

CONNECTICUT LIGHT & POWER CO

Form 10-Q

November 06, 2009

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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, 2009**

**OR**

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

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

**Commission  
File Number**

**Registrant; State of Incorporation;  
Address; and Telephone Number**

**I.R.S. Employer  
Identification No.**

1-5324

**NORTHEAST UTILITIES**  
(a Massachusetts voluntary association)  
One Federal Street  
Building 111-4  
Springfield, Massachusetts 01105  
Telephone: (413) 785-5871

04-2147929

0-00404

**THE CONNECTICUT LIGHT AND POWER COMPANY** 06-0303850  
(a Connecticut corporation)  
107 Selden Street  
Berlin, Connecticut 06037-1616  
Telephone: (860) 665-5000

1-6392                    **PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** 02-0181050  
(a New Hampshire corporation)  
Energy Park  
780 North Commercial Street  
Manchester, New Hampshire 03101-1134  
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:

Yes                      No

ü

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes                      No

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	ü		
The Connecticut Light and Power Company			ü
Public Service Company of New Hampshire			ü
Western Massachusetts Electric Company			ü

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

Yes                      No

Northeast Utilities	ü
The Connecticut Light and Power Company	ü
Public Service Company of New Hampshire	ü

Western Massachusetts Electric Company

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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, 2009</u>
Northeast Utilities Common shares, \$5.00 par value	175,463,545 shares
The Connecticut Light and Power Company Common stock, \$10.00 par value	6,035,205 shares
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

Northeast Utilities holds all of the 6,035,205 shares, 301 shares, and 434,653 shares of the outstanding common stock of The Connecticut Light and Power Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company, respectively.

Public Service Company of New Hampshire and Western Massachusetts Electric Company each meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q, and each is therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) of Form 10-Q.

## GLOSSARY OF TERMS

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

### **CURRENT OR FORMER NU COMPANIES, SEGMENTS OR INVESTMENTS:**

Boulos	E.S. Boulos Company
CL&P	The Connecticut Light and Power Company
HWP	Holyoke Water Power Company
NAESCO	North Atlantic Energy Service Corporation
NGC	Northeast Generation Company
NGS	Northeast Generation Services Company and subsidiaries
NU or the Company	Northeast Utilities and subsidiaries
NU Enterprises	NU Enterprises, Inc. is the parent company of Select Energy, NGS, SECI and Boulos. For further information, see Note 11, "Segment Information," to the unaudited condensed consolidated financial statements.
NUSCO	Northeast Utilities Service Company
NU parent and other companies	NU parent and other companies is comprised of NU parent, NUSCO and other subsidiaries, including HWP, The Rocky River Realty Company (a real estate subsidiary), Mode 1 Communications, Inc. (telecommunications) and the non-energy-related subsidiaries of Yankee (Yankee Energy Services Company, and Yankee Energy Financial Services Company)
PSNH	Public Service Company of New Hampshire
Regulated companies	NU's regulated companies, comprised of the electric distribution and transmission segments of CL&P, PSNH and WMECO, the generation segment of PSNH, and Yankee Gas, a natural gas local distribution company. For further information, see Note 11, "Segment Information," to the unaudited condensed consolidated financial statements.
SECI	Select Energy Contracting, Inc.
Select Energy	Select Energy, Inc.
SESI	Select Energy Services, Inc.
WMECO	Western Massachusetts Electric Company
Yankee	Yankee Energy System, Inc.
Yankee Gas	Yankee Gas Services Company

### **REGULATORS:**

DOE	U.S. Department of Energy
DPU	Massachusetts Department of Public Utilities
DPUC	Connecticut Department of Public Utility Control
FERC	Federal Energy Regulatory Commission
NHPUC	New Hampshire Public Utilities Commission
SEC	Securities and Exchange Commission

**OTHER:**

2008 Form 10-K	The Northeast Utilities and subsidiaries combined 2008 Annual Report on Form 10-K as filed with the SEC
AFUDC	Allowance For Funds Used During Construction
C&LM	Conservation and Load Management
CfD	Contract for Differences
CTA	Competitive Transition Assessment
EPS	Earnings Per Share
ES	Default Energy Service
FASB	Financial Accounting Standards Board
FMCC	Federally Mandated Congestion Charge
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GWh	Gigawatt Hours
IPP	Independent Power Producers
ISO-NE	New England Independent System Operator or ISO New England, Inc.
kWh	Kilowatt-Hours
KV	Kilovolt
LBCB	Lehman Brothers Commercial Bank, Inc.
LOC	Letter of Credit
Money Pool	Northeast Utilities Money Pool
MW	Megawatts
MWh	Megawatt-Hours
NEEWS	New England East-West Solutions
NU supplemental benefit trust	The NU Trust Under Supplemental Executive Retirement Plan
NYMPA	New York Municipal Power Agency
PBOP	Postretirement Benefits Other Than Pension
PCRBs	Pollution Control Revenue Bonds
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.
ROE	Return on Equity
RRB	Rate Reduction Bonds
SBC	Systems Benefit Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plan

TCAM  
UI

Transmission Cost Adjustment Mechanism  
The United Illuminating Company



**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)

(Thousands of Dollars)	September 30, 2009	December 31, 2008
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 248,977	\$ 89,816
Receivables, less provision for uncollectible accounts of \$52,305 in 2009 and \$43,275 in 2008	591,469	698,755
Unbilled revenues	164,472	218,440
Fuel, materials and supplies - current	281,409	300,049
Marketable securities - current	63,887	78,452
Derivative assets - current	19,270	31,373
Prepayments and other	110,121	88,679
	1,479,605	1,505,564
Property, Plant and Equipment:		
Electric utility	9,563,493	9,219,351
Gas utility	1,070,950	1,043,687
Other	288,918	290,156
	10,923,361	10,553,194
Less: Accumulated depreciation: \$2,731,763 for electric and gas utility and \$129,755 for other in 2009; \$2,610,479 for electric and gas utility and \$159,639 for other in 2008	2,861,518	2,770,118
	8,061,843	7,783,076
Construction work in progress	561,218	424,800
	8,623,061	8,207,876
Deferred Debits and Other Assets:		

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Regulatory assets	3,170,566	3,502,606
Goodwill	287,591	287,591
Marketable securities - long-term	55,351	30,757
Derivative assets - long-term	217,780	241,814
Other	172,380	212,272
	3,903,668	4,275,040

Total Assets	\$ 14,006,334	\$ 13,988,480
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHEAST UTILITIES AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE  
 SHEETS

(Unaudited)

(Thousands of Dollars)	September 30, 2009	December 31, 2008
<b><u>LIABILITIES AND CAPITALIZATION</u></b>		
Current Liabilities:		
Notes payable to banks	\$ 325,234	\$ 618,897
Long-term debt - current portion	66,286	54,286
Accounts payable	410,125	678,614
Accrued taxes	73,802	12,527
Accrued interest	89,165	69,818
Derivative liabilities - current	56,811	100,919
Other	173,167	168,401
	1,194,590	1,703,462
Rate Reduction Bonds	503,303	686,511
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	1,338,979	1,223,461
Accumulated deferred investment tax credits	22,952	25,371
Deferred contractual obligations	173,451	193,016
Regulatory liabilities	529,259	592,540
Derivative liabilities - long-term	858,306	912,426
Accrued pension	740,421	740,930
Accrued postretirement benefits	224,039	240,371
Other	426,388	430,718
	4,313,795	4,358,833
Capitalization:		
Long-Term Debt	4,345,028	4,103,162

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Noncontrolling Interest in Consolidated  
Subsidiary:

Preferred stock not subject to mandatory redemption	116,200	116,200
Common Shareholders' Equity:		
Common shares, \$5 par value - authorized 225,000,000 shares; 195,400,618 shares issued and 175,435,375 shares outstanding in 2009 and 176,212,275 shares issued and 155,834,361 shares outstanding in 2008	977,003	881,061
Capital surplus, paid in	1,758,109	1,475,006
Deferred contribution plan - employee stock ownership plan	(5,927)	(15,481)
Retained earnings	1,203,603	1,078,594
Accumulated other comprehensive loss	(37,767)	(37,265)
Treasury stock, 19,708,136 shares in 2009 and 2008	(361,603)	(361,603)
Common Shareholders' Equity	3,533,418	3,020,312
Total Capitalization	7,994,646	7,239,674
Total Liabilities and Capitalization	\$ 14,006,334	\$ 13,988,480

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



NORTHEAST UTILITIES AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (Unaudited)

(Thousands of Dollars, except share information)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Operating Revenues	\$ 1,306,173	\$ 1,506,897	\$ 4,124,087	\$ 4,352,209
Operating Expenses:				
Operation -				
Fuel, purchased and net interchange power	611,632	801,050	2,034,151	2,286,066
Other	250,296	232,222	732,562	755,306
Maintenance	61,609	71,287	166,812	198,892
Depreciation	77,074	69,717	231,825	205,792
Amortization of regulatory assets, net	10,542	61,386	19,194	132,186
Amortization of rate reduction bonds	56,669	53,132	163,871	154,366
Taxes other than income taxes	75,798	69,026	216,651	200,133
Total operating expenses	1,143,620	1,357,820	3,565,066	3,932,741
Operating Income	162,553	149,077	559,021	419,468
Interest Expense:				
Interest on long-term debt	55,733	53,111	168,191	142,333
Interest on rate reduction bonds	8,657	12,207	28,889	38,910
Other interest	5,245	5,579	8,490	18,355
Interest expense, net	69,635	70,897	205,570	199,598

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Other Income, Net	9,490	17,682	26,081	41,610
Income Before Income Tax Expense				
Tax Expense	102,408	95,862	379,532	261,480
Income Tax Expense	36,230	21,783	130,047	68,381
Net Income	66,178	74,079	249,485	193,099
Net Income Attributable to Noncontrolling Interest:				
Preferred dividends of subsidiary	1,390	1,390	4,169	4,169
Net Income Attributable to Controlling Interest	\$ 64,788	\$ 72,689	\$ 245,316	\$ 188,930
Basic Earnings Per Common Share	\$ 0.37	\$ 0.47	\$ 1.43	\$ 1.22
Fully Diluted Earnings Per Common Share	\$ 0.37	\$ 0.47	\$ 1.43	\$ 1.21
Dividends Declared Per Common Share	\$ 0.24	\$ 0.21	\$ 0.71	\$ 0.61
Weighted Average Common Shares Outstanding:				
Basic	175,358,776	155,607,201	170,958,396	155,456,606
Fully Diluted	175,995,506	156,097,641	171,532,913	155,904,871

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

NORTHEAST UTILITIES AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH  
 FLOWS

(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30,	
	2009	2008
Operating Activities:		
Net income	\$ 249,485	\$ 193,099
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Bad debt expense	31,519	21,341
Depreciation	231,825	205,792
Deferred income taxes	77,617	31,125
Pension and PBOP expense/(income), net of capitalized portion, and contributions	10,197	(12,642)
Allowance for equity funds used during construction	(6,162)	(23,546)
Regulatory overrecoveries/(refunds and underrecoveries), net	42,677	(97,888)
Amortization/(deferral) of recoverable energy costs	1,842	(5,898)
Amortization of regulatory assets, net	19,194	132,186
Amortization of rate reduction bonds	163,871	154,366
Deferred contractual obligations	(20,816)	(25,604)
Derivative assets and liabilities	(18,519)	(32,369)
Other	13,493	(2,796)
Changes in current assets and liabilities:		
Receivables and unbilled revenues, net	122,700	(10,356)
Investments in securitizable assets	-	(25,787)
Fuel, materials and supplies	18,900	(59,554)
Other current assets	(7,490)	(18,962)
Taxes receivable/accrued	59,641	64,425
Accounts payable	(242,179)	(58,594)