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NORTHEAST UTILITIES SYSTEM
Form U-9C-3
May 29, 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 March 31, 2002

Northeast Utilities

(Name of registered holding company)

107 Selden Street, Berlin, CT 06037

(Address of Principal Executive Officers)

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

John P. Stack, Vice President-Accounting and Controller
Telephone Number: 860-665-2333

GENERAL INSTRUCTIONS

A. Use of Form

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

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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

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

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registered holding company at the end of the quarter.

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

Name of Reporting Co.	Energy or Gas Related	Date of Organization	State of Organization	Percentage of Voting Securities Held	Nature of Business
NU Enterprises, Inc.	Holding	01/4/99	Connecticut	100% by Northeast Utilities	Unregulated businesses holding company
Select Energy, Inc.	Energy	09/26/96	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities
Select Energy Portland Pipeline, Inc.	Energy	03/17/99	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities
Northeast Generation Services Company	Energy	01/4/99	Connecticut	100% by NU Enterprises, Inc.	Invest in energy-related activities
Select Energy Services, Inc.	Energy	06/19/90	Massachusetts	100% by NU Enterprises, Inc.	Invest in energy-related activities
Reeds Ferry Supply Co., Inc.	Energy	07/15/64	New Hampshire	100% by Select Energy Services, Inc.	Invest in energy-related activities
HEC/Tobyhanna Energy Project, Inc.	Energy	09/28/99	Massachusetts	100% by Select Energy Services, Inc.	Invest in energy-related activities
Select Energy Contracting, Inc.	Energy	10/12/94	Massachusetts	100% by Select Energy Services, Inc.	Invest in energy-related activities
Yankee Energy System, Inc.	Holding	02/15/00	Connecticut	100% by Northeast Utilities	Public Utility Holding

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					Company
Yankee Energy Services Company	Energy	07/2/93	Connecticut	100% by Yankee Energy System, Inc.	Invest in energy-related activities
R. M. Services, Inc.	Energy	11/22/94	Connecticut	10% by Yankee Energy System, Inc.	Invest in energy-related activities
Acumentrics Corporation	Energy	09/13/00	Massachusetts	5% by NU Enterprises, Inc.	Invest in energy-related activities
ERI/HEC EFA-Med, LLC	Energy	09/30/00	Delaware	50% by Select Energy Services, Inc.	Invest in energy-related activities
E.S. Boulos Company	Energy	01/19/01	Connecticut	100% by Northeast Generation Services Company	Invest in energy-related activities
NGS Mechanical Company	Energy	01/24/01	Connecticut	100% by Northeast Generation Services Company	Provide mechanical construction and maintenance services
HEC/CJTS Energy Center LLC	Energy	03/02/01	Delaware	100% by Select Energy Services, Inc.	Facilitate construction financing

(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) is an integrated energy business that buys, sells, markets and trades electricity, gas and 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. Under the umbrella of the Select Energy brand, 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.

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- (C) Select Energy Portland Pipeline, Inc. (SEPPI) acquired a 5% interest in Portland Natural Gas Transmission System partnership in March 1999 and sold this interest in June 2001.
- (D) Effective January 4, 1999, Northeast Generation Services Company (NGS) was established to provide a full range of energy-related operation and maintenance services for larger industrial, institutional and power generation customers throughout the 11-state Northeast area. NGS' current business segments focus on providing turnkey Manage and Operate Services (MOS) 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) Select Energy Services, Inc. (formerly 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 Select Energy Services, 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) 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.
- (K) R. M. Services, Inc. provides consumer collection services for companies throughout the United States.
- (L) Acumentrics Corporation develops, manufactures, and distributes advanced power generation, power quality and power protection devices including a high-speed flywheel and advanced power generation, power quality and power protection devices including a high-speed flywheel and advanced technology fuel cells.
- (M) ERI/HEC EFA-Med, LLC is a Delaware limited liability company that was formed by Select Energy Services, Inc., and ERI Services, Inc. to enter into an indefinite delivery/indefinite quantity contract with the U.S. Navy. Under the contract, the Navy will issue Delivery Orders for energy services work at U.S. Government facilities located in Bahrain, Greece, Egypt, Italy, Spain, Turkey, and the United Kingdom. The LLC will designate either ERI or Select Energy Services, Inc. to perform each of

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the Delivery Orders. The LLC will also act as the conduit for any project-related financing. ERI Services, Inc. and Select Energy Services, Inc. each own 50% of the LLC.

- (N) 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.
- (O) 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.
- (P) HEC/CJTS Energy Center LLC (HEC/CTJS) is a Delaware limited liability company that was formed by Select Energy Services, Inc. to facilitate the financing of the 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. Select Energy Services, Inc. owns 100% of the LLC.
- (Q) Select Energy New York (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.

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
Select Energy, Inc.		No transactions this quarter.					
Northeast Generation Services Company		No transactions this quarter.					
Select Energy Contracting, Inc.		No transactions this quarter.					
Reeds Ferry Supply Co., Inc.		No transactions this quarter.					

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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 Company	No transactions this quarter.							
NGS Mechanical Company	No transactions this quarter.							
HEC/CJTS Energy Center LLC	No transactions this quarter.							
Northeast Utilities	No transactions this quarter.							
Select Energy New York, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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, 2002
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			(Thousands of Dollars)
Northeast Generation Services Company	Select Energy, Inc.	Electrical and Mechanical Services	\$ 11 =====
Northeast Generation Services Company	The Connecticut Light & Power Company	Electrical and Mechanical Services	\$ 58 =====
Northeast Generation Services Company	Western Massachusetts Electric Company	Electrical and Mechanical Services	\$ 14 =====
Northeast Generation Services Company	Public Service Company of New Hampshire	Electrical and Mechanical Services	\$ 446 =====
Northeast Generation Services Company	Holyoke Water Power Company	Electrical and Mechanical Services	\$2,668 =====
Northeast Generation Services Company	Northeast Generation Company	Electrical and Mechanical Services	\$8,162 =====
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	\$ - =====
Northeast Generation Services Company	Yankee Energy Services Company	Electrical and Mechanical Services	\$ 42 =====
Northeast Generation Services Company	Northeast Utilities Service Company	Electrical and Mechanical Services	\$ 7 =====

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

Total Amount
Billed*

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Associate Company Rendering Services	Reporting Company Receiving Services	Types of Services Rendered	Three Months Ended March 31, 2002
			(Thousands of Dollars)

Public Service Company of New Hampshire	Select Energy, Inc.	Miscellaneous	\$ 8 =====
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* '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 03/31/02	\$6,873,820	line 1
Total capitalization multiplied by 15% (line 1 multiplied by .15)	1,031,073	line 2
Greater of \$50 million or line 2	\$1,031,073	line 3
Total current aggregate investment: (categorized by major line of energy-related business):		
Select Energy, Inc.	\$676,868	
Northeast Generation Services Company	25,322	
Select Energy Contracting, Inc.	39,353	
Select Energy New York, Inc.	36,696	
Reeds Ferry Supply Co., Inc.	7	
HEC/Tobyhanna Energy Project, Inc.	-	
Yankee Energy Services Company	8,282	
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	
Current aggregate investment	817,892	
Elimination *	17,536	
Total current aggregate investment	800,356	line 4
Difference between the greater of \$50 million or 15% of capitalization and the total aggregate investment of the registered holding company system	\$230,717	line 5 =====

*Elimination is for capital contributions made from a parent company who is a reporting company to a subsidiary who is also a reporting company.

ITEM 5 - OTHER INVESTMENTS

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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
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NONE

ITEM 6 - FINANCIAL STATEMENTS AND EXHIBITS

Instructions

A. Financial Statements

1. Financial statements are required for reporting companies in which the registered holding company system has at least 50% equity or other ownership interest. For all other rule 58 companies, the registered holding company shall make available to the Commission such financial statements as are available to it.
2. For each reporting company, provide a balance sheet as of the end of the quarter and income statements for the three-month and year-to-date periods ending as of the end of the quarter, together with any notes thereto. Financial statements shall be for the first three quarters of the fiscal year of the registered holding company.
3. If a reporting company and each of its subsidiaries engage exclusively in single category of energy-related or gas-related activity, consolidated financial statements may be filed.
4. Separate financial statements need not be filed for inactive companies or for companies engaged solely in the ownership of interests in energy-related or gas-related companies.

B. Exhibits

1. Copies of contracts required to be provided by Item 3 shall be filed as exhibits.
2. A certificate stating that a copy of the report for the previous quarter has been filed with interested state commissions shall be filed as an exhibit. The certificate shall provide the names and addresses of the state commissions.

A. Financial Statements

Select Energy, Inc.:

Balance Sheet - As of March 31, 2002

Income Statement - Three months ended March 31, 2002

Northeast Generation Services Company:

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Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

Select Energy Contracting, Inc.:
Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

Reeds Ferry Supply Co., Inc.:
Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

HEC/Tobychanna Energy Project, Inc.:
Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

Yankee Energy Services Company:
Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

ERI/HEC EFA-Med, LLC:
Not available as of March 31, 2002

E. S. Boulos Company:
Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

NGS Mechanical Company:
Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

HEC/CJTS Energy Center LLC:
Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

Northeast Utilities (Parent):
Balance Sheet - As of March 31, 2002
Income Statement - Three months ended March 31, 2002

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).

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- 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.1.2 Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.3 Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.4 Copy of contract required by Item 3 - filed under confidential treatment pursuant to Rule 104(b).
- 6.B.1.5 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)

March 31,
 2002

 (Thousands
 of Dollars)

ASSETS

Current Assets:

Receivables, net	\$212,004
Accounts receivable from affiliated companies	105,714
Taxes receivable	17,842
Special deposits	24,497

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Unrealized gains on mark-to-market transactions	65,352
Prepaid wholesale power purchases	24,657
Prepayments and other	6,414

	456,480

Property, Plant and Equipment:	
Competitive energy	12,312
Less: Accumulated provision for depreciation and amortization	4,282

	8,030
Construction work in progress	273

	8,303

Deferred Debits and Other Assets:	
Intangibles, net	19,746
Accumulated deferred income taxes	11,340
Prepaid pensions	2,716
Other	45,137

	78,939

Total Assets	\$543,722
	=====

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,
2002

(Thousands
of Dollars)

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:	
Notes payable to affiliated companies	\$187,500
Accounts payable	193,508
Accounts payable to affiliated companies	12,755
Other	32,370

Total current liabilities	426,133

Deferred Credits and Other Liabilities	92,418

Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	199,535

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Accumulated deficit	(169,178)
Accumulated other comprehensive loss	(5,186)

Total stockholder's equity	25,171

Total Liabilities and Stockholder's Equity	\$543,722
	=====

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, 2002

	(Thousands of Dollars)
Operating Revenues	\$918,735

Operating Expenses:	
Purchased power, net interchange power and capacity	936,136
Other	28,601
Depreciation	1,732
Taxes other than income taxes	1,738

Total operating expenses	968,207

Operating Loss	(49,472)

Other Income, Net	5,729

Interest Expense, Net	1,355

Loss Before Income Tax Benefit	(45,098)

Income Tax Benefit	19,945

Net Loss	\$ (25,153)
	=====

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

See accompanying notes to financial statements.

NORTHEAST GENERATION SERVICES COMPANY
BALANCE SHEET

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(Unaudited)

	March 31, 2002
	----- (Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 76
Receivables, net	4,055
Accounts receivable from affiliated companies	3,247
Unbilled revenues	4,379
Fuel, materials and supplies, at average cost	496
Prepayments and other	1,893

	14,146

Property, Plant and Equipment:	
Other	1,548
Less: Accumulated provision for depreciation	767

	781
Construction work in progress	1,239

	2,020

Deferred Debits and Other Assets:	
Accumulated deferred income taxes	606
Other	15,334

	15,940

Total Assets	\$32,106
	=====

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, 2002
	----- (Thousands of Dollars)
LIABILITIES AND STOCKHOLDER'S EQUITY	

Current Liabilities:	
Notes payable to affiliated companies	\$12,500
Accounts payable	2,318

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Accounts payable to affiliated companies	2,178
Accrued taxes	1,469
Other	284

	18,749

 Deferred Credits and Other Liabilities	 231

 Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	10,422
Retained earnings	2,704

Total stockholder's equity	13,126

 Total Liabilities and Stockholder's Equity	 \$32,106
	=====

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, 2002

	(Thousands of Dollars)
Operating Revenues	\$13,584

Operating Expenses:	
Operation	10,822
Maintenance	3,427
Depreciation and amortization	2
Taxes other than income taxes	575

Total operating expenses	14,826

Operating Loss	(1,242)

Other Income, Net	321

Loss Before Interest Expense and Income Tax Benefit	(921)

Interest Expense, Net	116

Loss Before Income Tax Benefit	(1,037)

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Income Tax Benefit	----- 571 -----
Net Loss	\$ (466) =====

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, 2002 ----- (Thousands of Dollars)
ASSETS -----	
Current Assets:	
Cash	\$ 267
Accounts receivable	12,997
Other material and supplies	453
Prepayments and other	324
	----- 14,041 -----
Deferred Debits and Other Assets:	
Other	15,778
	----- 15,778 -----
Long-Lived Assets:	
Other	5,745
Less: Accumulated provision for depreciation	3,144
	----- 2,601 -----
Total Assets	\$32,420 =====

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,
2002

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(Thousands
of Dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$ 4,284
Accounts payable to affiliated companies	9,322
Accrued taxes	1,268

	14,874

Deferred Credits and Other Liabilities:

Deferred taxes	347
Other	1,552

	1,899

Stockholders' Equity:

Common stock, \$1 par value - 100,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	14,906
Retained earnings	741

	15,647

Total Liabilities and Stockholders' Equity	\$32,420
	=====

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,
2002

(Thousands
of Dollars)

Operating Revenues	\$13,907

Operating Expenses:

Operation	13,340
Maintenance	105
Depreciation	283
Taxes other than income taxes	112

Total operating expenses	13,840

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Operating Income	67

Other Income	2

Interest Expense, Net	64

Income before income taxes	5

Income Tax Expense:	
Federal and state income taxes, net	15

Net Loss	\$ (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.

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

	March 31, 2002

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 6
Accounts receivable	89

	95

Long-Lived Assets:	
Organization costs, net	247

	247

Total Assets	\$ 342
	=====

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

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts payable	\$ 89
Accounts payable to affiliated companies	295

	384

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Stockholders' Equity:

Common stock, \$0 par value - 100 shares	
authorized and outstanding	4
Capital surplus, paid in	3
Retained deficit	(49)

	(42)

 Total Liabilities and Stockholders' Equity	 \$ 342
	=====

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, 2002

	(Thousands of Dollars)
Operating Revenues	\$ -

Operating Expenses:	
Other	-
Amortization	-

Total operating expenses	-

Net Income	\$ -
	=====

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, 2002

	(Thousands of Dollars)
ASSETS	

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Current Assets:	
Cash	\$ 1,973
Receivables, net	1,299

	3,272

Long-Lived Assets:	
Other, net	633

Contracts receivable	25,881

	26,514

Total Assets	\$29,786
	=====

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

CAPITALIZATION AND LIABILITIES

Capitalization:

Common stock, \$1 par value - 100 shares authorized and outstanding	\$ -
Retained earnings	186

Total common stockholder's equity	186
Long-term debt	25,494

Total capitalization	25,680

Current Liabilities:

Accounts payable to affiliated companies	3,513
Accrued interest	247
Other	1

Total current liabilities	3,761

Long-Term Liabilities:

Other	345

Total long-term liabilities	345

Total Capitalization and Liabilities	\$29,786
	=====

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

See accompanying notes to financial statements.

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

Three Months
Ended
March 31,

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	2002

	(Thousands of Dollars)
Other Income, Net	\$ 461

Interest Expense, Net	500

Net Loss	\$ (39)
	=====

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, 2002

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 194
Receivables, net	4,700
Taxes receivable	292

	5,186

Deferred Debits and Other Assets:	
Accumulated deferred income taxes	1,399
Goodwill	405
Other	444

	2,248

Total Assets	\$7,434
	=====

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,
2002

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 (Thousands
 of Dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY

 Current Liabilities:

Notes payable to affiliated companies	\$ 1,259
Accounts payable to affiliated companies	46

	1,305

Stockholders' Equity:

Common stock, \$0 par value - 10,000 shares authorized and 200 shares outstanding	1
Capital surplus, paid in	7,881
Accumulated deficit	(1,753)

Total stockholders' equity	6,129

Total Liabilities and Stockholders' Equity	\$ 7,434
	=====

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
 March 31,
 2002

 (Thousands
 of Dollars)

Operating Revenues	\$ 666

Operating Expenses:	
Other	787

Total operating expenses	787

Operating Loss	(121)

Interest Expense, Net	48

Loss Before Income Tax Benefit	(169)

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Income Tax Benefit	67 -----
Net Loss	\$ (102) =====

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, 2002 ----- (Thousands of Dollars)
ASSETS -----	
Current Assets:	
Cash	\$ 597
Receivables, net	9,754
Accounts receivable from affiliated companies	322
Unbilled revenues	1,890
Materials and supplies, at average cost	103
	----- 12,666 -----
Property, Plant and Equipment	
Other	580
Less: Accumulated provision for depreciation	109
	----- 471 -----
Deferred Debits and Other Assets:	
Goodwill	6,963
Accumulated deferred income taxes	7
Other	37
	----- 7,007 -----
Total Assets	\$20,144 =====

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,

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	2002

	(Thousands of Dollars)
LIABILITIES AND STOCKHOLDER'S EQUITY	

Current Liabilities:	
Advance from parent, non-interest bearing	\$ 2,948
Accounts payable	3,181
Accounts payable to affiliated companies	1
Accrued taxes	1,290
Other	521

	7,941

Deferred Credits and Other Liabilities:	
Other	820

Stockholder's Equity:	
Common stock, \$1 par value - 20,000 shares authorized and 100 shares outstanding	-
Capital surplus, paid in	7,539
Retained earnings	3,844

Total stockholder's equity	11,383

Total Liabilities and Stockholder's Equity	\$20,144
	=====

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, 2002

	(Thousands of Dollars)
Operating Revenues	\$13,794

Operating Expenses:	
Operation	282
Maintenance	12,983
Depreciation	27

Total operating expenses	13,292

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Operating Income	502

Other Income, Net	171

Income Before Income Tax Expense	673

Income Tax Expense	235

Net Income	\$ 438
	=====

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, 2002

	(Thousands of Dollars)
ASSETS	

Current Assets:	
Cash	\$ 10

Total current assets	10

Total Assets	\$ 10
	=====

NGS MECHANICAL COMPANY
BALANCE SHEET
(Unaudited)

	March 31, 2002

	(Thousands of Dollars)
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	-

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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 March 31, 2002

	(Thousands of Dollars)
Operating Revenues	\$ -

Operating Expenses:	
Other	-

Total operating expenses	-

Net Loss	\$ -
	=====

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, 2002

	(Thousands of Dollars)
ASSETS	

Other Property and Investments:	
Investments in subsidiary companies, at equity	\$2,388,368

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Investments in transmission companies, at equity	13,804
Other	14

	2,402,186

Current Assets:

Cash	3,876
Notes receivable from affiliated companies	164,500
Receivables, net	525
Accounts receivable from affiliated companies	2,165
Taxes receivable	3,987
Prepayments	6,141

	181,194

Deferred Charges:

Other	2,804

	2,804

Total Assets	\$2,586,184
	=====

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,
2002

(Thousands
of Dollars)

CAPITALIZATION AND LIABILITIES

Capitalization:

Common shares, \$5.00 par value - Authorized 225,000,000 shares; 149,116,706 shares issued and 129,477,227 shares outstanding	\$ 745,584
Capital surplus, paid in	1,111,440
Deferred contribution plan - employee stock ownership plan	(98,802)
Retained earnings	680,934
Accumulated other comprehensive loss	(3,458)
Treasury stock	(296,853)

Common shareholders' equity	2,138,845
Long-term debt	88,000

Total capitalization	2,226,845

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Current Liabilities:	
Notes payable to bank	60,000
Accounts payable	202
Accounts payable to affiliated companies	1,351
Long-term debt - current portion	286,000
Accrued interest	3,784
Other	121

	351,458

Deferred Credits and Other Liabilities:	
Accumulated deferred income taxes	7,766
Other	115

	7,881

Total Capitalization and Liabilities	\$ 2,586,184
	=====

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, 2002
	----- (Thousands of Dollars)
Operating Revenues	\$ -

Operating Expenses:	
Operation expense	5,599
Taxes other than income taxes	19

Total operating expenses	5,618

Operating Loss	(5,618)

Other Income:	
Equity in earnings of subsidiaries	22,526
Equity in earnings of transmission companies	734
Other, net	2,418

Other Income, Net	25,678

Income Before Interest and Income Tax Benefit	20,060

Interest Expense:	
Interest on long-term debt	5,008
Other interest	249

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Interest expense, net	5,257
Income Before Income Tax Benefit	14,803
Income Tax Benefit	3,839
Net Income for Common Shares	\$ 18,642
Basic and Diluted Earnings per Common Share	\$ 0.14
Basic Common Shares Outstanding (average)	129,504,005
Diluted Common Shares Outstanding (average)	129,754,946

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.

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

March 31,
2002
(Thousands
of Dollars)

ASSETS

Current Assets:

Cash	\$ 17,373
Receivables, net	37,320
Special deposits	2,075
Unrealized gains on mark-to-market transactions	7,324
Prepayments and other	12,243
	76,335

Deferred Debits and Other Assets:

Accumulated deferred income taxes	86
-----------------------------------	----

Property Plant and Equipment:

Competitive energy	2,233
Less: Accumulated provision for depreciation	2,061
Total long-lived assets	172

Total Assets \$ 76,593

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

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See accompanying notes to financial statements.

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

March 31,
2002

(Thousands
of Dollars)

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:

Accounts payable	\$23,655
Accounts payable to affiliated companies	236
Accrued taxes	4,436
Other	3,097

31,424

Deferred Credits and Other Liabilities:

Other	24
-------	----

Advance from Northeast Utilities Parent Company

26,699

Stockholder's Equity:

Common stock, \$1 par value - 10,000 shares authorized and outstanding	10
Capital surplus, paid in	9,987
Retained earnings	8,449

Total stockholder's equity	18,446
----------------------------	--------

Total Liabilities and Stockholder's Equity	\$76,593
--	----------

=====

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

See accompanying notes to financial statements.

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

Three Months
Ended
March 31,
2002

(Thousands
of Dollars)

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Operating Revenues	\$70,283

Operating Expenses:	
Purchased power, net interchange power and capacity	58,034
Maintenance	2,357
Taxes other than income taxes	(252)

Total operating expenses	60,139

Operating Income	10,144

Other Loss, Net	(5)

Interest Expense, Net	198

Income Before Income Tax Expense	9,941

Income Tax Expense	4,187

Net Income	\$ 5,754
	=====

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)

March 31,
2002

(Thousands
of Dollars)

ASSETS	

Current Assets:	
Cash	\$ 1

Total current assets	1

Total Assets	\$ 1
	=====

HEC/CJTS ENERGY CENTER LLC
BALANCE SHEET
(Unaudited)

LIABILITIES AND STOCKHOLDER'S EQUITY

Stockholder's Equity:	
Capital surplus, paid in	10

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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 March 31, 2002

	(Thousands of Dollars)
Operating Revenues	\$ -

Operating Expenses:	
Other	-

Total operating expenses	-

Net Loss	\$ -
	=====

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)

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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 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. On September 26, 2000, NUEI invested \$10 million in Acumentrics Corporation (Acumentrics) in return for a 5 percent ownership share of that company. During the first quarter of 2002, NU recorded an impairment charge of \$2.5 million as a result of the decline in the fair value of NUEI's investment in Acumentrics. 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).

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).

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, sells and trades 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

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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 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 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

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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. During the first quarter of 2002, NU recorded an impairment charge of \$2.5 million as a result of the decline in the fair value of NUEI's investment in Acumentrics.

14. About SENY

On November 30, 2001, Select Energy acquired NMEM for \$31.7 million. This business was 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

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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. Under Emerging Issues Task Force Issue No. 98-10, "Accounting for Energy Trading and Risk Management Activities," 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 March 31, 2002, had an asset value of \$57.5 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, based on closing exchange prices.

As of March 31, 2002, 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 \$15.5 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 aforementioned sensitivity analysis.

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 March 31, 2002, an unfavorable 10 percent change in forward market price would have resulted in a decline in fair value of approximately \$35.3 million.

The impact of a change in electricity, natural gas and oil prices on Select Energy's nontrading contracts on March 31, 2002, 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

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New York Mercantile Exchange (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 March 31, 2002, the NYMEX contracts had a notional value of \$60.9 million and a mark-to-market asset value of \$1.2 million.

Derivative Cash Flow Hedge Accounting: During the first quarter of 2002, \$13.7 million in income, net of tax, was reclassified from other comprehensive income upon the conclusion of derivative cash flow hedge transactions and recognized in earnings. An additional \$0.6 million of income, net of tax, was recognized in earnings for those derivatives that were determined to be ineffective. Currently, the cash flow hedge transactions entered into hedge cash flows through 2004. As a result of these new transactions and market value changes since January 1, 2002, other comprehensive income increased by \$19.8 million, net of tax. Accumulated other comprehensive loss at March 31, 2002, was \$3.4 million, net of tax (reduction to equity), relating to hedged transactions and it is estimated that \$1 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 as cash flows from the hedged activities.

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: May 29, 2002
