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NORTHEAST UTILITIES SYSTEM
Form U-9C-3
May 30, 2001

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 March 31, 2001

Northeast Utilities

(Name of registered holding company)

107 Selden Street, Berlin, CT 06037

(Address of principal executive offices)

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

John J. Roman, Vice President and Controller
Telephone number: 860-665-5000

GENERAL INSTRUCTIONS

A. Use of Form

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

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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 the 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 - ORGANIZATION CHART

Instructions

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

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Name of Reporting Co.	Energy or Gas Related	Date of Organization	State of Organization	Percentage of Voting Securities Held	Nature of Business	Activities reported during the period
NU Enterprises, Inc.	Holding	1/4/99	Connecticut	100% by Northeast Utilities	Unregulated businesses holding company	(A)
Select Energy, Inc.	Energy	9/26/96	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities	(B)
Select Energy Portland Pipeline, Inc.	Energy	3/17/99	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities	(C)
Northeast Generation Services Company	Energy	1/4/99	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities	(D)
HEC Inc.	Energy	6/19/90	Massachusetts	100% by NU Enterprises, Inc.	Invest in energy-related activities	(E)
Reeds Ferry Supply Co., Inc.	Energy	7/15/64	New Hampshire	100% by HEC Inc.	Invest in energy-related activities	(F)
HEC/Tobyhanna Energy Project, Inc.	Energy	9/28/99	Massachusetts	100% by HEC Inc.	Invest in energy-related activities	(G)
Select Energy Contracting, Inc.	Energy	10/12/94	Massachusetts	100% by HEC Inc.	Invest in energy-related activities	(H)
Yankee Energy System Inc.	Holding	2/15/00	Connecticut	100% by Northeast Utilities	Public Utility Holding Company	(I)
Yankee Energy Services Company	Energy	7/2/93	Connecticut	100% by Yankee Energy System Inc.	Invest in energy-related activities	(J)

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Housatonic Corporation	Energy	10/16/87	Connecticut	100% by Yankee Energy System Inc.	Invest in energy-related activities	(K)
* Southbridge Power & Thermal, LLC	Energy	12/29/97	Delaware	95% by Yankee Energy Services Company 5% by Housatonic Corporation	Operate and maintain a cogeneration facility	(L)
R. M. Services, Inc.	Energy	11/22/94	Connecticut	100% by Yankee Energy System Inc.	Invest in energy-related activities	(M)
Acumentrics Corporation	Energy	09/13/00	Massachusetts	5% by NU Enterprises, Inc.	Invest in energy-related activities	(N)
ERI/HEC EFA-Med, LLC	Energy	09/30/00	Delaware	50% by HEC Inc.	Invest in energy-related activities	(O)
E. S. BOULOS COMPANY (New)	Energy	01/19/01	Connecticut	100% by Northeast Generation Services Company	Invest in energy-related activities	(P)
NGS MECHANICAL COMPANY (New)	Energy	01/24/01	Connecticut	100% by Northeast Generation Services Company	Provide mechanical construction and maintenance services	(Q)
HEC/CJTS ENERGY CENTER LLC (New)	Energy	03/02/01	Delaware	100% by HEC Inc.	Facilitate construction financing	(R)

* Sold in June 2000.

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

(B) Select Energy, Inc. (Select Energy) provides both wholesale and retail energy services. Select Energy participates in open-access retail electricity markets in New England, New York and the Mid-Atlantic regions. Select Energy markets electricity, natural gas, oil, and energy-related products and services in order to enhance its core electricity service and customer relationships. Select Energy is a licensed retail electricity supplier in the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Rhode Island. 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, and Rhode Island.

(C) Select Energy Portland Pipeline, Inc. (SEPP) acquired a 5% interest in Portland Natural Gas Transmission System partnership in March 1999.

(D) Effective January 4, 1999, Northeast Generation Services Company (NGS) was

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established to provide a full range of energy-related operation and maintenance services for large industrial, institutional and power generation customers throughout the 11-state Northeast area. NGS' current business segments focus on providing turnkey Manage and Operate Services (MOS) and also a full range of Industrial Services (IS) and Consulting Services (CS).

MOS is a service that is designed for generation asset owners. NGS has the ability to offer station management and operation services with a focus on optimizing the value of that specific asset with the owner. Within the IS platform, its offerings include mechanical and electrical construction and maintenance services, as well as environmental maintenance/compliance services. Within the CS platform, the product and service offerings include engineering and environmental consulting services, with an emphasis on power plant system design.

- (E) HEC Inc. is not the "reporting company" but is included in this item 1 because it holds, directly or indirectly, voting securities issued by reporting companies as indicated above.
- (F) Reed's Ferry Supply Corporation was purchased by HEC Inc. in August 1999 as an equipment wholesaler to purchase equipment on behalf of Select Energy Contracting Inc.
- (G) Effective September 30, 1999, HEC/Tobyhanna Energy Project, Inc. was established as a special purpose entity to manage the assets of an Energy Savings Performance Contract (ESPC) project at the Tobyhanna Army Depot.
- (H) Select Energy Contracting, Inc. designs, manages and directs the construction of, and/or installing of mechanical, water, and electrical systems, energy and other resource consuming equipment.
- (I) Yankee Energy System Inc. is not the "reporting company" but is included in this item 1 because it holds, directly or indirectly, voting securities issued by reporting companies as indicated above.
- (J) Yankee Energy Services Company (YESCO) provides a wide range of energy-related services for its customers. YESCO Controls division provides comprehensive building automation with engineering, installation and maintenance of building control systems. YESCO Power division also provided expertise related to the production of thermal and/or electric power.
- (K) Housatonic Corporation is not a "reporting company" but is included in this item 1 because it holds, directly or indirectly, voting securities issued by reporting companies as indicated above.
- (L) Southbridge Power & Thermal, LLC is a single purpose limited liability company formed to operate and manage facilities at the Southbridge Business Center located in Southbridge, MA., which provides electricity, thermal, compressed air, heated, and wash-water to tenants at the center. These utilities are included in the leases of tenants at the center.
- (M) R. M. Services, Inc. provides consumer collection services for companies throughout the United States.
- (N) Acumentrics Corporation develops, manufactures and distributes advanced power generation, power quality and power protection devices including a high-speed flywheel and advanced technology fuel cells.
- (O) ERI/HEC EFA-Med, LLC is a Delaware limited liability company that was formed by HEC Inc., and ERI Services, Inc. to enter into an indefinite

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delivery/indefinite quantity with the U.S. Navy. Under the contract, the Navy will issue Delivery Orders for energy services work at U.S. Government facilities located in Bahrain, Greece, Egypt, Italy, Spain, Turkey, and the United Kingdom. The LLC will designate either ERI or HEC to perform each of the Delivery Orders. The LLC will also act as the conduit for any project-related financing. ERI Services, Inc. and HEC Inc. each own 50% of the LLC.

- (P) E. S. Boulos Company (Boulos) is a Connecticut corporation that was formed by NGS to acquire the assets of electrical construction companies located in Maine. Boulos is registered to do business initially in Maine, Massachusetts, New Hampshire, and Vermont. NGS owns 100% of the corporation.
- (Q) NGS Mechanical Company (NGSM) is a Connecticut corporation that was formed by NGS to perform mechanical construction and maintenance services to customers contracted with to provide such services. NGSM is registered to do business initially in Massachusetts, New Hampshire, Maine, Vermont, Rhode Island, and New York. NGS owns 100% of the corporation.
- (R) HEC/CJTS Energy Center LLC (HEC/CJTS) is a Delaware limited liability company that was formed by HEC Inc. to facilitate the financing of HEC's construction of the Connecticut Juvenile Training School in Middletown, Connecticut. HEC/CJTS will not have any employees nor will it conduct any other activities other than those related to accepting the assignment of the lease. HEC Inc. owns 100% of the LLC.

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	Consideration Received for Each Security
Select Energy, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NU En In
Select Energy, Inc.	Advance from Parent	(\$29,400,000)	Issue	None	NU Enterprises, Inc.	None	None	
Select Energy Portland Pipeline, Inc.	No transactions this quarter.							
Northeast Generation Services Company	No transactions this quarter.							

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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.

Southbridge Power & Thermal, LLC No transactions this quarter.

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

Acumentrics Corporation No transactions this quarter.

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

E.S. Boulos Company	Common Stock	\$100	Issue	N/A	Northeast Generation Services Company	N/A	\$7,538,649
NGS Mechanical Company	Common Stock	\$0	Issue	N/A	Northeast Generation Services Company	N/A	\$10,000

HEC/CJTS Energy Center LLC 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 March 31, 2001 (Thousands of Dollars)
-----			-----
Northeast Generation Services Company	Select Energy, Inc.	Electrical and Mechanical services	\$ 15 =====
Northeast Generation Services Company	Northeast Nuclear Energy Company	Electrical and Mechanical services	\$3,596 =====
Northeast Generation Services Company	The Connecticut Light & Power Company	Electrical and Mechanical services	\$ 2 =====
Northeast Generation Services Company	Public Service Company of New Hampshire	Electrical and Mechanical services	\$ 263 =====
Northeast Generation Services Company	Holyoke Water Power Company	Electrical and Mechanical services	\$3,864 =====
Northeast Generation Services Company	Northeast Generation Company	Electrical and Mechanical services	\$3,735 =====
Reeds Ferry Supply Co., Inc.	Select Energy Contracting, Inc.	Wholesale Purchasing Services	\$ 266 =====
R. M. Services, Inc.	Yankee Gas Services Company	Phone Center Management Services	\$ 519 =====
Northeast Generation Services Company	North Atlantic Energy Service Corporation	Electrical and Mechanical services	\$ 14 =====
Northeast Generation	Yankee Gas	Electrical and	

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Services Company	Services Company	Engineering services	\$ 5
			=====
Northeast Generation Services Company	Yankee Energy Service Company	Electrical and Mechanical services	\$ 44
			=====
Northeast Generation Services Company	Northeast Utilities Service Corporation	Electrical and Mechanical services	\$ 8
			=====

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 March 31, 2001 (Thousands)
-----			-----
Public Service Company of New Hampshire	Select Energy, Inc.	Miscellaneous	\$ 6
			=====
HEC Inc.	Select Energy, Inc.	Engineering Services	\$ 80
			=====

* 'Total Amount Billed' is direct costs only.

ITEM 4 - SUMMARY OF AGGREGATE INVESTMENT

Investments in energy-related companies:

	(Thousands of Dollars)	
Total consolidated capitalization as of 03/31/01	\$7,477,254	line 1
Total capitalization multiplied by 15% (line 1 multiplied by .15)	1,121,588	line 2
Greater of \$50 million or line 2	\$1,121,588	line 3
Total current aggregate investment: (categorized by major line of energy-related business):		
Select Energy, Inc.	\$623,828	
Select Energy Portland Pipeline, Inc.	21,146	
Northeast Generation Services Company	24,010	
Select Energy Contracting, Inc.	25,387	
Reeds Ferry Supply Co., Inc.	7	
HEC/Tobyhanna Energy Project, Inc.	-	

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Yankee Energy Services Company	7,882	
Southbridge Power & Thermal, LLC	12	
R. M. Services, Inc.	12,998	
E. S. Boulos Company	7,539	
NGS Mechanical Company	10	
Acumentrics Corporation	10,000	
ERI/HEC EFA-Med, LLC	1	
HEC/CJTS Energy Center LLC	-	

Total current aggregate investment		732,820 line 4

Difference between the greater of \$50 million or 15% of capitalization and the total aggregate investment of the registered holding company system

\$388,768 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

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 a single category of energy-related or gas-related activity, consolidated financial statements may be filed.

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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 March 31, 2001
Income Statement-Three months ended March 31, 2001

Select Energy Portland Pipeline, Inc.:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

Northeast Generation Services Company:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

Select Energy Contracting, Inc.:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

Reeds Ferry Supply Co., Inc.:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

HEC/Tobyhanna Energy Project, Inc.:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

Yankee Energy Services Company:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

Southbridge Power & Thermal, LLC:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

R. M. Services, Inc.:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

ERI/HEC EFA-Med, LLC:

Not Available as of March 31, 2001

E. S. Boulos Company:

Balance Sheet - As of March 31, 2001
Income Statement-Three months ended March 31, 2001

NGS Mechanical Company:

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Balance Sheet - As of March 31, 2001
 Income Statement-Three months ended March 31, 2001

HEC/CJTS Energy Center LLC:
 Not Available as of March 31, 2001

Northeast Utilities (PARENT):
 Balance Sheet - As of March 31, 2001
 Income Statement-Three months ended March 31, 2001

B. Exhibits

Exhibit No.	Description
-----	-----
6.B.2.1	<p>The company certifies that a conformed copy of Form U-9C-3 for the previous quarter was filed with the following state commissions:</p> <p style="margin-left: 40px;">Ms. Louise E. Rickard Acting Executive Secretary Department of Public Utility Control 10 Franklin Square New Britain, CT 06051</p> <p style="margin-left: 40px;">Ms. Mary L. Cottrell, Secretary Massachusetts Department of Telecommunications and Energy 100 Cambridge Street Boston, MA 02202</p> <p style="margin-left: 40px;">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</p>

SELECT ENERGY, INC.
 BALANCE SHEET
 (Unaudited)

	March 31, 2001 ----- (Thousands of Dollars)
ASSETS -----	
Current Assets:	
Cash	\$ 1,826
Accounts receivable, including unbilled revenues, net	164,875
Accounts receivable from affiliated companies	119,374
Taxes receivable	21,077
Special deposits	2,498
Unrealized gains on mark-to-market transactions	57,988
Prepaid wholesale power purchases	16,302
Prepayments and other	8,653

Total current assets	392,593 -----

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Deferred Charges:	
Intangibles, net	21,369
Other	30,006

Total deferred charges	51,375

Long-Lived Assets:	
Software	9,921
Other	1,060

	10,981
Less: Accumulated provision for depreciation	2,251

	8,730
Capital additions in progress	231

Total long-lived assets	8,961

Total Assets	\$ 452,929
	=====

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)

	March 31, 2001

	(Thousands of Dollars)
LIABILITIES AND STOCKHOLDERS' EQUITY	

Current Liabilities:	
Notes payable to affiliated companies	\$ 172,200
Accounts payable	190,751
Accounts payable to affiliated companies	50,738
Accrued taxes	2,373
Other	28,636

Total current liabilities	444,698

Stockholders' Equity:	
Common stock, \$1 par value - 100 shares authorized and outstanding	-
Capital surplus, paid in	119,176
Retained deficit	(110,945)

Total stockholders' equity	8,231

Total Liabilities and Stockholders' Equity	\$ 452,929
	=====

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

See accompanying notes to financial statements.

SELECT ENERGY, INC.
INCOME STATEMENT
(Unaudited)

	Three Months Ended March 31, 2001
	(Thousands of Dollars)
Operating Revenues	\$ 596,744
Operating Expenses:	
Purchased power, net interchange power and capacity	598,543
Depreciation	1,192
Other	14,619
Taxes other than income taxes	3,765
Total operating expenses	618,119
Operating Loss	(21,375)
Other Income	241
Interest and financing costs	2,461
Loss before income taxes	(23,595)
Income Tax Benefit:	
Federal and state income taxes, net	9,319
Loss before cumulative effect of accounting change	(14,276)
Cumulative effect of accounting change, net of tax benefit of \$14,611	(21,985)
Net Loss	\$ (36,261)

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 PORTLAND PIPELINE, INC.
BALANCE SHEET
(Unaudited)

	March 31, 2001
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 352
Taxes receivable	151

Total current assets	503

Investments:	
Other investments	3,268

Total investments	3,268

Deferred Charges:	
Accumulated deferred income taxes	1,613

Total deferred charges	1,613

Total Assets	\$ 5,384
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	

Current Liabilities:	
Accounts payable to affiliated companies	\$ 1

Total current liabilities	1

Stockholders' Equity:	
Common stock, \$1 par value - authorized and outstanding 100 shares	-
Capital surplus, paid in	9,257
Retained deficit	(3,874)

Total stockholders' equity	5,383

Total Liabilities and Stockholders' Equity	\$ 5,384
	=====

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 PORTLAND PIPELINE, INC.
 INCOME STATEMENT
 (Unaudited)

	Three Months Ended March 31, 2001
	----- (Thousands of Dollars)
Operating Revenues	\$ - -----
Operating Expenses:	
Operation	3 -----
Total operating expenses	3 -----
Operating Loss Before Income Taxes	(3) -----
Income Tax Expense:	
Federal and state income taxes, net	- -----
Net Loss	\$ (3) =====

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

See accompanying notes to financial statements.

NORTHEAST GENERATION SERVICES COMPANY
 BALANCE SHEET
 (Unaudited)

	March 31, 2001
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 1,074
Accounts receivable	18,482
Accounts receivable from affiliated companies	3,948
Fuel, materials and supplies, at average cost	376
Prepayments and other	1,292
Total current assets	25,172 -----

Other Investments:

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Other investments, at cost	7	

Total other investments	7	-----
Deferred Charges:		
Other	6,078	

Total deferred charges	6,078	-----
Long-Lived Assets:		
Other	2,933	

Less: Accumulated provision for depreciation	1,210	

Capital additions in progress	1,723	
	340	

Total long-lived assets	2,063	-----
Total Assets	\$ 33,320	=====

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)

	March 31,	
	2001	

	(Thousands	
	of Dollars)	
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current Liabilities:		
Notes payable to affiliated companies	\$ 12,100	
Accounts payable	3,692	
Accounts payable to affiliated companies	4,795	
Accrued taxes	1,789	
Other	225	

Total current liabilities	22,601	-----
Deferred Credits:		
Other	1,453	

Total deferred credits	1,453	-----

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Stockholders' Equity:

Common stock, \$1 par value - authorized and outstanding 100 shares	-
Capital surplus, paid in	9,510
Retained deficit	(244)

Total stockholders' equity	9,266

 Total Liabilities and Stockholders' Equity	 \$ 33,320
	=====

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 March 31, 2001

	(Thousands of Dollars)
Operating Revenues	\$ 25,428

Operating Expenses:	
Operation	13,709
Maintenance	10,463
Depreciation	92
Taxes other than income taxes	261

Total operating expenses	24,525

Operating Income	903

Other Income	364

Interest and financing costs	149

Net Income	\$ 1,118
	=====

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 CONTRACTING, INC.
BALANCE SHEET
(Unaudited)

	March 31, 2001
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 278
Accounts receivable	9,890
Other material and supplies	522
Prepayments and other	181

Total current assets	10,871

Long-Lived Assets:	
Other	22,404

	22,404
Less: Accumulated provision for depreciation	2,332

Total long-lived assets	20,072

Total Assets	\$ 30,943
	=====

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)

	March 31, 2001
	----- (Thousands of Dollars)
LIABILITIES AND STOCKHOLDERS' EQUITY	

Current Liabilities:	
Accounts payable	\$ 4,487
Accounts payable to affiliated companies	9,634
Accrued taxes	647

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Total current liabilities	14,768	
Long-Term Liabilities:		
Deferred taxes	160	
Other	1,079	
Total long-term liabilities	1,239	
Stockholders' Equity:		
Common stock, \$1 par value - 100 shares authorized and outstanding	-	
Capital surplus, paid in	14,910	
Retained earnings	26	
Total stockholders' equity	14,936	
 Total Liabilities and Stockholders' Equity	 \$ 30,943	

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 March 31, 2001
		(Thousands of Dollars)
Operating Revenues	\$ 12,663	
Operating Expenses:		
Operation	11,320	
Maintenance	162	
Depreciation	500	
Taxes other than income taxes	197	
Total operating expenses	12,179	
Operating Income	484	
Other Income	19	
Interest and financing costs	211	

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Income before income taxes	292

Income Tax Expense:	
Federal and state income taxes, net	124

Net Income	\$ 168
	=====

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)

	March 31, 2001

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 7
Accounts receivable	131

Total current assets	138

Long-Lived Assets:	
Organization costs, net	262

Total long-lived assets	262

Total Assets	\$ 400
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	

Current Liabilities:	
Accounts payable	\$ 131
Accounts payable to affiliated companies	295

Total current liabilities	426

Stockholders' Equity:	
Common stock, \$0 par value - authorized and outstanding 100 shares	4
Capital surplus, paid in	3
Retained deficit	(33)

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Total stockholders' equity	(26)

Total Liabilities and Stockholders' Equity	\$ 400
	=====

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 March 31, 2001

	(Thousands of Dollars)
Operating Revenues	\$ 266

Operating Expenses:	
Other	266
Amortization	5

Total operating expenses	271

Operating Loss	(5)

Net Loss	\$ (5)
	=====

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

See accompanying notes to financial statements.

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

March 31,
2001

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	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 1,742
Accounts receivable	417

Total current assets	2,159

Long-Lived Assets:	
Other	714

	714
Less: Accumulated provision for depreciation	49

	665
Contracts receivable	27,474

Total long-lived assets	28,139

Total Assets	\$ 30,298
	=====
CAPITALIZATION AND LIABILITIES	

Capitalization:	
Common stock, \$1 par value - authorized and outstanding 100 shares	\$ -
Retained earnings	210

Total common stockholder's equity	210
Long-term debt	26,446

Total capitalization	26,656

Current Liabilities:	
Accounts payable to affiliated companies	3,389
Accrued interest	252
Accrued taxes	1

Total current liabilities	3,642

Total Capitalization and Liabilities	\$ 30,298
	=====

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

See accompanying notes to financial statements.

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

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	Three Months Ended March 31, 2001
	----- (Thousands of Dollars)
Other Income	\$ 545

Interest and Financing Costs	513

Income Tax Expense	5

Net Income	\$ 27
	=====

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)

	March 31, 2001
	----- (Thousands of Dollars)
ASSETS	

Other Property and Investments:	
Nonutility property, at cost	\$ 4,766
Investment in subsidiary company, at equity	2

Total other property and investments	4,768

Current Assets:	
Accounts receivable from affiliated companies	750
Taxes receivable	1,674
Fuel, materials and supplies, at average cost	210
Prepayments and other	126

Total current assets	2,760

Deferred Charges:	
Accumulated deferred income taxes	1,298
Goodwill	418
Miscellaneous work in progress	13,945
Other	550

Total deferred charges	16,211

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 Total Assets \$ 23,739
 =====

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.

YANKEE ENERGY SERVICES COMPANY
 BALANCE SHEET
 (Unaudited)

March 31,
 2001

 (Thousands
 of Dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY

 Current Liabilities:

Notes payable to banks	\$	30
Notes payable to affiliated companies		16,407
Accounts payable		81
Accounts payable to affiliated companies		528
Other		158

Total current liabilities		17,204
---------------------------	--	--------

Deferred Credits:

Other		252
-------	--	-----

Total deferred credits		252
------------------------	--	-----

Stockholders' Equity:

Common stock, \$0 par value - 10,000 shares authorized and 200 shares outstanding		1
Capital surplus, paid in		7,881
Retained deficit		(1,599)

Total stockholders' equity		6,283
----------------------------	--	-------

Total Liabilities and Stockholders' Equity	\$	23,739
--	----	--------

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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YANKEE ENERGY SERVICES COMPANY
 INCOME STATEMENT
 (Unaudited)

	Three Months Ended March 31, 2001
	----- (Thousands of Dollars)
Operating Revenues	\$ 118

Operating Expenses:	
Other	201
Depreciation	121

Total operating expenses	322

Operating Loss	(204)

Interest and financing costs	208

Net Loss	\$ (412)
	=====

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.

SOUTHBRIDGE POWER & THERMAL, LLC
 BALANCE SHEET
 (Unaudited)

	March 31, 2001
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Accounts receivable	\$ 125
Accounts receivable from affiliated companies	52

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Total current assets	177

Total Assets	\$ 177
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Notes payable to affiliated companies	\$ 400
Accounts payable to affiliated companies	724
Other	1

Total current liabilities	1,125

Stockholders' Equity:

Common stock, \$0 par value - authorized and outstanding 200 shares	10
Capital surplus, paid in	2
Retained deficit	(960)

Total stockholders' equity	(948)

Total Liabilities and Stockholders' Equity	\$ 177
	=====

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.

SOUTHBRIDGE POWER & THERMAL, LLC
INCOME STATEMENT
(Unaudited)

	Three Months Ended March 31, 2001

	(Thousands of Dollars)
Operating Revenues	\$ -

Operating Expenses:	
Other	568

Total operating expenses	568

Operating Loss	(568)

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Other Income	----- -
Interest and financing costs	----- 5
Loss before income taxes	----- (573)
Income Tax Expense:	
Federal and state income taxes, net	----- -
Net Loss	----- \$ (573) =====

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.

R. M. SERVICES, INC.
BALANCE SHEET
(Unaudited)

	March 31, 2001 ----- (Thousands of Dollars)
ASSETS	

Other Property and Investments:	
Nonutility property, at cost	\$ 4,707
Total other property and investments	----- 4,707 -----
Current Assets:	
Cash	668
Accounts receivable	626
Accounts receivable from affiliated companies	173
Taxes receivable	42
Total current assets	----- 1,509 -----
Deferred Charges:	
Accumulated deferred income taxes	55
Goodwill	7,646
Prepaid pension	339
Total deferred charges	----- 8,040 -----

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Total Assets	\$ 14,256 =====
--------------	--------------------

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.

R. M. SERVICES, INC.
BALANCE SHEET
(Unaudited)

	March 31, 2001
	----- (Thousands of Dollars)
LIABILITIES AND STOCKHOLDERS' EQUITY	

Current Liabilities:	
Notes payable to affiliated companies	\$ 3,700
Accounts payable to affiliated companies	916
Other	107

Total current liabilities	4,723

Deferred Credits:	
Other	337

Total deferred credits	337

Stockholders' Equity:	
Common stock, \$0 par value - 10,000 shares authorized and 200 shares outstanding	1
Capital surplus, paid in	9,297
Retained earnings	(102)

Total stockholders' equity	9,196

Total Liabilities and Stockholders' Equity	\$ 14,256 =====

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.

R. M. SERVICES, INC.
INCOME STATEMENT

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(Unaudited)

	Three Months Ended March 31, 2001
	----- (Thousands of Dollars)
Operating Revenues	\$ 1,583
Operating Expenses:	
Other	1,356
Depreciation	361
Taxes other than income taxes	26
Total operating expenses	----- 1,743
Operating Loss	----- (160)
Other Income	----- 8
Interest and financing costs	----- 43
Loss before income taxes	----- (195)
Income Tax Benefit:	
Federal and state income taxes, net	----- (34)
Net Loss	----- \$ (161) =====

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)

	March 31, 2001
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 856

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Accounts receivable	7,783
Taxes receivable	4
Materials and supplies, at average cost	107
Prepayments and other	500

Total current assets	9,250

Other Investments:	
Other investments, at cost	7

Total other investments	7

Deferred Charges:	
Other	5,686

Total deferred charges	5,686

Long-Lived Assets:	
Other	366

	366
Less: Accumulated provision for depreciation	17

Total long-lived assets	349

Total Assets	\$ 15,292
	=====

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)

	March 31, 2001

	(Thousands of Dollars)
LIABILITIES AND STOCKHOLDER'S EQUITY	

Current Liabilities:	
Accounts payable	\$ 2,872
Other	3,110

Total current liabilities	5,982

Deferred Credits:	
Other	1,227

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Total deferred credits	1,227	
Stockholder's Equity:		
Common stock, \$1 par value - 100 shares authorized and outstanding	-	
Capital surplus, paid in	7,539	
Retained earnings	544	
Total stockholder's equity	8,083	
Total Liabilities and Stockholder's Equity	\$ 15,292	

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

See accompanying notes to financial statements.

E. S. BOULOS COMPANY
INCOME STATEMENT
(Unaudited)

	Three Months Ended March 31, 2001	
	(Thousands of Dollars)	
Operating Revenues	\$ 6,950	
Operating Expenses:		
Operation	6,603	
Depreciation	72	
Total operating expenses	6,675	
Operating Income	275	
Other Income	269	
Income before income taxes	544	
Income Tax Expense:		
Federal and state income taxes, net	-	
Net Income	\$ 544	

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=====

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

See accompanying notes to financial statements.

NGS MECHANICAL COMPANY
BALANCE SHEET
(Unaudited)

	March 31, 2001
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Accounts receivable from affiliated companies	\$ 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 - authorized and outstanding 100 shares	-
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

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(Unaudited)

	Three Months Ended March 31, 2001
	----- (Thousands of Dollars)
Operating Revenues	\$ -

Operating Expenses:	
Other	1

Total operating expenses	1

Operating Loss Before Income Taxes	(1)

Income Tax Expense:	
Federal and state income taxes, net	-

Net Loss	\$ (1)
	=====

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

See accompanying notes to financial statements.

NORTHEAST UTILITIES (PARENT)

BALANCE SHEET

(Unaudited)

	March 31, 2001
	----- (Thousands of Dollars)
ASSETS	

Other Property and Investments:	
Investments in subsidiary companies, at equity.....	\$ 2,737,935
Investments in transmission companies, at equity.....	15,000
Other, at cost.....	14

	2,752,949

Current Assets:	
Cash.....	138
Notes receivable from affiliated companies.....	138,900
Notes and accounts receivable.....	607
Accounts receivable from affiliated companies.....	150,379

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Prepayments.....	3,111

	293,135

Deferred Charges:	
Unamortized debt expense.....	181
Other.....	328

	509

Total Assets.....	\$ 3,046,593
	=====

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

See accompanying notes to financial statements.

NORTHEAST UTILITIES (PARENT)

BALANCE SHEET
(Unaudited)

March 31,
2001

(Thousands
of Dollars)

CAPITALIZATION AND LIABILITIES

Capitalization:

Common shares, \$5.00 par value - Authorized 225,000,000 shares; 148,807,333 shares issued and 143,978,260 shares outstanding.....	\$ 744,037
Capital surplus, paid in.....	1,086,918
Deferred contribution plan - employee stock ownership plan.....	(111,264)
Retained earnings.....	593,646
Accumulated other comprehensive income.....	5,745

Total common shareholders' equity.....	2,319,082
Long-term debt.....	373,342

Total capitalization.....	2,692,424

Current Liabilities:

Notes payable to banks.....	228,000
Accounts payable.....	41
Accounts payable to affiliated companies.....	1,622
Payable to Millstone 3 joint owners.....	43,443
Long-term debt - current portion.....	21,000
Accrued taxes.....	44,894
Accrued interest.....	8,755
Other.....	22

	347,777

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Accumulated deferred income taxes.....	5,026
Other deferred credits.....	1,366

	6,392

Total Capitalization and Liabilities.....	\$ 3,046,593
	=====

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

See accompanying notes to financial statements.

NORTHEAST UTILITIES (PARENT)

STATEMENT OF INCOME
(Unaudited)

	Three Months Ended March 31, 2001
	(Thousands of Dollars)

Operating Revenues.....	\$ -

Operating Expenses:	
Operation expense.....	1,692
Federal and state income taxes.....	(7,924)
Taxes other than income taxes.....	22

Total operating expenses.....	(6,210)

Operating Loss.....	6,210

Other Income/(Loss):	
Equity in earnings of subsidiaries.....	64,857
Equity in earnings of transmission companies.....	596
Gain related to Millstone sale.....	146,844
Loss on share repurchase contracts.....	(43,443)
Other, net.....	1,746
Income taxes.....	(52,507)

Other income, net.....	118,093

Income before interest charges.....	124,303

Interest Charges:	
Interest on long-term debt.....	4,494
Other interest.....	7,646

Interest charges.....	12,140

Net Income for Common Shares.....	\$ 112,163
	=====

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Basic and Diluted Earnings per Common Share.....	\$	0.78
		=====
Basic Common Shares Outstanding (average).....		143,912,698
		=====
Diluted Common Shares Outstanding (average).....		144,314,339
		=====

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

See accompanying notes to financial statements.

Northeast Utilities
 Select Energy, Inc.
 Select Energy Portland Pipeline, 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.
 Southbridge Power & Thermal, LLC
 Acumentrics Corporation

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. A fifth wholly owned subsidiary, Holyoke Water Power Company, also is engaged in the production and distribution of electric power.

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

NU Enterprises, Inc. (NUEI) is a wholly owned subsidiary of NU and acts as the holding company for certain of NU's competitive energy subsidiaries. Northeast Generation Company (NGC) was formed to acquire and manage

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generation facilities. Select Energy, Inc. (Select Energy), Select Energy Portland Pipeline, Inc. (SEPMI), Northeast Generation Services Company and its subsidiaries (NGS), HEC Inc. and its subsidiaries (HEC), 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 HEC. Another company, ERI/HEC EFA-Med, LLC (ERI/HEC), is 50 percent owned by HEC.

Yankee Energy System, Inc. (Yankee) maintains certain wholly owned subsidiaries including Yankee Energy Services Company (YESCO) and R. M. Services, Inc. (R. M. Services). In June 2000, Southbridge Power & Thermal, LLC (Southbridge), another wholly owned subsidiary of Yankee, was sold to an unaffiliated company.

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

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

2. About Select Energy

Select Energy provides both wholesale and retail energy services. Select Energy participates in open-access retail electricity markets in New England, New York and the Mid-Atlantic regions. Select Energy markets electricity, natural gas, oil and energy-related products and services in order to enhance its core electricity service and customer relationships. Select Energy is a licensed retail electricity supplier in the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Rhode Island. 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, and Rhode Island.

Beginning in January 2000, Select Energy's contract with NGC, to purchase 1,289 megawatts (MW) of capacity and energy significantly reduced the load-following risk and allowed Select Energy to better manage its portfolio profitability. On January 1, 2000, Select Energy began serving one-half of CL&P's standard offer requirement for a 4-year period. Select Energy's obligation to service this load requirement was approximately 2,000 MW beginning in July 2000, when 100 percent of CL&P's customers were able to choose their electric supplier. In addition, beginning in January 2000, Select Energy assumed responsibility for serving 30 market based wholesale contracts, totaling approximately 500 MW, throughout New England with electric energy supply that was previously provided by CL&P and WMECO.

3. About SEPMI

SEPMI was formed for the purpose of acquiring a 5 percent interest in the Portland Natural Gas Transmission System partnership. Coincident with that acquisition, Select Energy agreed to purchase capacity of 30,000 mcf/day for a 20-year term.

4. About NGS

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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.

5. About Boulos

On January 19, 2001, NGS completed the acquisition of Boulos, an electrical construction company which specializes in high voltage electrical construction and maintenance in Maine, Massachusetts and New Hampshire. Boulos is wholly owned by NGS.

6. About NGS Mechanical

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

7. 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.

8. About Reeds Ferry

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

9. 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.

10. About HEC/CJTS

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

11. About ERI/HEC

ERI/HEC was established on September 30, 2000, by HEC 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 HEC.

12. About YESCO

YESCO provides a wide range of energy-related services for its customers. The YESCO controls division provides comprehensive building automation with engineering, installation and maintenance of building control systems.

13. About R.M. Services

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

14. About Southbridge

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Southbridge was formed to operate and manage facilities at the Southbridge Business Center (Center) located in Southbridge, Massachusetts and provided electrical, thermal, compressed air, and heated and wash-water services to tenants at the Center. In June 2000, Southbridge was sold to an unaffiliated company.

15. 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.

16. 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.

17. 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.

18. Market Risk And Risk Management Instruments

Select Energy provides both firm requirement energy services to its customers and performs 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 the 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 area of the 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

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adjusted to market value, and the unrealized gains and losses are recognized in income in the current period in the statements of income as operating expenses - other and in the balance sheets as prepayments and other. The mark-to-market position at March 31, 2001, was a positive \$58 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 subject to market, based on closing exchange prices.

As of March 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 \$5 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 by the company.

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 March 31, 2001, an unfavorable 10 percent change in forward market price would have resulted in a decrease in fair value of approximately \$23 million.

The impact of a change in electricity, natural gas and oil prices on Select Energy's nontrading contracts on March 31, 2001, is not necessarily representative of the results that will be realized when these contracts go to eventual physical delivery.

Select Energy also maintains natural gas service agreements with certain customers to supply gas at fixed prices for terms extending through 2003. 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 2002. As of March 31, 2001, the NYMEX contracts had a notional value of \$12.8 million and a positive mark-to-market position of \$0.3 million.

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19. 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 J. Roman

(Signature of Signing Officer)

John J. Roman

Vice President and Controller

Date: May 30, 2001
