

NORTHEAST UTILITIES  
Form 10-Q  
November 08, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended September 30, 2006**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

<b><u>Commission File Number</u></b>	<b><u>Registrant; State of Incorporation; Address; and Telephone Number</u></b>	<b><u>I.R.S. Employer Identification No.</u></b>
1-5324	<b>NORTHEAST UTILITIES</b> (a Massachusetts voluntary association) One Federal Street Building 111-4 Springfield, Massachusetts 01105 Telephone: (413) 785-5871	04-2147929
0-00404	<b>THE CONNECTICUT LIGHT AND POWER COMPANY</b> (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (860) 665-5000	06-0303850
1-6392	<b>PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE</b> (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134	02-0181050

Telephone: (603) 669-4000

0-7624

**WESTERN MASSACHUSETTS ELECTRIC COMPANY** 04-1961130

(a Massachusetts corporation)

One Federal Street

Building 111-4

Springfield, Massachusetts 01105

Telephone: (413) 785-5871

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Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days:

<u>Yes</u>	<u>No</u>
√	

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

	<b>Large Accelerated Filer</b>	<b>Accelerated Filer</b>	<b>Non-accelerated Filer</b>
Northeast Utilities	√		
The Connecticut Light and Power Company			√
Public Service Company of New Hampshire			√
Western Massachusetts Electric Company			√

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

	<u>Yes</u>	<u>No</u>
Northeast Utilities		√
The Connecticut Light and Power Company		√
Public Service Company of New Hampshire		√
Western Massachusetts Electric Company		√

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

<u>Company - Class of Stock</u>	<u>Outstanding at October 31, 2006</u>
Northeast Utilities Common stock, \$5.00 par value	154,022,864 shares
The Connecticut Light and Power Company Common stock, \$10.00 par value	6,035,205 shares

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Public Service Company of New Hampshire  
Common stock, \$1.00 par value

301 shares

Western Massachusetts Electric Company  
Common stock, \$25.00 par value

434,653 shares

## GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations or acronyms that are found in this report.

### NU COMPANIES, SEGMENTS OR INVESTMENTS:

CL&P	The Connecticut Light and Power Company
CRC	CL&P Receivables Corporation
HWP	Holyoke Water Power Company
Mt. Tom	Mount Tom generating plant
NGC	Northeast Generation Company
NGS	Northeast Generation Services Company
NU or the company	Northeast Utilities
NU Enterprises	At September 30, 2006, NU's competitive subsidiaries include the merchant energy segment, which is comprised of Select Energy, NGC, NGS and the generation operations of Mt. Tom, and the energy services segment, which is comprised of E.S. Boulos Company, and NGS Mechanical, Inc., which are subsidiaries of NGS and SECI. For further information, see Note 12, "Segment Information," to the condensed consolidated financial statements.
PSNH	Public Service Company of New Hampshire
SECI	Select Energy Contracting, Inc.
Select Energy	Select Energy, Inc.
SESI	Select Energy Services, Inc.
Utility Group	NU's regulated utilities comprised of the electric distribution and transmission businesses of CL&P, PSNH, WMECO, the generation business of PSNH and the gas distribution business of Yankee Gas. For further information, see Note 12 "Segment Information," to the condensed consolidated financial statements.
WMECO	Western Massachusetts Electric Company
Yankee	Yankee Energy System, Inc.
Yankee Gas	Yankee Gas Services Company

### THIRD PARTIES:

CYAPC	Connecticut Yankee Atomic Power Company
ECP	Energy Capital Partners

REGULATORS:

CSC	Connecticut Siting Council
DPUC	Connecticut Department of Public Utility Control
DTE	Massachusetts Department of Telecommunications and Energy
FERC	Federal Energy Regulatory Commission
NHPUC	New Hampshire Public Utilities Commission
SEC	Securities and Exchange Commission

OTHER:

AFUDC	Allowance For Funds Used During Construction
CTA	Competitive Transition Assessment
EPS	Earnings Per Share
ES	Default Energy Service
FASB	Financial Accounting Standards Board
FCM	Forward Capacity Market
FMCC	Federally Mandated Congestion Cost
GSC	Generation Service Charge
Hess	Hess Corporation
ISO-NE	New England Independent System Operator
kWh	Kilowatt-Hour
kV	Kilovolt
LICAP	Locational Installed Capacity
LOCs	Letters of Credit
MW	Megawatt/Megawatts
NU 2005 Form 10-K	The Northeast Utilities and Subsidiaries combined 2005 Form 10-K as filed with the SEC
NYMEX	New York Mercantile Exchange
OCC	Connecticut Office of Consumer Counsel
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segments excluding the wholesale transmission segment.
RMR	Reliability Must Run
ROE	Return on Equity
RTO	Regional Transmission Organization
SBC	System Benefits Charge
SCRC	Stranded Cost Recovery Charge
SFAS	Statement of Financial Accounting Standards
TSO	Transitional Standard Offer





**NORTHEAST UTILITIES AND SUBSIDIARIES  
THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES  
WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY**

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**NORTHEAST UTILITIES AND SUBSIDIARIES**

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## NORTHEAST UTILITIES AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

September 30,  
2006

December 31,  
2005

(Thousands of Dollars)

ASSETS

## Current Assets:

	\$	\$
Cash and cash equivalents	50,455	45,782
Special deposits	34,413	103,789
Investments in securitizable assets	273,085	252,801
Receivables, less provision for uncollectible accounts of \$21,033 in 2006 and \$24,444 in 2005	331,836	901,516
Unbilled revenues	62,984	175,853
Taxes receivable	152,047	-
Fuel, materials and supplies	175,886	206,557
Marketable securities - current	62,193	56,012
Derivative assets - current	104,567	403,507
Prepayments and other	81,009	129,242
Assets held for sale	861,901	101,784
	2,190,376	2,376,843
Property, Plant and Equipment:		
Electric utility	6,929,584	6,378,838
Gas utility	853,718	825,872
Competitive energy	18,609	908,776
Other	277,621	254,659
	8,079,532	8,368,145
Less: Accumulated depreciation	2,600,329	2,551,322
	5,479,203	5,816,823
Construction work in progress	567,081	600,407
	6,046,284	6,417,230

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Deferred Debits and Other Assets:

Regulatory assets	2,100,555	2,483,851
Goodwill	287,591	287,591
Prepaid pension	265,076	298,545
Marketable securities - long-term	51,556	56,527
Derivative assets - long-term	274,263	425,049
Other	276,838	223,439
	3,255,879	3,775,002

	\$	\$
Total Assets	11,492,539	12,569,075

The accompanying notes are an integral part of these condensed consolidated financial statements.





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Preferred Stock of Subsidiary - Non-Redeemable	116,200	116,200
Common Shareholders' Equity:		
Common shares, \$5 par value - authorized 225,000,000 shares; 175,250,911 shares issued and 153,968,400 shares outstanding in 2006 and 174,897,704 shares issued and 153,225,892 shares outstanding in 2005	876,255	874,489
Capital surplus, paid in	1,444,695	1,437,561
Deferred contribution plan - employee stock ownership plan	(37,073)	(46,884)
Retained earnings	544,700	504,301
Accumulated other comprehensive income	5,463	19,987
Treasury stock, 19,680,010 shares in 2006 and 19,645,511 shares in 2005	(360,840)	(360,210)
Common Shareholders' Equity	2,473,200	2,429,244
Total Capitalization	5,545,951	5,572,732
Commitments and Contingencies (Note 7)		
Total Liabilities and Capitalization	\$ 11,492,539	\$ 12,569,075

The accompanying notes are an integral part of these condensed consolidated financial statements.



## NORTHEAST UTILITIES AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME/(LOSS)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30,	
	2006	2005	2006	2005
	(Thousands of Dollars, except share information)			
	\$	\$	\$	\$
Operating Revenues	1,594,096	1,754,942	5,402,545	5,519,519
Operating Expenses:				
Operation -				
Fuel, purchased and net interchange power	1,052,277	1,173,080	3,686,287	3,822,167
Other	248,154	268,350	823,626	785,839
Wholesale contract market changes, net	(4,781)	101,218	14,910	359,684
Restructuring and impairment charges	1,287	4,807	9,712	28,461
Maintenance	55,918	50,454	143,539	136,976
Depreciation	61,290	56,035	179,645	166,293
Amortization	(8,639)	79,902	48,755	127,021
Amortization of rate reduction bonds	49,161	46,123	141,836	133,029
Taxes other than income taxes	62,179	60,645	193,046	188,049
Total operating expenses	1,516,846	1,840,614	5,241,356	5,747,519
Operating Income/(Loss)	77,250	(85,672)	161,189	(228,000)
Interest Expense:				
Interest on long-term debt	40,105	33,928	112,632	96,984
Interest on rate reduction bonds	18,197	21,502	57,060	66,775
Other interest	4,479	3,864	18,105	15,178
Interest expense, net	62,781	59,294	187,797	178,937

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Other Income, Net	13,871	11,768	41,967	27,962
Income/(Loss) from Continuing Operations Before				
Income Tax Benefit	28,340	(133,198)	15,359	(378,975)
Income Tax Benefit	(75,702)	(34,856)	(85,087)	(131,729)
Income/(Loss) from Continuing Operations Before				
Preferred Dividends of Subsidiary	104,042	(98,342)	100,446	(247,246)
Preferred Dividends of Subsidiary	1,390	1,390	4,169	4,169
Income/(Loss) from Continuing Operations	102,652	(99,732)	96,277	(251,415)
Discontinued Operations:				
Income from Discontinued Operations,				
Before Income Taxes	15,945	8,906	54,792	20,370
Loss from Sale of Discontinued Operations	(1,605)	-	(8,083)	-
Income Tax Expense	5,543	3,666	19,401	8,870
Income from Discontinued Operations	8,797	5,240	27,308	11,500
	\$		\$	\$
Net Income/(Loss)	111,449	\$ (94,492)	123,585	(239,915)
Basic and Fully Diluted Earnings/(Loss) Per Common Share:				
Income/(Loss) from Continuing Operations	\$ 0.67	\$ (0.77)	\$ 0.63	\$ (1.94)
Income from Discontinued Operations				