive energy	254
Less: Accumulated depreciation and amortization	56
	-----
	198
	-----

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Deferred Debits and Other Assets:	
Purchased intangible assets, net	3,218
Goodwill	4,450
	-----
	7,668
	-----
Total Assets	\$ 11,987
	=====

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)

December 31,  
2003  
-----  
(Thousands of  
Dollars)

LIABILITIES AND CAPITALIZATION  
-----

Current Liabilities:	
Notes payable to affiliated companies	\$ 800
Advance from parent, non-interest bearing	250
Accounts payable	1,200
Accounts payable to affiliated companies	55
Accrued taxes	156
Other	51
	-----
	2,512
	-----
Deferred Credits and Other Liabilities:	
Accumulated deferred income taxes	223
Other	319
	-----
	542
	-----
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
Accumulated deficit	(517)
	-----
Common Stockholder's Equity	4,483
	-----
Total Capitalization	8,933
	-----
Total Liabilities and Capitalization	\$ 11,987
	=====

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

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See accompanying notes to financial statements.

WOODS ELECTRICAL CO., INC.  
STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended December 31, 2003	Twelve Months Ended December 31, 2003
----- (Thousands of Dollars)		
Operating Revenues	\$ 4,003	\$ 9,459
	-----	-----
Operating Expenses:		
Other	283	1,490
Maintenance	3,561	8,185
Depreciation	63	144
Taxes other than income taxes	(2)	-
	-----	-----
Total operating expenses	3,905	9,819
	-----	-----
Operating Income/(Loss)	98	(360)
Interest Expense, Net	83	326
Other Income, Net	-	3
	-----	-----
Income/(Loss) Before Income Tax Benefit	15	(683)
Income Tax Benefit	(30)	(274)
	-----	-----
Net Income/(Loss)	\$ 45	\$ (409)
	=====	=====

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)

	December 31, 2003
----- (Thousands of Dollars)	
ASSETS	
-----	
Current Assets:	
Cash	\$ 2,295
	-----
Total Assets	\$ 2,295
	=====

LIABILITIES AND CAPITALIZATION

-----

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Current Liabilities:	
Accounts payable	\$ 432
Other	235
	-----
	667
	-----
Capitalization:	
Common Stockholder's Equity:	
Members equity	1,628
	-----
Common Stockholder's Equity	1,628
	-----
Total Capitalization	1,628
	-----
Total Liabilities and Capitalization	\$ 2,295
	=====

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 has a 50 percent ownership interest in Greenport Power, LLC.

Greenport Power, LLC  
STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended December 31, 2003	Twelve Months Ended December 31, 2003
	-----	-----
	(Thousands of Dollars)	
Operating Revenues	\$ -	\$ 41,147
Operating Expenses	835	38,520
	-----	-----
Net (Loss)/Income	\$ (835)	\$ 2,627
	=====	=====

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)

December 31,  
2003  
-----

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	(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 December 31, 2003	Twelve Months Ended December 31, 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.

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

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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. Another wholly owned subsidiary, North Atlantic Energy Corporation, previously sold all of its entitlement to the capacity and output of the Seabrook 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. Northeast Utilities Service Company provides centralized accounting, administrative, engineering, financial, information technology, legal, operational, planning, purchasing, and other services to NU's companies. Prior to the sale of Seabrook, 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 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. 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).



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NU Enterprises aligns its activities into two business lines, the merchant energy business line and the energy services business line. The merchant energy business line includes Select Energy's wholesale and retail marketing activities. The energy services business line includes the operations of SESI, NGS, 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 line includes wholesale marketing and retail marketing activities. Wholesale marketing activities include wholesale origination, portfolio management and the operation of more than 1,400 megawatts of pumped storage, hydroelectric and coal-fired generation assets. 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.

### 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. 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.

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### 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 for its customers.

### 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.

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### 17. 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. Management has determined that the adoption of SFAS No. 149 did not change Select Energy's or SENY's accounting for wholesale and retail marketing contracts, or their ability to elect the normal purchases and sales exception.

In August of 2003, the FASB ratified the consensus reached by its Emerging Issues Task Force (EITF) in July 2003 on EITF Issue No. 03-11, "Reporting Realized Gains and Losses on Derivative Instruments That Are Subject to FASB Statement No. 133 and Not 'Held for Trading Purposes' as Defined in Issue No. 02-3." Prior to Issue No. 03-11, no specific guidance existed to address the classification in the income statement of derivative contracts that are not held for trading purposes. The consensus states 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. Select Energy and SENY have derivative sales contracts, and though these contracts may result in physical delivery, management has determined, based on the relevant facts and circumstances, that because these transactions are part of the respective companies' procurement activities, inclusion in operating expenses better depicts these sales activities. At December 31, 2003, settlements of these derivative contracts that are not held for trading purposes, though previously reported on a gross basis, are reported on a net basis in expenses. Sales amounting to \$595.7 million for the first nine months of 2003 were reflected as revenues in quarterly reporting but are now included in expenses.

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 was required to be adopted in the fourth quarter of 2003 for Select Energy and SENY. The adoption of Issue No. C-20 did not have an impact on Select Energy's or SENY's financial statements.

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

#### A. Derivative Instruments

Effective January 1, 2001, NU adopted SFAS No. 133, as amended. 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 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 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

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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 balance sheets. Derivative contracts that are entered into as a normal purchase or sale and will result in physical delivery, and are documented as such, are recorded under accrual accounting. For information regarding accounting changes related to derivative instruments, see Note 17, "New Accounting Standards," to the financial statements.

In 2003, there were changes to interpretations of as well as an amendment to SFAS No. 133, and the FASB continues to consider changes that could affect the way Select Energy and SENY record and disclose derivative and hedging activities.

The tables below summarize Select Energy's and SENY's derivative assets and liabilities at December 31, 2003. These amounts do not include option premiums paid, which are recorded as prepayments and amounted to \$16.7 million at December 31, 2003 (\$12.4 million for Select Energy and \$4.3 million for SENY). These amounts also do not include option premiums received by Select Energy, which are recorded as other current liabilities and amounted to \$12.2 million at December 31, 2003. The premium amounts relate primarily to energy trading activities.

(Millions of Dollars)	Assets	Liabilities	Total
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Select Energy:			
Trading	\$121.8	\$ (90.3)	\$31.5
Non-trading	0.5	(0.1)	0.4
Hedging	46.7	(12.7)	34.0
-----			
Total	\$169.0	\$(103.1)	\$65.9
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(Millions of Dollars)	Assets	Liabilities	Total
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SENY:			
Trading	\$ 2.1	\$ (1.1)	\$ 1.0
Non-trading	1.1	(0.7)	0.4
Hedging	9.1	-	9.1
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Total	\$ 12.3	\$ (1.8)	\$10.5
=====			

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 and SENY manage 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 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 December 31, 2003 were assets of \$31.5 million for Select Energy and \$1 million for SENY.

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

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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; 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. SENY's trading portfolio also includes transmission congestion contracts (TCCs). The fair value of certain TCCs is based on published market data.

**Non-trading:** Non-trading derivative contracts are used for delivery of energy related to Select Energy's and SENY'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 that settles financially or because management did not elect the normal purchase and sale designation. Changes in fair value of a negative \$2.1 million of non-trading derivative contracts were recorded in revenues in 2003.

Market information for certain TCCs is not available, and those contracts cannot be reliably valued. Management believes the amounts paid for these contracts, which total \$4.3 million and are included in premiums paid, are equal to their fair value.

**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 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, 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 2006. Select Energy and SENY have 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 December 31, 2003, the NYMEX futures contracts had notional values of \$104.5 million and were recorded at fair value as derivative assets of \$11.6 million.

Select Energy maintains power swaps to hedge purchases in New England as well as financial gas contracts and gas futures to hedge electricity purchase contracts that are indexed to gas prices. These hedging contracts, which are valued at the mid-point of bid and ask market prices, were recorded as derivative assets of \$27.3 million and derivative liabilities of \$5.1 million at December 31, 2003. To hedge the congestion price differences associated with locational marginal pricing in the New England and the Pennsylvania, New Jersey, Maryland and Delaware (PJM) regions, Select Energy holds FTR contracts recorded as a derivative asset at a fair value of \$3.8 million at December 31, 2003.

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Other hedging 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 \$5.8 million at December 31, 2003.

SENY maintains financial power swaps to hedge its retail sales portfolio through 2004, which were also valued at the mid-point of bid and ask market prices. These contracts were recorded at fair value as derivative assets of \$6.9 million at December 31, 2003.

### B. Market Risk Information

Select Energy and SENY utilize 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 and SENY'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 and SENY have 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 December 31, 2003, a 10 percent change in market price would have resulted in an increase or decrease in fair value of \$3.7 million.

The impact of a change in electricity, natural gas and oil prices on Select Energy's and SENY's wholesale and retail marketing portfolio at December 31, 2003, is not necessarily representative of the results that will be realized when these contracts are physically delivered.

**Trading Contracts:** At December 31, 2003, Select Energy and SENY have calculated the market price resulting from a 10 percent change in forward market prices. That 10 percent change would result in a \$0.4 million increase or decrease in the fair value of the Select Energy and SENY trading portfolio. In the normal course of business, Select Energy and SENY also face 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

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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 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 are guaranteed by the NYMEX and 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 energy contracts. The appropriateness of these limits is subject to continuing review. Concentrations among these counterparties may impact Select Energy's and SENY'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 December 31, 2003, Select Energy and SENY maintained collateral balances from counterparties of \$46.5 million. These amounts are included in both unrestricted cash from counterparties and other current liabilities on the accompanying balance sheets.

### 19. Special Deposits

Special deposits represents amounts Select Energy and SENY have on deposit with brokerage firms in the amount of \$17 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.

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NORTHEAST UTILITIES  
(Registered Holding Company)

By: /s/ John P. Stack

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(Signature of Signing Officer)

John P. Stack  
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Vice President-Accounting and Controller  
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Date: March 24, 2004  
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