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NORTHEAST UTILITIES SYSTEM

Form U-9C-3

March 27, 2002

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

FORM U-9C-3

QUARTERLY REPORT PURSUANT TO RULE 58

For the quarterly period ended December 31, 2001

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

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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 thereunder.

## 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

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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.

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 4th quarter not required.

### ITEM 2 - ISSUANCES AND RENEWALS OF SECURITIES AND CAPITAL CONTRIBUTIONS

#### ----- Instruction

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

Company Issuing Security	Type of Security Issued	Principal Amount of Security	Issue or Renewal	Cost of Capital	Person to Whom Security Was Issued	Collateral Given With Security	Consideration Received for Each Security	Company's Contribution to Capital
Select Energy, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NU Enterprise Inc.
Northeast Generation Services Company	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NU Enterprise Inc.
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.							
Acumentrics Corporation	No transactions this quarter.							
ERI/HEC EFA-Med, LLC	No transactions this quarter.							
E.S. Boulos								

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Company No transactions this quarter.

NGS Mechanical Company No transactions this quarter.

HEC/CJTS Energy

Center LLC N/A N/A N/A N/A N/A N/A N/A

Select Service

Northeast Utilities Advance \$33,502,000 N/A N/A Select Energy New York, Inc. N/A N/A

N/A

Select Energy New York, Inc. N/A N/A N/A N/A N/A N/A N/A

Select Inc.

ITEM 3 - ASSOCIATE TRANSACTIONS

Instructions

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

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

Reporting Company	Associate Company	Types of Services Rendered	Total Amount Billed* Three Months Ended December 31, 2001  (Thousands of Dollars)
Northeast Generation Services Company	Select Energy, Inc.	Electrical and Mechanical services	\$ 12
Northeast Generation Services Company	The Connecticut Light & Power Company	Electrical and Mechanical services	\$ 2
Northeast Generation	Western Massachusetts	Electrical and	

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Services Company	Electric Company	Mechanical services	\$ 13
=====			
Northeast Generation Services Company	Public Service Company of New Hampshire	Electrical and Mechanical services	\$ 253
=====			
Northeast Generation Services Company	Holyoke Water Power Company	Electrical and Mechanical services	\$ 2,930
=====			
Northeast Generation Services Company	Northeast Generation Company	Electrical and Mechanical services	\$ 6,087
=====			
Reeds Ferry Supply Co., Inc.	Select Energy Contracting, Inc.	Wholesale Purchasing Services	\$ 295
=====			
Northeast Generation Services Company	North Atlantic Energy Service Corporation	Electrical and Mechanical services	\$ 24
=====			
Northeast Generation Services Company	Yankee Energy Services Company	Electrical and Mechanical services	\$ 69
=====			
Northeast Generation Services Company	Northeast Utilities Service Company	Electrical and Mechanical services	\$ 38
=====			

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, 2001  (Thousands of Dollars)
-----	-----	-----	-----
Public Service Company of New Hampshire	Select Energy, Inc.	Miscellaneous	\$ 12
=====			

\* 'Total Amount Billed' is direct costs only.

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### ITEM 4 - SUMMARY OF AGGREGATE INVESTMENT

Investments in energy-related companies:

		(Thousands of Dollars)	
Total consolidated capitalization as of 12/31/01	\$6,885,709		line 1
Total capitalization multiplied by 15% (line 1 multiplied by .15)	1,032,856		line 2
Greater of \$50 million or line 2		\$1,032,856	line 3
Total current aggregate investment: (categorized by major line of energy-related business):			
Select Energy, Inc.	\$616,950		
Northeast Generation Services Company	25,336		
Select Energy Contracting, Inc.	36,656		
Select Energy New York, Inc.	36,699		
Reeds Ferry Supply Co., Inc.	7		
HEC/Tobyhanna Energy Project, Inc.	-		
Yankee Energy Services Company	10,582		
E.S. Boulos Company	7,539		
R.M. Services, Inc.	13,799		
NGS Mechanical Company	10		
Acumentrics Corporation	10,000		
ERI/HEC EFA-Med, LLC	6		
HEC/CJTS Energy Center LLC	10		
Total current aggregate investment		757,594	line 4
Difference between the greater of \$50 million or 15% of capitalization and the total aggregate investment of the registered holding company system			
		\$275,262	line 5

### 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

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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.
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. (Unconsolidated):

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

#### Select Energy New York, Inc.:

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

#### Northeast Generation Services Company:

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

#### Select Energy Contracting, Inc.:

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

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

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

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

Balance Sheet - As of December 31, 2001

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Income Statement - Three months and twelve months ended December 31, 2001

Yankee Energy Services Company:

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

ERI/HEC EFA-Med, LLC:

Not available as of December 31, 2001

E. S. Boulos Company:

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

NGS Mechanical Company:

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

HEC/CJTS Energy Center LLC:

Balance Sheet - As of December 31, 2001

Income Statement - Three months and twelve months ended December 31, 2001

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.1.1e	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.1.2a	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



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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.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,  
 2001

-----  
 (Thousands  
 of Dollars)

ASSETS

-----

Current Assets:

Accounts receivable, including unbilled revenues, net	\$ 277,132
Accounts receivable from affiliated companies	107,567
Taxes receivable	2,282
Special deposits	13,036
Unrealized gains on mark-to-market transactions	60,836
Prepaid wholesale power purchases	8,286
Prepayments and other	2,847
	-----
Total current assets	471,986
	-----

Deferred Charges:

Intangibles, net	20,151
Accumulated deferred income taxes	32,585
Prepaid pensions	2,716
Other	23,697
	-----
Total deferred charges	79,149

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Property Plant and Equipment:	
Other	12,051
	-----
	12,051
Less: Accumulated provision for depreciation	3,736
	-----
	8,315
Capital additions in progress	289
	-----
Total long-lived assets	8,604
	-----
Total Assets	\$ 559,739
	=====

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,  
2001

(Thousands  
of Dollars)

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:

Notes payable to affiliated companies	\$ 162,000
Accounts payable	273,166
Accounts payable to affiliated companies	15,018
Other	87,488
	-----
Total current liabilities	537,672
	-----

Stockholder's Equity:

Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	199,551
Other comprehensive loss	(33,459)
Retained deficit	(144,025)
	-----
Total stockholder's equity	22,067
	-----

Total Liabilities and Stockholder's Equity	\$ 559,739
	=====

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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SELECT ENERGY, INC.  
INCOME STATEMENT  
(Unaudited)

	Three Months Ended December 31, 2001	Twelve Months Ended December 31, 2001
	(Thousands of Dollars)	(Thousands of Dollars)
Operating Revenues	\$ 783,921	\$ 2,749,628
Operating Expenses:		
Purchased power, net interchange power and capacity	791,243	2,774,370
Depreciation	1,234	4,787
Other	5,798	40,027
Taxes other than income taxes	(161)	4,346
Total operating expenses	798,114	2,823,530
Operating Loss	(14,193)	(73,902)
Other Income	2,745	3,011
Interest and financing costs	1,291	8,578
Loss before income taxes	(12,739)	(79,469)
Income Tax Benefit:		
Federal and state income taxes, net	5,867	32,160
Loss before cumulative effect of accounting change	(6,872)	(47,309)
Cumulative effect of accounting change, net of tax benefit of \$14,611	-	(21,985)
Net Loss	\$ (6,872)	\$ (69,294)

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,  
2001  
-----  
(Thousands  
of Dollars)

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ASSETS

-----

Current Assets:

Cash	\$	184
Accounts receivable		11,766
Accounts receivable from affiliated companies		1,274
Fuel, materials and supplies, at average cost		455
Prepayments and other		1,572
		-----
Total current assets		15,251
		-----

Other Investments:

Investment in subsidiary company		13,902
		-----
Total other investments		13,902
		-----

Deferred Charges:

Other		1,130
		-----
Total deferred charges		1,130
		-----

Long-Lived Assets:

Other		1,514
		-----
		1,514
Less: Accumulated provision for depreciation		711
		-----
		803
Capital additions in progress		1,116
		-----
Total long-lived assets		1,919
		-----
Total Assets	\$	32,202
		=====

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,  
2001

-----  
(Thousands  
of Dollars)

LIABILITIES AND STOCKHOLDER'S EQUITY

-----

Current Liabilities:

Notes payable to affiliated companies	\$	12,500
Accounts payable		498
Accounts payable to affiliated companies		3,833
Accrued taxes		1,589

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Other	139
	-----
Total current liabilities	18,559
	-----
Deferred Credits:	
Other	37
	-----
Total deferred credits	37
	-----
Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	10,436
Retained earnings	3,170
	-----
Total stockholder's equity	13,606
	-----
Total Liabilities and Stockholder's Equity	\$ 32,202
	=====

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

See accompanying notes to financial statements.

NORTHEAST GENERATION SERVICES COMPANY  
INCOME STATEMENT  
(Unaudited)

	Three Months Ended December 31, 2001	Twelve Months Ended December 31, 2001
	----- (Thousands of Dollars)	----- (Thousands of Dollars)
Operating Revenues	\$ 19,030	\$ 67,588
	-----	-----
Operating Expenses:		
Operation	13,556	50,398
Maintenance	3,990	14,760
Depreciation	(23)	36
Federal and state income taxes	88	95
Taxes other than income taxes	4	256
	-----	-----
Total operating expenses	17,615	65,545
	-----	-----
Operating Income	1,415	2,043
	-----	-----
Other Income	661	3,147
	-----	-----

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Interest and financing costs	123	611
	-----	-----
Net Income	\$ 1,953	\$ 4,579
	=====	=====

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, 2001
	-----
	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 215
Accounts receivable	15,307
Accounts receivable from affiliated company	830
Other material and supplies	267
Prepayments and other	421
	-----
Total current assets	\$ 17,040
	-----
Deferred Charges:	
Goodwill	5,943
	-----
Total deferred charges	5,943
	-----
Long-Lived Assets:	
Other	18,575
	-----
	18,575
Less: Accumulated provision for depreciation	4,570
	-----
Total long-lived assets	14,005
	-----
Total Assets	\$ 36,988
	=====

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)

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	December 31, 2001	
	----- (Thousands of Dollars)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
-----		
Current Liabilities:		
Notes payable to affiliated companies	\$	3,790
Accounts payable		4,576
Accounts payable to affiliated companies		7,454
Accrued taxes		926
Other current liabilities		1,780
		-----
Total current liabilities		18,526
		-----
Long-term Liabilities:		
Deferred taxes		260
Other		2,538
		-----
Total long-term liabilities		2,798
		-----
Stockholders' Equity:		
Common stock, \$1 par value - 100,000 shares authorized and 100 shares outstanding		-
Capital surplus, paid in		14,910
Retained earnings		754
		-----
Total stockholders' equity		15,664
		-----
Total Liabilities and Stockholders' Equity	\$	36,988
		=====

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

See accompanying notes to financial statements.

SELECT ENERGY CONTRACTING, INC.  
INCOME STATEMENT  
(Unaudited)

	Three Months Ended December 31, 2001	Twelve Months Ended December 31, 2001
	----- (Thousands of Dollars)	----- (Thousands of Dollars)
Operating Revenues	\$ 14,246	\$ 56,511
	-----	-----

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Operating Expenses:		
Operation	13,391	51,568
Maintenance	128	437
Depreciation	316	1,647
Taxes other than income taxes	55	450
	-----	-----
Total operating expenses	13,890	54,102
	-----	-----
Operating Income	356	2,409
	-----	-----
Other (Loss)/Income	(18)	22
	-----	-----
Interest and financing costs	107	680
	-----	-----
Income before income taxes	231	1,751
	-----	-----
Income Tax Expense:		
Federal and state income taxes, net	178	833
	-----	-----
Net Income	\$ 53	\$ 918
	=====	=====

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

See accompanying notes to financial statements.

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

	December 31, 2001
	-----
	(Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 5
Accounts receivable	127
	-----
Total current assets	132
	-----
Long-Lived Assets:	
Organization costs, net	247
	-----
Total long-lived assets	247
	-----
Total Assets	\$ 379
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY



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-----		
Current Liabilities:		
Accounts payable	\$	126
Accounts payable to affiliated companies		295
		-----
Total current liabilities		421
		-----
Stockholders' Equity:		
Common stock, \$0 par value - 100 shares authorized and outstanding		4
Capital surplus, paid in		3
Retained deficit		(49)
		-----
Total stockholders' equity		(42)
		-----
Total Liabilities and Stockholders' Equity	\$	379
		=====

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

See accompanying notes to financial statements.

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

	Three Months Ended December 31, 2001	Twelve Months Ended December 31, 2001
	----- (Thousands of Dollars)	----- (Thousands of Dollars)
Operating Revenues	\$ 258	\$ 961
	-----	-----
Operating Expenses:		
Other	259	962
Amortization	5	20
	-----	-----
Total operating expenses	264	982
	-----	-----
Net Loss	\$ (6)	\$ (21)
	=====	=====

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

See accompanying notes to financial statements.

HEC/TOBYHANNA ENERGY PROJECT, INC.  
BALANCE SHEET

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(Unaudited)

	December 31, 2001
	----- (Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 2,525
Accounts receivable from affiliated companies	1,272
	-----
Total current assets	3,797
	-----
Long-Lived Assets:	
Other	714
	-----
	714
Less: Accumulated provision for depreciation	73
	-----
	641
Contracts receivable	26,265
	-----
Total long-lived assets	26,906
	-----
Total Assets	\$ 30,703
	=====
CAPITALIZATION AND LIABILITIES	
-----	
Capitalization:	
Common stock, \$1 par value - 100 shares authorized and outstanding	\$ -
Retained earnings	226
	-----
Total common stockholder's equity	226
Long-term debt	25,979
	-----
Total capitalization	26,205
	-----
Current Liabilities:	
Accounts payable to affiliated companies	3,403
Accrued interest	744
	-----
Total current liabilities	4,147
	-----
Long-term Liabilities:	
Other	351
	-----
Total long-term liabilities	351
	-----
Total Capitalization and Liabilities	\$ 30,703
	=====

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

	Three Months Ended December 31, 2001 ----- (Thousands of Dollars)	Twelve Months Ended December 31, 2001 ----- (Thousands of Dollars)
Other Income	\$ 531	\$ 2,259
	-----	-----
Interest and Financing Costs	504	2,038
	-----	-----
Income Tax Expense	151	178
	-----	-----
Net (Loss)/Income	\$ (124)	\$ 43
	=====	=====

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)

	December 31, 2001 ----- (Thousands of Dollars)
ASSETS	
-----	
Other Property and Investments:	
Nonutility property, at cost	\$ 443
	-----
Total other property and investments	443
	-----
Current Assets:	
Cash	151
Accounts receivable	4,700
Accounts receivable from affiliated companies	2,280
Taxes receivable	402
	-----
Total current assets	7,533
	-----
Deferred Charges:	
Accumulated deferred income taxes	1,399
Goodwill	405
	-----

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Total deferred charges	1,804
	-----
Total Assets	\$ 9,780
	=====

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)

	December 31, 2001
	-----
	(Thousands of Dollars)
LIABILITIES AND STOCKHOLDERS' EQUITY	
-----	
Current Liabilities:	
Notes payable to affiliated companies	\$ 3,515
Other	34
	-----
Total current liabilities	3,549
	-----
Stockholders' Equity:	
Common stock, \$0 par value - 10,000 shares authorized and 200 shares outstanding	1
Capital surplus, paid in	7,881
Retained deficit	(1,651)
	-----
Total stockholders' equity	6,231
	-----
Total Liabilities and Stockholders' Equity	\$ 9,780
	=====

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

See accompanying notes to financial statements.

YANKEE ENERGY SERVICES COMPANY  
INCOME STATEMENT  
(Unaudited)

Three Months Ended December 31, 2001	Twelve Months Ended December 31, 2001
-----	-----
(Thousands of Dollars)	(Thousands of Dollars)

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Operating Revenues	\$ 51	\$ 200
	-----	-----
Operating Expenses:		
Other	129	1,279
Depreciation	(1)	151
Amortization	5	22
	-----	-----
Total operating expenses	133	1,452
	-----	-----
Operating Loss	(82)	(1,252)
	-----	-----
Other Loss	(229)	(1)
	-----	-----
Interest and financing costs	31	399
	-----	-----
Income Tax Expense:		
Income taxes, net	(740)	(1,188)
	-----	-----
Net Income/(Loss)	\$ 398	\$ (464)
	=====	=====

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,
	2001
	-----
	(Thousands
	of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 286
Accounts receivable	9,713
Accounts receivable from affiliated companies	872
Materials and supplies, at average cost	103
Prepayments and other	1,683
	-----
Total current assets	12,657
	-----
Other Investments:	
Other investments, at cost	26
	-----
Total other investments	26
	-----

Deferred Charges:

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Other	6,964
	-----
Total deferred charges	6,964
	-----
Long-Lived Assets:	
Other	547
	-----
	547
Less: Accumulated provision for depreciation	81
	-----
Total long-lived assets	466
	-----
Total Assets	\$ 20,113
	=====

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, 2001
	-----
	(Thousands of Dollars)
LIABILITIES AND STOCKHOLDER'S EQUITY	
-----	
Current Liabilities:	
Advance from parent, non-interest bearing	\$ 2,948
Accounts payable	3,237
Accounts payable to affiliated companies	256
Accrued taxes	1,048
Other	540
	-----
Total current liabilities	8,029
	-----
Deferred Credits:	
Other	1,139
	-----
Total deferred credits	1,139
	-----
Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	7,539
Retained earnings	3,406
	-----
Total stockholder's equity	10,945
	-----



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Current Assets:		
Cash	\$	10
	-----	
Total current assets		10
	-----	
Total Assets	\$	10
	=====	

LIABILITIES AND STOCKHOLDER'S EQUITY

-----		
Current Liabilities:		
Accounts payable to affiliated companies	\$	1
	-----	
Total current liabilities		1
	-----	
Stockholder's Equity:		
Common stock, \$0 par value - 20,000 shares authorized and 100 shares outstanding		-
Capital surplus, paid in		10
Retained deficit		(1)
	-----	
Total stockholder's equity		9
	-----	
Total Liabilities and Stockholder's Equity	\$	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 COMPANY  
INCOME STATEMENT  
(Unaudited)

	Three Months Ended December 31, 2001	Twelve Months Ended December 31, 2001
	-----	-----
	(Thousands of Dollars)	(Thousands of Dollars)
Operating Revenues	\$ -	\$ -
	-----	-----
Operating Expenses:		
Other	-	1
	-----	-----
Total operating expenses	-	1
	-----	-----
Net Loss	\$ -	\$ (1)
	=====	=====

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



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See accompanying notes to financial statements.

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

	December 31, 2001
	----- (Thousands of Dollars)
ASSETS	
-----	
Current Assets:	
Cash	\$ 5,876
Accounts receivable	44,873
Unrealized gains on mark-to-market transactions	12,030
Fuel, materials and supplies, at average cost	2,754
Prepayments and other	2,908
	-----
Total current assets	68,441
	-----
Deferred Charges:	
Accumulated deferred income taxes	96
	-----
Total deferred charges	96
	-----
Property Plant and Equipment:	
Other	2,193
	-----
	2,193
Less: Accumulated provision for depreciation	1,955
	-----
Total long-lived assets	238
	-----
Total Assets	\$ 68,775
	=====

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

See accompanying notes to financial statements.

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

	December 31, 2001
	----- (Thousands of Dollars)
LIABILITIES AND STOCKHOLDER'S EQUITY	
-----	
Current Liabilities:	
Accounts payable	\$ 24,913
Accounts payable to affiliated companies	37
Accrued taxes	1,356

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Other	3,075	-----
Total current liabilities	29,381	-----
 Advance from Northeast Utilities Parent Company	 33,502	 -----
 Stockholder's Equity:		
Common stock, \$1 par value - 10,000 shares authorized and outstanding	10	
Capital surplus, paid in	3,187	
Retained earnings	2,695	-----
Total stockholder's equity	5,892	-----
Total Liabilities and Stockholder's Equity	\$ 68,775	=====

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

See accompanying notes to financial statements.

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

	Three Months Ended December 31, 2001	Twelve Months Ended December 31, 2001
	----- (Thousands of Dollars)	----- (Thousands of Dollars)
Operating Revenues	\$ 30,651	\$ 30,651
Operating Expenses:		
Purchased power, net interchange power and capacity	26,592	26,592
Maintenance	1	1
Taxes other than income taxes	(88)	(88)
Total operating expenses	26,505	26,505
Operating Income	4,146	4,146
Other Income	11	11
Interest and financing costs	11	11
Income before income taxes	4,146	4,146
Income Tax Expense:		
Federal and state income taxes, net	(1,451)	(1,451)

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Net Income	----- \$ 2,695 =====	----- \$ 2,695 =====
------------	----------------------------	----------------------------

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

See accompanying notes to financial statements.

HEC/CJTS ENERGY CENTER LLC  
BALANCE SHEET  
(Unaudited)

	December 31, 2001 ----- (Thousands of Dollars)
ASSETS -----	
Current Assets:	
Cash	\$ 1 -----
Total current assets	1 -----
 Total Assets	 \$ 1 =====

LIABILITIES AND STOCKHOLDER'S EQUITY  
-----

Stockholder's Equity:	
Capital surplus, paid in	10
Retained deficit	(9) -----
Total stockholder's equity	1 -----
 Total Liabilities and Stockholder's Equity	 \$ 1 =====

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

See accompanying notes to financial statements.

HEC/CJTS ENERGY CENTER LLC  
INCOME STATEMENT  
(Unaudited)

Three Months Ended December 31, 2001 ----- (Thousands of Dollars)	Twelve Months Ended December 31, 2001 ----- (Thousands of Dollars)
---	--

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Operating Revenues	\$ -	\$ -
	-----	-----
Operating Expenses:		
Other	9	9
	-----	-----
Total operating expenses	9	9
	-----	-----
Net Loss	\$ (9)	\$ (9)
	=====	=====

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

See accompanying notes to financial statements.

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

### Notes to Financial Statements (Unaudited)

#### 1. About Northeast Utilities

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

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

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lease some of the property and facilities used by the NU system companies.

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

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

On September 26, 2000, NUEI invested \$10 million in Acumentrics Corporation (Acumentrics) in return for a 5 percent ownership share of that company.

On November 30, 2001, Select Energy acquired Niagara Mohawk Energy Marketing, Inc. (NMEM) for \$31.7 million. This business was subsequently renamed Select Energy New York, Inc. (SENY).

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

### 2. About Select Energy

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 competitive energy businesses, provides a wide range of energy products and energy services.

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

### 3. About NGS

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

### 4. About Boulos

On January 19, 2001, NGS completed the acquisition of Boulos, an electrical

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

### 5. About NGS Mechanical

In January 2001, NGS formed a new subsidiary, NGS Mechanical, to provide mechanical services initially in certain New England states and New York. NGS Mechanical is wholly owned by NGS.

### 6. About Select Energy Contracting

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

### 7. About Reeds Ferry

Reeds Ferry was acquired by SESI in August 1999 as an equipment wholesaler to purchase equipment on behalf of Select Energy Contracting.

### 8. About HEC/Tobyhanna

Effective September 30, 1999, HEC/Tobyhanna was established as a special purpose entity to manage the assets of an Energy Savings Performance Contract at the Tobyhanna Army Depot.

### 9. About HEC/CJTS

HEC/CJTS was formed on March 2, 2001, as a special purpose entity to facilitate the financing of SESI's construction of the Connecticut Juvenile Training School in Middletown, Connecticut. HEC/CJTS is wholly owned by SESI.

### 10. 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.

### 11. About YESCO

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

### 12. About R.M. Services

R. M. Services provides consumer collection services for companies throughout the United States.

### 13. About Acumentrics

On September 26, 2000, NUEI invested \$10 million in Acumentrics in return for a 5 percent ownership share of that company. Acumentrics is a privately owned producer of advanced power generation and power protection technologies applicable to homes, telecommunications, commercial businesses, industrial facilities, and the auto industry.

### 14. About SENY

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On November 30, 2001, Select Energy acquired NMEM for \$31.7 million. This business was subsequently renamed SENY. SENY is a wholly owned subsidiary of Select Energy and engages in the brokering, marketing, transportation, storage, and sale of energy commodities in the state of New York.

### 15. Public Utility Regulation

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

### 16. Presentation

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

### 17. Market Risk and Risk Management Instruments

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

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

**Commodity Price Risk - Trading Activities:** As a market participant in the Northeast United States, Select Energy conducts commodity-trading activities in electricity and its related products, natural gas and oil and, therefore, experiences net open positions. Select Energy manages these open positions with strict policies which limit its exposure to market risk and require daily reporting to management of potential financial exposure. Commodity derivatives utilized for trading purposes are accounted for using the mark-to-market method, under Emerging Issues Task Force Issue No. 98-10, "Accounting for Energy Trading and Risk Management Activities." Under this methodology, these instruments are adjusted to market value, and the unrealized gains and losses are recognized in income in the current period in the statements of income as fuel, purchased and net interchange power and in the balance sheets as prepayments and other. The mark-to-market position at December 31, 2001, was a positive \$44.4 million.

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

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based on closing exchange prices.

As of December 31, 2001, Select Energy has calculated the market price resulting from a 10 percent unfavorable change in forward market prices. That 10 percent change would result in approximately a \$0.6 million decline in the fair value of the Select Energy trading portfolio. In the normal course of business, Select Energy also faces risks that are either nonfinancial or nonquantifiable. Such risks principally include credit risk, which is not reflected in the sensitivity analysis above.

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

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

Select Energy has determined a hypothetical change in the fair value for its nontrading electricity, natural gas and oil contracts, assuming a 10 percent unfavorable change in forward market prices. As of December 31, 2001, an unfavorable 10 percent change in forward market price would have resulted in a decrease in fair value of approximately \$29 million.

The impact of a change in electricity, natural gas and oil prices on Select Energy's nontrading contracts on December 31, 2001, is not necessarily representative of the results that will be realized when these contracts are physically delivered.

Select Energy also maintains natural gas service agreements with certain customers to supply gas at fixed prices for terms extending through 2004. Select Energy has hedged its gas supply risk under these agreements through NYMEX contracts. Under these contracts, the purchase price of a specified quantity of gas is effectively fixed over the term of the gas service agreements, which extend through 2004. As of December 31, 2001, the NYMEX contracts had a notional value of \$91.3 million and a negative after-tax mark-to-market position of \$14.7 million.

**Derivative Cash Flow Hedge Accounting:** Derivative instruments recorded which were effective cash flow hedges resulted in an increase in other comprehensive income of \$12.3 million, net of tax, upon the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. During 2001, a positive \$4.5 million, net of tax, was reclassified from other comprehensive income upon the conclusion of these hedged transactions and recognized in earnings. An additional \$1.3 million, net of tax, was recognized in earnings for those derivatives that were determined to be ineffective. Also, during 2001, new cash flow hedge transactions were entered into which hedge cash flows through 2027. As a result of these new transactions and market value changes since January 1, 2001, other comprehensive income decreased by \$53.7



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million, net of tax. Accumulated other comprehensive income at December 31, 2001, was a negative \$36.9 million, net of tax (decrease to equity), relating to hedged transactions and it is estimated that \$29.4 million, net of tax, will be reclassified as a charge to earnings within the next twelve months. Cash flows from the hedge contracts are reported in the same category<sup>1</sup> as cash flows from the hedged assets.

18. Special Deposits

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

QUARTERLY REPORT OF SELECT ENERGY, INC.

SIGNATURE CLAUSE

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

NORTHEAST UTILITIES

-----  
(Registered Holding Company)

By: /s/ John P. Stack

-----  
(Signature of Signing Officer)

John P. Stack  
Vice President-Accounting and Controller  
Date: March 27, 2002