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NORTHEAST UTILITIES SYSTEM

Form 8-K

July 25, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
July 24, 2001

Commission File Number
1-5324

NORTHEAST UTILITIES

(Exact name of registrant as specified in its charter)

MASSACHUSETTS

04-2147929

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

174 BRUSH HILL AVENUE, WEST SPRINGFIELD, MASSACHUSETTS 01090-0010

(Address of principal executive offices)

(Zip Code)

(413) 785-5871

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

ITEM 9. REGULATION FD DISCLOSURE

The material attached hereto as Exhibit 99, which is incorporated in this Item 9 by reference thereto, is furnished pursuant to Regulation FD.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the

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undersigned hereunto duly authorized.

NORTHEAST UTILITIES
(registrant)

By: /s/ Randy A. Shoop

Name: Randy A. Shoop
Title: Assistant Treasurer - Finance

Date: July 25, 2001

Exhibit 99

News Release

Contact: Jeffrey R. Kotkin
Office: (860) 665-5154

NU REPORTS SECOND-QUARTER EARNINGS,
FAVORABLE TERMS FOR SERVING WHOLESALE LOAD

HARTFORD, Connecticut, July 24, 2001-Northeast Utilities (NU) today reported second-quarter earnings of \$46.7 million, or \$0.35 per share fully diluted, compared with earnings of \$12.2 million, or \$0.08 per share fully diluted, in the same period of 2000.

For the first six months of 2001, NU earned \$158.9 million, or \$1.14 per share fully diluted, compared with earnings of \$86.8 million, or \$0.62 per share fully diluted, in the first six months of 2000.

NU also reported that its energy marketing subsidiary, Select Energy, Inc., has contracted to acquire the vast majority of the energy supplies it expects to need in 2002 and 2003 to serve its current power supply obligations. In recent weeks, given the sharp reduction in energy prices, Select has acquired significant additional resources within its target price range. As a result, NU management considers its energy supply book to be satisfactorily hedged for both 2002 and 2003.

Earnings in the second quarters of both 2001 and 2000 included moderate nonrecurring events. Second quarter 2001 results included a gain of approximately \$8.0 million, or \$0.06 per share, associated with the marking to market of 10.1 million shares NU acquired through a forward share repurchase. Second quarter 2000 results included after-tax charges of \$8.1 million, or \$0.06 per share, associated with the settlement of litigation related to the Millstone nuclear station, which NU sold to Dominion Resources, Inc. on March 31, 2001. Excluding those nonrecurring events, NU earned \$38.8 million, or \$0.29 per share in the second quarter of 2001, compared with \$20.3 million, or \$0.14 per share, in the second quarter of 2000.

Earnings in the first quarter of 2001 also included significant

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nonrecurring gains and charges associated with the Millstone sale and the adoption of certain accounting rules. Excluding those nonrecurring events and minor nonrecurring charges in the first quarter of 2000, NU earned \$92.1 million, or \$0.66 per share, in the first half of 2001, compared with \$99.0 million, or \$0.71 per share, in the first half of 2000.

Michael G. Morris, NU chairman, president and chief executive officer, attributed the improved second-quarter 2001 results primarily to strong performance at NU's unregulated energy subsidiaries, which include Select Energy. Those businesses earned \$13.6 million in the second quarter of 2001, compared with essentially break-even results in the second quarter of 2000.

Morris said he was encouraged by the improved second-quarter 2001 results at NU's unregulated businesses, as well as by Select Energy's ability to contract for necessary sources of energy to meet its contractual requirements to The Connecticut Light and Power Company, NU's largest operating subsidiary. "As we projected, lower fuel prices and the increasing number of new generating plants in New England have combined to drive down the cost of wholesale electricity," Morris said.

Besides Select, NU second-quarter results benefited from increased electric sales, a reduced number of outstanding shares, and lower interest and preferred dividend costs. Regulated retail electric sales were up 3.1 percent in the second quarter of 2001, compared with the same period of 2000. Over the first six months of 2001, regulated electric sales were up 2.2 percent compared with the same period in 2000.

In the second quarter of 2001, NU repurchased approximately 10.3 million shares and had approximately 134 million shares outstanding as of June 30, 2001. NU announced two weeks ago that its Board of Trustees had authorized the repurchase of an additional 15 million shares by July 1, 2003. An earlier share repurchase authorization terminated on July 1, 2001. Morris said the timing of any material share repurchases will affect earnings per share over the next two years. NU had originally anticipated repurchasing more than 10.3 million shares by the middle of 2001. As a result of a higher estimated average share count for the year, NU now projects that 2001 earnings will be between \$1.35 per share and \$1.50 per share, somewhat lower than the \$1.40-\$1.60 per share range NU had projected earlier this year, excluding nonrecurring items.

NU operates New England's largest energy delivery system with nearly 1.8 million electric customers in Connecticut, New Hampshire and Massachusetts and 187,000 natural gas customers in Connecticut, and is one of the largest competitive energy suppliers in New England.

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are statements of future expectations and not facts. Actual results or developments might differ materially from those included in the forward-looking statements because of factors such as competition and industry restructuring, changes in economic conditions, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments and other presently unknown or unforeseen factors. Other risk factors are detailed from time to time in NU's reports to the Securities and Exchange Commission.

July 24, 2001

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NORTHEAST UTILITIES AND SUBSIDIARIES

FINANCIAL REPORT

	Three Months Ended June 30,	
	2001	2000
	(Thousands of Dollars, Except Share Information)	
Operating Revenues	\$ 1,583,294	\$ 1,414,973
	=====	=====
Earnings for common shares:		
Before extraordinary loss and cumulative effect of accounting changes, net of taxes	\$ 46,732	\$ 12,206
Extraordinary (loss), net of tax benefits of \$169,562	-	-
Cumulative effect of accounting changes, net of tax benefits of \$14,908	-	-
	-----	-----
Total Net Income	\$ 46,732	\$ 12,206
	=====	=====
Fully Diluted Earnings Per Common Share:		
Before extraordinary loss and cumulative effect of accounting changes, net of taxes	\$ 0.35	\$ 0.08
Extraordinary (loss), net of taxes	-	-
Cumulative effect of accounting changes, net of taxes	-	-
	-----	-----
Total Fully Diluted Earnings Per Common Share	\$ 0.35	\$ 0.08
	=====	=====
Common Shares Outstanding (fully diluted)	134,149,873	143,907,964
	=====	=====

	Six Months Ended June 30,	
	2001	2000
	(Thousands of Dollars, Except Share Information)	
Operating Revenues	\$ 3,383,838	\$ 2,797,294
	=====	=====
Earnings for common shares:		
Before extraordinary loss and cumulative effect of accounting changes, net of taxes	\$ 181,327	\$ 86,793
Extraordinary (loss), net of tax benefits of \$169,562	-	-
Cumulative effect of accounting changes, net of tax benefits of \$14,908	(22,432)	-
	-----	-----
Total Net Income	\$ 158,895	\$ 86,793
	=====	=====
Fully Diluted Earnings Per Common Share:		
Before extraordinary loss and cumulative effect of accounting changes, net of taxes	\$ 1.30	\$ 0.62

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Extraordinary (loss), net of taxes	-	-
Cumulative effect of accounting changes, net of taxes	(0.16)	-
	-----	-----
Total Fully Diluted Earnings Per Common Share	\$ 1.14	\$ 0.62
	=====	=====
 Common Shares Outstanding (fully diluted)	 139,256,968	 140,055,610
	=====	=====
	Twelve Months Ended June 30,	
	2001 2000	
	(Thousands of Dollars, Except Share Information)	
 Operating Revenues	 \$ 6,463,163	 \$ 5,186,570
	=====	=====
Earnings for common shares:		
Before extraordinary loss and cumulative effect of accounting changes, net of taxes	\$ 299,830	\$ 102,337
Extraordinary (loss), net of tax benefits of \$169,562	(233,881)	-
Cumulative effect of accounting changes, net of tax benefits of \$14,908	(22,432)	-
	-----	-----
 Total Net Income	 \$ 43,517	 \$ 102,337
	=====	=====
Fully Diluted Earnings Per Common Share:		
Before extraordinary loss and cumulative effect of accounting changes, net of taxes	\$ 2.12	\$ 0.75
Extraordinary (loss), net of taxes	(1.65)	-
Cumulative effect of accounting changes, net of taxes	(0.16)	-
	-----	-----
 Total Fully Diluted Earnings Per Common Share	 \$ 0.31	 \$ 0.75
	=====	=====
 Common Shares Outstanding (fully diluted)	 141,669,477	 136,108,723
	=====	=====

The data contained in this report is preliminary and is unaudited. This report is being submitted for the sole purpose of providing information to present shareholders about the Northeast Utilities System and is not a representation, prospectus, or intended for use in connection with any purchase or sale of securities.

Northeast Utilities and Subsidiaries
Consolidated Statements of Income

Three Months Ended
June 30,
2001 2000

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	(Thousands of Dollars, Except Share Information)	
Operating Revenues	\$ 1,583,294	\$ 1,414,973
	-----	-----
Operating Expenses:		
Operation -		
Fuel, purchased and net interchange power	1,009,877	795,089
Other	189,014	214,036
Maintenance	59,738	70,722
Depreciation	65,518	58,946
Amortization of regulatory assets, net	70,471	68,318
Federal and state income taxes	46,801	47,445
Taxes other than income taxes	55,204	61,325
Gain on sale of utility plant	-	-
	-----	-----
Total operating expenses	1,496,623	1,315,881
	-----	-----
Operating Income (Loss)	86,671	99,092
	-----	-----
Other Income (Loss):		
Gain related to Millstone sale	-	-
Gain/(Loss) on share repurchase contracts	8,049	-
Nuclear related costs	-	(15,572)
Other, net	8,448	(6,037)
Minority interest in loss of subsidiary	(775)	(2,325)
Income taxes	18,321	21,119
	-----	-----
Other income (loss), net	34,043	(2,815)
	-----	-----
Income before interest charges	120,714	96,277
	-----	-----
Interest Charges:		
Interest on long-term debt	62,063	52,300
Other interest, net	9,482	27,858
	-----	-----
Interest charges, net	71,545	80,158
	-----	-----
Income after interest charges	49,169	16,119
	-----	-----
Preferred Dividends of Subsidiaries	2,437	3,913
	-----	-----
Income before extraordinary loss and cumulative effect of accounting changes, net of taxes	46,732	12,206
Extraordinary (loss), net of tax benefits of \$169,562	-	-
Cumulative effect of accounting changes, net of tax benefits of \$ 14,908	-	-
	-----	-----
Net Income	\$ 46,732	\$ 12,206
	=====	=====
Fully Diluted Earnings (Loss) Per Common Share:		
Income before extraordinary loss and cumulative effect of accounting changes	\$ 0.35	\$ 0.08
Extraordinary (loss), net of taxes	-	-
Cumulative effect of accounting changes, net of taxes	-	-
	-----	-----
Total Fully Diluted Earnings Per Common Share	\$ 0.35	\$ 0.08

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	=====	=====
Common Shares Outstanding (fully diluted)	134,149,873	143,907,964
	=====	=====

Northeast Utilities and Subsidiaries
Consolidated Statements of Income

	Six Months Ended June 30,	
	2001	2000
	(Thousands of Dollars, Except Share Information)	
Operating Revenues	\$ 3,383,838	\$ 2,797,294
Operating Expenses:		
Operation -		
Fuel, purchased and net interchange power	2,140,717	1,563,461
Other	407,942	415,497
Maintenance	148,419	121,490
Depreciation	126,147	119,338
Amortization of regulatory assets, net	790,327	113,450
Federal and state income taxes	91,182	109,870
Taxes other than income taxes	131,091	119,687
Gain on sale of utility plant	(653,872)	-
Total operating expenses	3,181,953	2,562,793
Operating Income (Loss)	201,885	234,501
Other Income (Loss):		
Gain related to Millstone sale	202,159	-
Gain/(Loss) on share repurchase contracts	(35,394)	-
Nuclear related costs	-	(18,373)
Other, net	9,255	1,437
Minority interest in loss of subsidiary	(3,100)	(4,650)
Income taxes	(49,597)	28,955
Other income (loss), net	123,323	7,369
Income before interest charges	325,208	241,870
Interest Charges:		
Interest on long-term debt	105,731	108,184
Other interest, net	33,009	38,222
Interest charges, net	138,740	146,406
Income after interest charges	186,468	95,464
Preferred Dividends of Subsidiaries	5,141	8,671
Income before extraordinary loss and cumulative effect of accounting changes, net of taxes	181,327	86,793
Extraordinary (loss), net of tax benefits of \$169,562	-	-

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Cumulative effect of accounting changes, net of tax benefits of \$ 14,908	(22,432)	-
	-----	-----
Net Income	\$ 158,895	\$ 86,793
	=====	=====
Fully Diluted Earnings (Loss) Per Common Share:		
Income before extraordinary loss and cumulative effect of accounting changes	\$ 1.30	\$ 0.62
Extraordinary (loss), net of taxes	-	-
Cumulative effect of accounting changes, net of taxes	(0.16)	-
	-----	-----
Total Fully Diluted Earnings Per Common Share	\$ 1.14	\$ 0.62
	=====	=====
Common Shares Outstanding (fully diluted)	139,256,968	140,055,610
	=====	=====

Northeast Utilities and Subsidiaries
Consolidated Statements of Income

	Twelve Months Ended June 30,	
	2001	2000
	(Thousands of Dollars, Except Share Information)	
Operating Revenues	\$ 6,463,163	\$ 5,186,570
	-----	-----
Operating Expenses:		
Operation -		
Fuel, purchased and net interchange power	3,881,251	2,606,432
Other	859,293	871,633
Maintenance	282,812	268,402
Depreciation	246,608	254,519
Amortization of regulatory assets, net	953,016	576,827
Federal and state income taxes	211,344	235,206
Taxes other than income taxes	249,990	249,557
Gain on sale of utility plant	(653,297)	(308,914)
	-----	-----
Total operating expenses	6,031,017	4,753,662
	-----	-----
Operating Income (Loss)	432,146	432,908
	-----	-----
Other Income (Loss):		
Gain related to Millstone sale	202,159	-
Gain/(Loss) on share repurchase contracts	(35,394)	-
Nuclear related costs	-	(86,754)
Other, net	21,181	(28,671)
Minority interest in loss of subsidiary	(7,750)	(9,300)
Income taxes	(10,246)	90,787
	-----	-----
Other income (loss), net	169,950	(33,938)
	-----	-----
Income before interest charges	602,096	398,970
	-----	-----

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Interest Charges:		
Interest on long-term debt	198,244	233,451
Other interest, net	93,391	43,636
	-----	-----
Interest charges, net	291,635	277,087
	-----	-----
Income after interest charges	310,461	121,883
Preferred Dividends of Subsidiaries	10,631	19,546
	-----	-----
Income before extraordinary loss and cumulative effect of accounting changes, net of taxes	299,830	102,337
Extraordinary (loss), net of tax benefits of \$169,562	(233,881)	-
Cumulative effect of accounting changes, net of tax benefits of \$ 14,908	(22,432)	-
	-----	-----
Net Income	\$ 43,517	\$ 102,337
	=====	=====
Fully Diluted Earnings (Loss) Per Common Share:		
Income before extraordinary loss and cumulative effect of accounting changes	\$ 2.12	\$ 0.75
Extraordinary (loss), net of taxes	(1.65)	-
Cumulative effect of accounting changes, net of taxes	(0.16)	-
	-----	-----
Total Fully Diluted Earnings Per Common Share	\$ 0.31	\$ 0.75
	=====	=====
Common Shares Outstanding (fully diluted)	141,669,477	136,108,723
	=====	=====

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Northeast Utilities and Subsidiaries
Consolidated Balance Sheets

	June 30,	
	2001	2000
	(Thousands of Dollars)	
ASSETS		
Utility Plant, at cost:		
Electric	\$ 5,988,999	\$ 9,282,584
Gas and other	863,859	842,077
	-----	-----
	6,852,858	10,124,661
Less: Accumulated provision for depreciation	3,435,530	6,431,583
	-----	-----

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	3,417,328	3,693,078
Unamortized PSNH acquisition costs	-	310,228
Construction work in progress	222,884	183,916
Nuclear fuel, net	26,038	124,262
	-----	-----
Total net utility plant	3,666,250	4,311,484
	-----	-----
Other Property and Investments:		
Nuclear decommissioning trusts, at market	59,903	739,107
Investments in regional nuclear generating companies, at equity	59,442	81,849
Other, at cost	192,345	119,318
	-----	-----
	311,690	940,274
	-----	-----
Current Assets:		
Cash and cash equivalents	197,646	301,636
Investments in securitizable assets	40,599	65,929
Receivables, net	784,053	488,432
Unbilled revenues	85,909	87,913
Fuel, materials, and supplies, at average cost	102,583	171,566
Recoverable energy costs, net - current portion	52	108,305
Prepayments and other	178,217	171,456
	-----	-----
	1,389,059	1,395,237
	-----	-----
Deferred Charges:		
Regulatory assets	4,077,781	3,494,765
Goodwill and other purchased intangible assets	325,846	336,570
Unamortized debt expense	25,632	36,480
Prepaid pensions	190,145	93,260
Other	174,305	154,173
	-----	-----
	4,793,709	4,115,248
	-----	-----
Total Assets	\$10,160,708	\$10,762,243
	=====	=====

June 30,
2001 2000
(Thousands of Dollars)

CAPITALIZATION AND LIABILITIES

Capitalization:

Common shareholders' equity:

Common shares, \$5.00 par value - authorized 225,000,000 shares; 148,888,790 shares issued and 133,864,193 shares outstanding in 2001 and 148,680,841 shares issued and 143,455,129 shares outstanding in 2000	\$ 744,444	\$ 743,404
Capital surplus, paid in	902,562	1,102,334
Deferred contribution plan - employee stock ownership plan	(108,122)	(121,381)
Retained earnings	610,248	639,973
Accumulated other comprehensive income	(26,470)	1,524
	-----	-----

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Total common shareholders' equity	2,122,662	2,365,854
Preferred stock not subject to mandatory redemption	116,200	136,200
Preferred stock subject to mandatory redemption	-	15,000
Long-term debt	1,930,142	2,211,019
	-----	-----
Total capitalization	4,169,004	4,728,073
	-----	-----
Rate Reduction Bonds	2,118,400	-
	-----	-----
Minority Interest in Consolidated Subsidiaries	-	100,000
	-----	-----
Obligations Under Capital Leases	17,180	60,220
	-----	-----
Current Liabilities:		
Notes payable to banks	455,400	1,104,000
Long-term debt and preferred stock - current portion	24,365	479,834
Obligations under capital leases - current portion	931	111,496
Accounts payable	685,485	547,509
Accrued taxes	83,032	142,890
Accrued interest	55,899	37,050
Other	120,409	109,502
	-----	-----
	1,425,521	2,532,281
	-----	-----
Deferred Credits:		
Accumulated deferred income taxes	1,447,536	1,699,169
Accumulated deferred investment tax credits	126,422	142,359
Decommissioning obligation - Millstone 1	-	662,209
Deferred contractual obligations	228,701	326,582
Other	627,944	511,350
	-----	-----
	2,430,603	3,341,669
	-----	-----
Total Capitalization and Liabilities	\$10,160,708	\$10,762,243
	=====	=====

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