CONNECTICUT LIGHT & POWER CO
Form 10-Q
November 07, 2011

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2011

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** (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (860) 665-5000	06-0303850
1-6392	**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** (a New Hampshire corporation) Energy Park 780 North Commercial Street	02-0181050

Manchester, New Hampshire 03101-1134
Telephone: (603) 669-4000

0-7624	**WESTERN MASSACHUSETTS ELECTRIC COMPANY** (a Massachusetts corporation) One Federal Street Building 111-4 Springfield, Massachusetts 01105 Telephone: (413) 785-5871	04-1961130

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
ü	

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):

	Large Accelerated Filer	**Accelerated Filer**	**Non-accelerated Filer**
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		ü

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

Company - Class of Stock	Outstanding as of October 31, 2011
Northeast Utilities	
Common shares, $5.00 par value	177,032,294 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 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	HWP Company, formerly the Holyoke Water Power Company
NGS	Northeast Generation Services Company and subsidiaries
NPT	Northern Pass Transmission LLC, a jointly owned limited liability company, held by NUTV and NSTAR Transmission Ventures, Inc. on a 75 percent and 25 percent basis, respectively
NUTV	NU Transmission Ventures, Inc.
NU or the Company	Northeast Utilities and subsidiaries
NU Enterprises	NU Enterprises, Inc., the parent company of Select Energy, NGS, NGS Mechanical, Select Energy Contracting, Inc. and Boulos
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, RRR (a real estate subsidiary), 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 activities of PSNH and WMECO, Yankee Gas, a natural gas local distribution company, and NPT
RRR	The Rocky River Realty Company
Select Energy	Select Energy, Inc.
WMECO	Western Massachusetts Electric Company
Yankee	Yankee Energy System, Inc.
Yankee Gas	Yankee Gas Services Company

REGULATORS:

DEEP	Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DPU	Massachusetts Department of Public Utilities
DPUC	Connecticut Department of Public Utility Control
EPA	U.S. Environmental Protection Agency
FCC	Federal Communications Commission
FERC	Federal Energy Regulatory Commission
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Public Utility Regulatory Authority
SEC	Securities and Exchange Commission

OTHER:

2010 Form 10-K	The Northeast Utilities and subsidiaries 2010 combined Annual Report on Form 10-K as filed with the SEC
2010 Healthcare Act	Patient Protection and Affordable Care Act
2010 Tax Act	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act
AOCI	Accumulated Other Comprehensive Income/(Loss)
AFUDC	Allowance For Funds Used During Construction
C&LM	Conservation and Load Management
Clean Air Project	The construction of a wet flue gas desulphurization system, known as "scrubber technology", to reduce mercury emissions of the Merrimack coal-fired generation station in Bow, New Hampshire
CTA	Competitive Transition Assessment
CWIP	Construction work in progress
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974
ES	Default Energy Service
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge

FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Giga-watt Hours
HG&E	Holyoke Gas and Electric, a municipal department of the town of Holyoke, MA
HQ	Hydro-Québec, a corporation wholly-owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High voltage direct current
Hydro Renewable Energy	H.Q. Hydro Renewable Energy, Inc., a wholly-owned subsidiary of Hydro-Québec
IASB	International Accounting Standards Board
IPP	Independent Power Producers
ISO-NE	ISO New England, Inc., the New England Independent System Operator
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
KV	Kilovolt
KWh	Kilowatt-Hours
LNG	Liquefied natural gas
LOC	Letter of Credit
LRS	Last resort service
MGP	Manufactured Gas Plant
Money Pool	Northeast Utilities Money Pool
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
Northern Pass	The high voltage direct current transmission line project from Canada into New Hampshire
NU supplemental benefit trust	The NU Trust Under Supplemental Executive Retirement Plan
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree health care benefits, primarily medical and dental, and life insurance benefits
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
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
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge

SERP	Supplemental Executive Retirement Plan
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company
VIE	Variable interest entity
WWL Project	The construction of a 16-mile gas pipeline between Waterbury and Wallingford, Connecticut and the increase of vaporization output of Yankee Gas' LNG plant
Yankee Companies	Connecticut Yankee Atomic Power Company, Yankee Atomic Electric Company and Maine Yankee Atomic Power 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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Western Massachusetts Electric Company and Subsidiary

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NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)		September 30, 2011		December 31, 2010
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$	16,721	$	23,395
Receivables, Net		494,552		523,644
Unbilled Revenues		138,110		208,834
Taxes Receivable		203		89,638
Fuel, Materials and Supplies		237,794		244,043
Regulatory Assets		235,460		238,699
Marketable Securities		74,525		78,306
Prepayments and Other Current Assets		130,010		100,441
Total Current Assets		1,327,375		1,507,000
Property, Plant and Equipment, Net		10,096,063		9,567,726
Deferred Debits and Other Assets:				
Regulatory Assets		2,706,053		2,756,580
Goodwill		287,591		287,591
Marketable Securities		52,181		51,201
Derivative Assets		91,430		123,242
Other Long-Term Assets		168,024		179,261
Total Deferred Debits and Other Assets		3,305,279		3,397,875
Total Assets	$	14,728,717	$	14,472,601

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, 2011	December 31, 2010
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Banks	$ 30,000	$ 267,000
Long-Term Debt - Current Portion	334,327	66,286
Accounts Payable	476,214	417,285
Obligations to Third Party Suppliers	77,760	74,659
Accrued Taxes	115,285	107,067
Accrued Interest	77,319	74,740
Regulatory Liabilities	174,562	99,403
Derivative Liabilities	110,653	71,501
Other Current Liabilities	139,187	167,206
Total Current Liabilities	1,535,307	1,345,147
Rate Reduction Bonds	130,374	181,572
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,814,976	1,636,750
Regulatory Liabilities	276,222	339,655
Derivative Liabilities	909,252	909,668
Accrued Pension	701,993	802,195
Other Long-Term Liabilities	671,046	695,915
Total Deferred Credits and Other Liabilities	4,373,489	4,384,183
Capitalization:		
Long-Term Debt	4,614,697	4,632,866
Noncontrolling Interest in Consolidated Subsidiary:		
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Equity:		
Common Shareholders' Equity:		
Common Shares	980,054	978,909
Capital Surplus, Paid In	1,792,593	1,777,592
Retained Earnings	1,587,528	1,452,777
Accumulated Other Comprehensive Loss	(55,214)	(43,370)
Treasury Stock	(348,764)	(354,732)
Common Shareholders' Equity	3,956,197	3,811,176
Noncontrolling Interests	2,453	1,457
Total Equity	3,958,650	3,812,633
Total Capitalization	8,689,547	8,561,699

Total Liabilities and Capitalization	$	14,728,717	$	14,472,601

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

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

(Thousands of Dollars, Except Share Information)	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Operating Revenues	$ 1,114,892	$ 1,243,337	$ 3,397,624	$ 3,694,182
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	399,941	494,125	1,214,350	1,539,703
Other Operating Expenses	237,576	233,472	752,372	688,409
Maintenance	58,949	49,951	205,538	162,405
Depreciation	75,196	70,954	222,784	228,685
Amortization of Regulatory Assets, Net	36,740	50,341	88,409	50,908
Amortization of Rate Reduction Bonds	17,680	60,434	52,047	175,000
Taxes Other Than Income Taxes	84,994	84,427	252,817	244,431
Total Operating Expenses	911,076	1,043,704	2,788,317	3,089,541
Operating Income	203,816	199,633	609,307	604,641
Interest Expense:				
Interest on Long-Term Debt	57,461	57,802	171,905	173,594
Interest on Rate Reduction Bonds	2,018	4,661	6,889	16,985
Other Interest	4,453	3,435	5,922	9,778
Interest Expense	63,932	65,898	184,716	200,357
Other Income, Net	1,430	10,118	19,077	19,726
Income Before Income Tax Expense	141,314	143,853	443,668	424,010
Income Tax Expense	49,883	41,918	157,934	161,126
Net Income	91,431	101,935	285,734	262,884
Net Income Attributable to Noncontrolling Interests	1,470	1,411	4,340	4,204
Net Income Attributable to Controlling Interests	$ 89,961	$ 100,524	$ 281,394	$ 258,680
Basic Earnings Per Common Share	$ 0.51	$ 0.57	$ 1.59	$ 1.47
Diluted Earnings Per Common Share	$ 0.51	$ 0.57	$ 1.58	$ 1.46
Dividends Declared Per Common Share	$ 0.28	$ 0.26	$ 0.83	$ 0.77

Weighted Average Common Shares Outstanding:				
Basic	177,497,862	176,752,714	177,344,481	176,557,889
Diluted	177,835,348	177,012,278	177,647,694	176,762,088

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, 2011	2010
Operating Activities:		
Net Income	$ 285,734	$ 262,884
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Bad Debt Expense	12,435	24,632
Depreciation	222,784	228,685
Deferred Income Taxes	133,528	105,070
Pension and PBOP Expense	103,106	74,744
Pension and PBOP Contributions	(159,220)	(78,035)
Regulatory (Underrecoveries)/Overrecoveries, Net	(26,001)	44,479
Amortization of Regulatory Assets, Net	88,409	50,908
Amortization of Rate Reduction Bonds	52,047	175,000
Derivative Assets and Liabilities	(33,767)	(9,228)
Other	(14,802)	(46,190)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	61,657	20,905
Fuel, Materials and Supplies	(4,072)	33,337
Taxes Receivable/Accrued	109,410	(12,904)
Accounts Payable	66,618	(59,601)
Other Current Assets and Liabilities	(9,419)	28,961
Net Cash Flows Provided by Operating Activities	888,447	843,647
Investing Activities:		
Investments in Property, Plant and Equipment	(749,060)	(677,579)
Proceeds from Sales of Marketable Securities	116,463	146,305
Purchases of Marketable Securities	(118,251)	(148,075)
Proceeds from Sale of Assets	46,841	-
Other Investing Activities	(5,849)	(10,412)
Net Cash Flows Used in Investing Activities	(709,856)	(689,761)
Financing Activities:		
Cash Dividends on Common Shares	(145,865)	(135,349)
Cash Dividends on Preferred Stock	(4,169)	(4,169)
(Decrease)/Increase in Short-Term Debt	(237,000)	55,687
Issuance of Long-Term Debt	382,000	145,000
Retirements of Long-Term Debt	(124,086)	(4,286)
Retirements of Rate Reduction Bonds	(51,198)	(195,724)
Other Financing Activities	(4,947)	(818)
Net Cash Flows Used in Financing Activities	(185,265)	(139,659)
Net (Decrease)/Increase in Cash and Cash Equivalents	(6,674)	14,227

Cash and Cash Equivalents - Beginning of Period		23,395		26,952
Cash and Cash Equivalents - End of Period	$	16,721	$	41,179

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

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THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)		September 30, 2011		December 31, 2010
ASSETS				
Current Assets:				
Cash	$	7,236	$	9,762
Receivables, Net		305,426		317,530
Accounts Receivable from Affiliated Companies		535		822
Notes Receivable from Affiliated Companies		6,925		-
Unbilled Revenues		81,224		116,392
Taxes Receivable		-		48,360
Regulatory Assets		170,338		157,530
Materials and Supplies		63,110		63,811
Accumulated Deferred Income Taxes		20,550		-
Prepayments and Other Current Assets		49,921		27,466
Total Current Assets		705,265		741,673
Property, Plant and Equipment, Net		5,729,334		5,586,504
Deferred Debits and Other Assets:				
Regulatory Assets		1,755,094		1,721,416
Derivative Assets		88,099		115,870
Other Long-Term Assets		107,953		89,729
Total Deferred Debits and Other Assets		1,951,146		1,927,015
Total Assets	$	8,385,745	$	8,255,192

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

THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)		September 30, 2011		December 31, 2010
LIABILITIES AND CAPITALIZATION				
Current Liabilities:				
Notes Payable to Affiliated Companies	$	-	$	6,225
Long-Term Debt - Current Portion		62,000		62,000
Accounts Payable		248,449		204,868
Accounts Payable to Affiliated Companies		60,612		53,207
Obligations to Third Party Suppliers		69,877		68,692
Accrued Taxes		102,167		92,061
Accrued Interest		35,331		42,548
Regulatory Liabilities		111,895		75,716
Derivative Liabilities		93,987		46,781
Other Current Liabilities		44,705		46,209
Total Current Liabilities		829,023		698,307
Deferred Credits and Other Liabilities:				
Accumulated Deferred Income Taxes		1,166,140		1,068,344
Regulatory Liabilities		145,876		206,394
Derivative Liabilities		891,709		883,091
Accrued Pension		34,999		42,486
Other Long-Term Liabilities		307,922		321,793
Total Deferred Credits and Other Liabilities		2,546,646		2,522,108
Capitalization:				
Long-Term Debt		2,521,620		2,521,102
Preferred Stock Not Subject to Mandatory Redemption		116,200		116,200
Common Stockholder's Equity:				
Common Stock		60,352		60,352
Capital Surplus, Paid In		1,606,358		1,605,275
Retained Earnings		707,911		734,561
Accumulated Other Comprehensive Loss		(2,365)		(2,713)
Common Stockholder's Equity		2,372,256		2,397,475
Total Capitalization		5,010,076		5,034,777
Total Liabilities and Capitalization	$	8,385,745	$	8,255,192

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

THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Operating Revenues	$ 673,666	$ 789,249	$ 1,955,361	$ 2,292,146
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	257,645	334,230	720,178	987,604
Other Operating Expenses	128,329	127,779	401,899	382,884
Maintenance	36,004	21,056	118,655	75,715
Depreciation	39,711	38,100	117,629	133,568
Amortization of Regulatory Assets, Net	15,688	32,997	48,736	55,308
Amortization of Rate Reduction Bonds	-	43,778	-	125,985
Taxes Other Than Income Taxes	58,552	59,884	169,745	168,001
Total Operating Expenses	535,929	657,824	1,576,842	1,929,065
Operating Income	137,737	131,425	378,519	363,081
Interest Expense:				
Interest on Long-Term Debt	33,326	33,656	100,085	100,918
Interest on Rate Reduction Bonds	-	1,529	-	6,805
Other Interest	1,893	1,496	(815)	4,692
Interest Expense	35,219	36,681	99,270	112,415
Other Income/(Loss), Net	(2,356)	6,938	4,308	12,616
Income Before Income Tax Expense	100,162	101,682	283,557	263,282
Income Tax Expense	33,634	32,636	100,057	101,739
Net Income	$ 66,528	$ 69,046	$ 183,500	$ 161,543

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

THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2011	2010
Operating Activities:		
Net Income	$ 183,500	$ 161,543
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Bad Debt Expense	2,115	7,088
Depreciation	117,629	133,568
Deferred Income Taxes	67,948	49,636
Pension and PBOP Expense, Net of PBOP Contributions	10,473	388
Regulatory (Underrecoveries)/Overrecoveries, Net	(50,234)	57,696
Amortization of Regulatory Assets, Net	48,736	55,308
Amortization of Rate Reduction Bonds	-	125,985
Other	(22,435)	(38,073)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	26,164	2,653
Materials and Supplies	(12,669)	3,331
Taxes Receivable/Accrued	64,779	(13,016)
Accounts Payable	73,809	(55,383)
Other Current Assets and Liabilities	(23,245)	36
Net Cash Flows Provided by Operating Activities	486,570	490,760
Investing Activities:		
Investments in Property, Plant and Equipment	(305,595)	(274,193)
(Increase)/Decrease in NU Money Pool Lending	(6,925)	97,775
Proceeds from Sale of Assets	46,841	-
Other Investing Activities	(6,693)	205
Net Cash Flows Used in Investing Activities	(272,372)	(176,213)
Financing Activities:		
Cash Dividends on Common Stock	(205,981)	(181,841)
Cash Dividends on Preferred Stock	(4,169)	(4,169)
(Decrease)/Increase in NU Money Pool Borrowings	(6,225)	26,325
Retirements of Rate Reduction Bonds	-	(147,533)
Other Financing Activities	(349)	(256)
Net Cash Flows Used in Financing Activities	(216,724)	(307,474)
Net (Decrease)/Increase in Cash	(2,526)	7,073
Cash - Beginning of Period	9,762	45
Cash - End of Period	$ 7,236	$ 7,118

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)		September 30, 2011		December 31, 2010
ASSETS				
Current Assets:				
Cash	$	2,870	$	2,559
Receivables, Net		92,381		105,070
Accounts Receivable from Affiliated Companies		2,966		858
Notes Receivable from Affiliated Companies		50,300		-
Unbilled Revenues		39,230		48,691
Taxes Receivable		-		12,564
Fuel, Materials and Supplies		107,144		116,074
Regulatory Assets		20,679		39,215
Prepayments and Other Current Assets		22,283		20,098
Total Current Assets		337,853		345,129
Property, Plant and Equipment, Net		2,181,234		2,053,281
Deferred Debits and Other Assets:				
Regulatory Assets		358,065		395,203
Other Long-Term Assets		63,637		85,508
Total Deferred Debits and Other Assets		421,702		480,711
Total Assets	$	2,940,789	$	2,879,121

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)		September 30, 2011		December 31, 2010
LIABILITIES AND CAPITALIZATION				
Current Liabilities:				
Notes Payable to Banks	$	-	$	30,000
Notes Payable to Affiliated Companies		-		47,900
Accounts Payable		79,593		85,324
Accounts Payable to Affiliated Companies		16,396		20,007
Accrued Interest		14,674		10,231
Regulatory Liabilities		25,614		8,365
Derivative Liabilities		3,330		12,834
Other Current Liabilities		41,019		36,726
Total Current Liabilities		180,626		251,387
Rate Reduction Bonds		99,366		138,247
Deferred Credits and Other Liabilities:				
Accumulated Deferred Income Taxes		372,307		314,996
Regulatory Liabilities		56,551		58,631
Accrued Pension		179,402		261,096
Other Long-Term Liabilities		87,807		91,952
Total Deferred Credits and Other Liabilities		696,067		726,675
Capitalization:				
Long-Term Debt		997,670		836,365
Common Stockholder's Equity:				
Common Stock		-		-
Capital Surplus, Paid In		600,074		579,577
Retained Earnings		378,113		347,471
Accumulated Other Comprehensive Loss		(11,127)		(601)
Common Stockholder's Equity		967,060		926,447
Total Capitalization		1,964,730		1,762,812
Total Liabilities and Capitalization	$	2,940,789	$	2,879,121

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Operating Revenues	$ 259,648	$ 276,976	$ 769,309	$ 773,866
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	77,939	94,137	234,413	281,161
Other Operating Expenses	52,617	53,133	163,265	172,332
Maintenance	16,208	20,933	64,771	62,560
Depreciation	18,403	17,454	54,432	49,443
Amortization of Regulatory Assets/(Liabilities), Net	17,271	14,513	35,303	(2,809)
Amortization of Rate Reduction Bonds	13,609	12,844	39,748	37,481
Taxes Other Than Income Taxes	15,133	14,191	44,034	40,616
Total Operating Expenses	211,180	227,205	635,966	640,784
Operating Income	48,468	49,771	133,343	133,082
Interest Expense:				
Interest on Long-Term Debt	8,484	8,925	25,425	27,705
Interest on Rate Reduction Bonds	1,468	2,320	5,038	7,557
Other Interest	416	208	761	572
Interest Expense	10,368	11,453	31,224	35,834
Other Income, Net	3,293	3,667	12,112	5,882
Income Before Income Tax Expense	41,393	41,985	114,231	103,130
Income Tax Expense	15,759	13,231	39,468	36,950
Net Income	$ 25,634	$ 28,754	$ 74,763	$ 66,180

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2011	2010
Operating Activities:		
Net Income	$ 74,763	$ 66,180
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Bad Debt Expense	5,202	7,237
Depreciation	54,432	49,443
Deferred Income Taxes	51,809	31,876
Pension and PBOP Expense	21,568	20,767
Pension and PBOP Contributions	(99,780)	(51,060)
Regulatory Overrecoveries/(Underrecoveries), Net	2,581	(5,450)
Amortization of Regulatory Assets/(Liabilities), Net	35,303	(2,809)
Amortization of Rate Reduction Bonds	39,748	37,481
Insurance Proceeds	-	10,000
Settlements of Cash Flow Hedge Instruments	(18,072)	-
Other	(15,501)	(32,525)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	9,332	(8,973)
Fuel, Materials and Supplies	11,981	28,188
Taxes Receivable/Accrued	18,758	15,066
Accounts Payable	(6,905)	(11,599)
Other Current Assets and Liabilities	14,613	21,852
Net Cash Flows Provided by Operating Activities	199,832	175,674
Investing Activities:		
Investments in Property, Plant and Equipment	(167,383)	(217,954)
Increase in NU Money Pool Lending	(50,300)	-
Other Investing Activities	1,026	(7,753)
Net Cash Flows Used in Investing Activities	(216,657)	(225,707)
Financing Activities:		
Cash Dividends on Common Stock	(44,121)	(37,938)
Decrease in Short-Term Debt	(30,000)	-
Issuance of Long-Term Debt	282,000	-
Retirements of Long-Term Debt	(119,800)	-
Decrease in NU Money Pool Borrowings	(47,900)	(100)
Capital Contributions from NU Parent	20,000	123,551
Retirements of Rate Reduction Bonds	(38,881)	(36,635)
Other Financing Activities	(4,162)	(176)
Net Cash Flows Provided by Financing Activities	17,136	48,702

Net Increase/(Decrease) in Cash		311		(1,331)
Cash - Beginning of Period		2,559		1,974
Cash - End of Period	$	2,870	$	643

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

WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)		September 30, 2011		December 31, 2010
ASSETS				
Current Assets:				
Cash	$	270	$	1
Receivables, Net		44,727		37,585
Accounts Receivable from Affiliated Companies		1,285		505
Notes Receivable from Affiliated Companies		70,700		-
Unbilled Revenues		14,058		16,578
Taxes Receivable		6		7,346
Materials and Supplies		3,596		3,664
Regulatory Assets		24,248		19,531
Marketable Securities		34,890		33,194
Prepayments and Other Current Assets		1,418		1,968
Total Current Assets		195,198		120,372
Property, Plant and Equipment, Net		986,310		817,146
Deferred Debits and Other Assets:				
Regulatory Assets		182,336		207,584
Marketable Securities		22,205		23,860
Other Long-Term Assets		33,764		30,597
Total Deferred Debits and Other Assets		238,305		262,041
Total Assets	$	1,419,813	$	1,199,559

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

WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2011	December 31, 2010
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Affiliated Companies	$ -	$ 20,400
Accounts Payable	74,288	48,344
Accounts Payable to Affiliated Companies	11,580	7,848
Accrued Interest	2,111	6,787
Regulatory Liabilities	32,617	7,959
Accumulated Deferred Income Taxes	264	5,902
Other Current Liabilities	13,423	9,842
Total Current Liabilities	134,283	107,082
Rate Reduction Bonds	31,007	43,325
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	230,668	218,063
Regulatory Liabilities	17,021	15,048
Other Long-Term Liabilities	55,099	58,169
Total Deferred Credits and Other Liabilities	302,788	291,280
Capitalization:		
Long-Term Debt	499,496	400,288
Common Stockholder's Equity:		
Common Stock	10,866	10,866
Capital Surplus, Paid In	340,046	248,044
Retained Earnings	105,599	98,757
Accumulated Other Comprehensive Loss	(4,272)	(83)
Common Stockholder's Equity	452,239	357,584
Total Capitalization	951,735	757,872
Total Liabilities and Capitalization	$ 1,419,813	$ 1,199,559

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

WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Operating Revenues	$ 104,515	$ 103,719	$ 309,589	$ 296,400
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	39,194	39,922	112,015	120,274
Other Operating Expenses	22,744	27,314	75,350	73,607
Maintenance	4,001	4,915	12,987	14,825
Depreciation	6,681	5,838	19,644	17,658
Amortization of Regulatory Assets, Net	3,388	2,735	4,584	445
Amortization of Rate Reduction Bonds	4,071	3,812	12,299	11,534
Taxes Other Than Income Taxes	4,650	4,319	13,395	12,483
Total Operating Expenses	84,729	88,855	250,274	250,826
Operating Income	19,786	14,864	59,315	45,574
Interest Expense:				
Interest on Long-Term Debt	4,913	4,691	14,389	13,298
Interest on Rate Reduction Bonds	550	811	1,852	2,623
Other Interest	529	93	785	275
Interest Expense	5,992	5,595	17,026	16,196
Other Income/(Loss), Net	(722)	747	259	1,512
Income Before Income Tax Expense	13,072	10,016	42,548	30,890
Income Tax Expense	4,638	2,679	15,977	12,645
Net Income	$ 8,434	$ 7,337	$ 26,571	$ 18,245

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

WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Nine Months Ended September 30, 2011	2010
Operating Activities:		
Net Income	$ 26,571	$ 18,245
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Bad Debt Expense	2,352	5,602
Depreciation	19,644	17,658
Deferred Income Taxes	9,323	4,712
Regulatory Overrecoveries/(Underrecoveries), Net	20,757	(8,696)
Amortization of Regulatory Assets, Net	4,584	445
Amortization of Rate Reduction Bonds	12,299	11,534
Settlement of Cash Flow Hedge Instrument	(6,859)	-
Other	(3,396)	(4,961)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(7,804)	(2,896)
Materials and Supplies	67	(878)
Taxes Receivable/Accrued	10,675	1,203
Accounts Payable	4,294	(9,900)
Other Current Assets and Liabilities	(3,830)	(1,381)
Net Cash Flows Provided by Operating Activities	88,677	30,687
Investing Activities:		
Investments in Property, Plant and Equipment	(153,470)	(77,710)
Proceeds from Sales of Marketable Securities	96,134	94,575
Purchases of Marketable Securities	(96,312)	(94,896)
Increase in NU Money Pool Lending	(70,700)	-
Other Investing Activities	(1,664)	(754)
Net Cash Flows Used in Investing Activities	(226,012)	(78,785)
Financing Activities:		
Cash Dividends on Common Stock	(19,729)	(11,162)
Issuance of Long-Term Debt	100,000	95,000
Decrease in NU Money Pool Borrowings	(20,400)	(125,900)
Retirements of Rate Reduction Bonds	(12,318)	(11,557)
Capital Contributions from NU Parent	91,812	102,600
Other Financing Activities	(1,761)	(883)
Net Cash Flows Provided by Financing Activities	137,604	48,098
Net Increase in Cash	269	-
Cash - Beginning of Period	1	1

Cash - End of Period	$	270	$	1

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

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

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10-Q for abbreviations and acronyms used throughout the combined notes to the unaudited condensed consolidated financial statements.

1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.

Pending Merger with NSTAR

On October 18, 2010, NU and NSTAR announced that each company's Board of Trustees unanimously approved a merger agreement (the "agreement"), under which NSTAR will become a direct wholly owned subsidiary of NU. The transaction is structured as a merger of equals in a tax-free exchange of shares. Under the terms of the agreement, NSTAR shareholders will receive 1.312 NU common shares for each NSTAR common share that they own (the "exchange ratio"). Shareholders of both NU and NSTAR approved the pending merger at special meetings of shareholders held on March 4, 2011. Post-transaction, NU will provide electric and natural gas energy delivery service to approximately 3.5 million electric and natural gas customers through six regulated electric and natural gas utilities in Connecticut, Massachusetts and New Hampshire.

The exchange ratio was structured to result in a no premium merger based on the average closing share price of each company's common shares for the 20 trading days preceding the announcement. Based on the number of NU common shares and NSTAR common shares estimated to be outstanding immediately prior to the closing of the merger, upon such closing, NU will be owned approximately 56 percent by NU shareholders and approximately 44 percent by former NSTAR shareholders. It is anticipated that NU will issue approximately 137 million common shares to the NSTAR shareholders as a result of the merger. Subject to the conditions in the agreement, NU s first quarterly dividend per common share paid after the closing of the merger will be increased to an amount that is at least equal, after adjusting for the exchange ratio, to NSTAR's last quarterly dividend paid prior to the closing.

At closing, NU will acquire NSTAR and, in accordance with accounting standards for business combinations, account for the transaction as an acquisition of NSTAR by NU.

Completion of the merger is subject to various customary conditions, including, among others, receipt of all required regulatory approvals. NU has received regulatory approvals from the FCC, the FERC and the Maine Public Utilities Commission and the applicable Hart-Scott-Rodino waiting period has expired. The PURA and the NHPUC have issued decisions stating they do not have jurisdiction over the merger. NU is awaiting approval from the DPU and the Nuclear Regulatory Commission.

B.

Presentation

Pursuant to the rules and regulations of the SEC, certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with GAAP have been omitted. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the entirety of this combined Quarterly Report on Form 10-Q, the first and second quarter 2011 combined Quarterly Reports on Form 10-Q, and the 2010 combined Annual Report on Form 10-K of NU, CL&P, PSNH, and WMECO, which was filed with the SEC (NU 2010 Form 10-K). The accompanying unaudited condensed consolidated financial statements contain, in the opinion of management, all adjustments (including normal, recurring adjustments) necessary to present fairly NU's and the above companies' financial positions as of September 30, 2011 and December 31, 2010, the results of operations for the three and nine months ended September 30, 2011 and 2010, and cash flows for the nine months ended September 30, 2011 and 2010. The results of operations for the three months ended September 30, 2011 and 2010, and the results of operations and cash flows for the nine months ended September 30, 2011 and 2010, are not necessarily indicative of the results expected for a full year.

The unaudited condensed consolidated financial statements of NU, CL&P, PSNH and WMECO include the accounts of all their respective subsidiaries. Intercompany transactions have been eliminated in consolidation.

The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

During 2011, NU, CL&P, PSNH and WMECO adjusted the presentation of Regulatory Assets and Liabilities to reflect the current portions, and related deferred tax amounts, as current assets and liabilities on the unaudited condensed consolidated balance sheets. Amounts as of December 31, 2010 have been reclassified to conform to the September 30, 2011 presentation. For additional information, see Note 2, "Regulatory Accounting," to the unaudited condensed consolidated financial statements.

Certain other reclassifications of prior period data were made in the accompanying unaudited condensed consolidated statements of cash flows for all companies presented. These reclassifications were made to conform to the current period's presentation.

NU evaluates events and transactions that occur after the balance sheet date but before financial statements are issued and recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of the balance sheet date and discloses but does not recognize in the financial statements subsequent events that provide evidence about the conditions that arose after the balance sheet date but before the financial statements are issued. See Note 16, "Subsequent Events," for further information.

C.

Accounting Standards Issued But Not Yet Adopted

In May 2011, the FASB and IASB issued a final Accounting Standards Update (ASU) on fair value measurement, effective January 1, 2012, that is not expected to have a material impact on NU s financial position, results of operations or cash flows, but will require additional financial statement disclosures related to fair value measurements.

In September 2011, the FASB issued a final ASU on testing goodwill for impairment, effective January 1, 2012 with early adoption permitted. The standard provides the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value; if so, quantitative testing is required. The standard does not change existing guidance relating to when an entity should test goodwill for impairment or the methodology to be utilized in performing quantitative testing. The standard will not have an impact on NU s financial position, results of operations or cash flows.

D.

Restricted Cash

As of September 30, 2011, NU, CL&P, and PSNH had $16.5 million, $8 million, and $7 million, respectively, of restricted cash, primarily relating to amounts held in escrow related to property damage at CL&P and insurance proceeds on bondable property at PSNH, which were included in Prepayments and Other Current Assets on the accompanying unaudited condensed consolidated balance sheets. NU, CL&P, and PSNH had no restricted cash as of December 31, 2010.

E.

Provision for Uncollectible Accounts

NU, including CL&P, PSNH and WMECO, maintains a provision for uncollectible accounts to record receivables at an estimated net realizable value. This provision is determined based upon a variety of factors, including applying an estimated uncollectible account percentage to each receivable aging category, based upon historical collection and write-off experience and management's assessment of collectibility from individual customers. Management reviews at least quarterly the collectibility of the receivables, and if circumstances change, collectibility estimates are adjusted accordingly. Receivable balances are written-off against the provision for uncollectible accounts when the accounts are terminated and these balances are deemed to be uncollectible.

The provision for uncollectible accounts, which is included in Receivables, Net on the accompanying unaudited condensed consolidated balance sheets, is as follows:

(Millions of Dollars)		**As of September 30, 2011**		**As of December 31, 2010**
NU	$	34.0	$	39.8
CL&P		13.9		17.2
PSNH		7.3		6.8
WMECO		4.3		6.0

F.

Fair Value Measurements

NU, including CL&P, PSNH, and WMECO, applies fair value measurement guidance to all derivative contracts recorded at fair value and to the marketable securities held in the NU supplemental benefit trust and WMECO's spent nuclear fuel trust. Fair value measurement guidance is also applied to investment valuations used to calculate the funded status of NU's Pension and PBOP plans and non-recurring fair value measurements of NU's non-financial assets and liabilities.

Fair Value Hierarchy: In measuring fair value, NU uses observable market data when available and minimizes the use of unobservable inputs. Unobservable inputs are needed to value certain derivative contracts due to complexities in the terms of the contracts. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. NU evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and NU's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy-related products. Significant unobservable inputs are used in the valuations, including items such as energy and energy-related product prices in future years for which observable prices are not yet available, future contract quantities under full-requirements or supplemental sales contracts, and market volatilities. Items valued using these valuation techniques are classified according to the lowest level for which there is at least one input that is significant to the valuation. Therefore, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Determination of Fair Value: The valuation techniques and inputs used in NU's fair value measurements are described in Note 4, "Derivative Instruments," and Note 5, "Marketable Securities," to the unaudited condensed consolidated financial statements.

G.

Allowance for Funds Used During Construction

AFUDC is included in the cost of the Regulated companies' utility plant and represents the cost of borrowed and equity funds used to finance construction. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of Other Interest Expense, and the AFUDC related to equity funds is recorded as Other Income, Net on the accompanying unaudited condensed consolidated statements of income.

	For the Three Months Ended September 30, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
(Millions of Dollars, except percentages)	**NU**	**NU**	**NU**	**NU**
AFUDC:				
Borrowed Funds	$ 3.3	$ 2.8	$ 9.8	$ 6.9
Equity Funds	6.6	4.6	18.4	11.6
Total	$ 9.9	$ 7.4	$ 28.2	$ 18.5
Average AFUDC Rate	7.0%	7.3%	7.3%	7.1%

	For the Three Months Ended					
	September 30, 2011			September 30, 2010		
(Millions of Dollars, except percentages)	**CL&P**	**PSNH**	**WMECO**	**CL&P**	**PSNH**	**WMECO**
AFUDC:						
Borrowed Funds	$ 0.8	$ 2.1	$ 0.1	$ 0.7	$ 1.8	$ 0.1
Equity Funds	1.4	4.2	0.2	1.2	2.9	0.2
Total	$ 2.2	$ 6.3	$ 0.3	$ 1.9	$ 4.7	$ 0.3
Average AFUDC Rate	8.0%	6.7%	6.4%	8.1%	6.9%	8.3%

	For the Nine Months Ended					
	September 30, 2011			September 30, 2010		
(Millions of Dollars, except percentages)	**CL&P**	**PSNH**	**WMECO**	**CL&P**	**PSNH**	**WMECO**
AFUDC:						
Borrowed Funds	$ 2.3	$ 6.5	$ 0.3	$ 2.0	$ 4.4	$ 0.2
Equity Funds	4.1	12.0	0.5	3.7	7.1	0.4
Total	$ 6.4	$ 18.5	$ 0.8	$ 5.7	$ 11.5	$ 0.6
Average AFUDC Rate	8.3%	7.0%	6.7%	8.4%	6.7%	5.8%

The Regulated companies' average AFUDC rate is based on a FERC-prescribed formula that produces an average rate using the cost of a company's short-term financings as well as a company's capitalization (preferred stock, long-term debt and common equity). The average rate is applied to average eligible CWIP amounts to calculate AFUDC.

AFUDC was recorded on 100 percent of CL&P's and WMECO's CWIP for their NEEWS projects through May 31, 2011, all of which was reserved as a regulatory liability to reflect rate base recovery for 100 percent of the CWIP as a result of FERC-approved transmission incentives. Effective June 1, 2011, FERC approved changes to the ISO-NE Tariff in order to include 100 percent of the NEEWS CWIP in regional rate base. As a result, CL&P and WMECO will no longer record AFUDC on NEEWS CWIP.

H.

Other Income, Net

The other income/(loss) items included within Other Income, Net on the accompanying unaudited condensed consolidated statements of income primarily consist of investment income/(loss), interest income, AFUDC related to equity funds and equity in earnings, which relates to the Company's investments, including investments of CL&P, PSNH and WMECO, in the Yankee Companies and NU's investment in two regional transmission companies.

I.

Other Taxes

Certain excise taxes levied by state or local governments are collected by CL&P and Yankee Gas from their respective customers. These excise taxes are shown on a gross basis with collections in revenues and payments in expenses. Gross receipts taxes, franchise taxes and other excise taxes were included in Operating Revenues and Taxes Other Than Income Taxes on the accompanying unaudited condensed consolidated statements of income as follows:

	For the Three Months Ended		**For the Nine Months Ended**	
(Millions of Dollars)	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
NU	$ 35.0	$ 37.0	$ 105.8	$ 109.0
CL&P	33.0	35.1	93.2	97.3

Certain sales taxes are also collected by CL&P, WMECO, and Yankee Gas from their respective customers as agents for state and local governments and are recorded on a net basis with no impact on the accompanying unaudited condensed consolidated statements of income.

J. Supplemental Cash Flow Information

Non-cash investing activities include capital expenditures incurred but not yet paid as follows:

(Millions of Dollars)	**As of September 30, 2011**	**As of December 31, 2010**
NU	$ 121.7	$ 127.9
CL&P	22.1	46.2
PSNH	32.4	35.8
WMECO	45.8	21.2

Short-term borrowings of NU, including CL&P, PSNH, and WMECO, have original maturities of three months or less. Accordingly, borrowings and repayments are shown net on the unaudited condensed consolidated statements of cash flows.

2.

REGULATORY ACCOUNTING

The Regulated companies continue to be rate-regulated on a cost-of-service basis, therefore, the accounting policies of the Regulated companies conform to GAAP applicable to rate-regulated enterprises and historically reflect the effects of the rate-making process.

Management believes it is probable that the Regulated companies will recover their respective investments in long-lived assets, including regulatory assets. All material net regulatory assets are earning a return, except for the majority of deferred benefit cost assets, regulatory assets offsetting derivative liabilities, securitized regulatory assets, income tax regulatory assets and certain storm costs, all of which are not in rate base.

Regulatory Assets: The components of regulatory assets are as follows:

	As of September 30, 2011	**As of December 31, 2010**
(Millions of Dollars)	**NU**	**NU**
Deferred Benefit Costs	$ 1,006.6	$ 1,094.2
Regulatory Assets Offsetting Derivative Liabilities	895.3	859.7
Securitized Assets	119.7	171.7
Income Taxes, Net	417.1	401.5
Unrecovered Contractual Obligations	106.9	123.2
Regulatory Tracker Deferrals	30.4	70.3
Storm Cost Deferrals	171.7	60.1
Asset Retirement Obligations	47.7	45.3
Losses on Reacquired Debt	21.8	21.5

Deferred Environmental Remediation Costs		39.0		36.8
Deferred Operation and Maintenance Costs		5.9		29.5
Other Regulatory Assets		79.5		81.5
Total Regulatory Assets	$	2,941.6	$	2,995.3
Less: Current Portion	$	235.5	$	238.7
Total Long-Term Regulatory Assets	$	2,706.1	$	2,756.6

	As of September 30, 2011						As of December 31, 2010					
(Millions of Dollars)		**CL&P**		**PSNH**		**WMECO**		**CL&P**		**PSNH**		**WMECO**
Deferred Benefit Costs Regulatory Assets	$	432.9	$	141.4	$	88.6	$	471.8	$	152.6	$	96.0
Offsetting Derivative Liabilities		891.6		3.3		-		846.2		12.8		-
Securitized Assets		-		90.1		29.6		-		129.8		41.9
Income Taxes, Net		333.5		37.6		16.9		328.9		31.4		16.8
Unrecovered Contractual Obligations		85.4		-		21.5		97.9		-		25.3
Regulatory Tracker Deferrals		7.1		2.3		15.9		35.5		14.7		15.2
Storm Cost Deferrals		104.9		46.2		20.6		4.0		40.7		15.4
Asset Retirement Obligations		26.6		15.1		3.2		24.9		14.7		3.0
Losses on Reacquired Debt		10.9		9.2		0.3		11.2		8.4		0.4
Deferred Environmental Remediation Costs		-		9.7		-		-		9.7		-
Deferred Operation and Maintenance Costs		5.9		-		-		29.5		-		-
Other Regulatory Assets		26.6		23.9		9.9		29.0		19.6		13.1
Total Regulatory Assets	$	1,925.4	$	378.8	$	206.5	$	1,878.9	$	434.4	$	227.1
Less: Current Portion	$	170.3	$	20.7	$	24.2	$	157.5	$	39.2	$	19.5
Total Long-Term Regulatory Assets	$	1,755.1	$	358.1	$	182.3	$	1,721.4	$	395.2	$	207.6

Additionally, the Regulated companies had $11.9 million ($0.9 million for CL&P, $6.3 million for PSNH and $1.1 million for WMECO) and $37.5 million ($0.6 million for CL&P, $26.5 million for PSNH and $1.9 million for WMECO) of regulatory costs as of September 30, 2011 and December 31, 2010, respectively, which were included in Other Long-Term Assets on the accompanying unaudited condensed consolidated balance sheets. These amounts represent incurred costs that have not yet been approved for recovery by the applicable regulatory agency. Management believes these costs are probable of recovery in future cost-of-service regulated rates.

Major Storms: On August 28, 2011, Tropical Storm Irene caused extensive damage to the NU overhead electric distribution system, particularly at CL&P. The estimated cost of restoration that was deferred for future recovery from customers and recorded as a regulatory asset as of September 30, 2011 for CL&P totaled approximately $92 million. The estimated cost of restoration is subject to change as additional cost information becomes available. CL&P is currently allowed to collect from customers $3 million per year for

major storm costs. CL&P will seek recovery of the Tropical Storm Irene deferred storm costs through the appropriate regulatory recovery process. Management believes CL&P will be allowed to recover these deferred storm costs.

On October 29, 2011, a snowstorm delivered high winds and heavy snowfall across the NU service territory, causing significant damage to NU s distribution and transmission systems. Approximately 1.2 million NU customers were without power at the peak of the outages, with approximately 830,000 of those customers in Connecticut, approximately 240,000 of those customers in New Hampshire, and approximately 140,000 of those customers in Massachusetts. In terms of customer outages, this was the largest in CL&P s history, surpassing Tropical Storm Irene, the third largest in PSNH s history and the largest in WMECO's history. As a result of the magnitude of the damage, management anticipates the costs of restoring service will approximate or exceed those of Tropical Storm Irene. As management expects such costs to meet the criteria for recovery in Connecticut, Massachusetts, and New Hampshire, CL&P, WMECO and PSNH will seek recovery of these anticipated deferred storm costs through their applicable regulatory recovery process and as a result, these respective costs will be deferred as either a long-term regulatory asset or long-term other deferred debit at CL&P, PSNH and WMECO.

Regulatory Liabilities: The components of regulatory liabilities are as follows:

	As of September 30, 2011		As of December 31, 2010	
(Millions of Dollars)	NU		NU	
Cost of Removal	$	180.7	$	194.8
Regulatory Liabilities Offsetting Derivative Assets		-		38.1
Regulatory Tracker Deferrals		152.4		95.1
AFUDC Transmission Incentive		67.2		62.1
Pension Liability - Yankee Gas Acquisition		10.6		12.5
Overrecovered Spent Nuclear Fuel Costs and Contractual Obligations		14.6		14.6
Wholesale Transmission Overcollections		10.5		13.7
Other Regulatory Liabilities		14.8		8.2
Total Regulatory Liabilities	$	450.8	$	439.1
Less: Current Portion	$	174.6	$	99.4
Total Long-Term Regulatory Liabilities	$	276.2	$	339.7

	As of September 30, 2011			As of December 31, 2010		
(Millions of Dollars)	CL&P	PSNH	WMECO	CL&P	PSNH	WMECO
Cost of Removal	$ 69.6	$ 55.2	$ 7.6	$ 78.6	$ 57.3	$ 9.5
Regulatory Liabilities Offsetting Derivative Assets	-	-	-	38.1	-	-
Regulatory Tracker Deferrals	107.6	22.5	20.9	79.4	6.6	4.8
AFUDC Transmission Incentive	57.9	-	9.3	56.5	-	5.6
Overrecovered Spent Nuclear Fuel Costs and Contractual Obligations	14.6	-	-	14.6	-	-
Wholesale Transmission Overcollections	2.0	-	8.5	13.7	-	-
	-	-	1.3	-	-	2.0

WMECO Provision For Rate Refunds												
Other Regulatory Liabilities		6.1		4.5		2.0		1.2		3.1		1.1
Total Regulatory Liabilities	$	257.8	$	82.2	$	49.6	$	282.1	$	67.0	$	23.0
Less: Current Portion	$	111.9	$	25.6	$	32.6	$	75.7	$	8.4	$	8.0
Total Long-Term Regulatory Liabilities	$	145.9	$	56.6	$	17.0	$	206.4	$	58.6	$	15.0

3. PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

The following tables summarize the NU, CL&P, PSNH, and WMECO investments in utility plant:

	As of September 30, 2011		As of December 31, 2010	
(Millions of Dollars)	NU		NU	
Distribution - Electric	$	6,427.0	$	6,197.2
Distribution - Natural Gas		1,194.0		1,126.6
Transmission		3,410.2		3,378.0
Generation		1,043.9		697.1
Electric and Natural Gas Utility		12,075.1		11,398.9
Other (1)		306.0		305.5
Total Property, Plant and Equipment, Gross		12,381.1		11,704.4
Less: Accumulated Depreciation				
Electric and Natural Gas Utility		(2,986.0)		(2,862.3)
Other		(122.3)		(119.9)
Total Accumulated Depreciation		(3,108.3)		(2,982.2)
Property, Plant and Equipment, Net		9,272.8		8,722.2
Construction Work in Progress		823.3		845.5
Total Property, Plant and Equipment, Net	$	10,096.1	$	9,567.7

(1)

These assets are primarily owned by RRR ($163.2 million and $166 million) and NUSCO ($130.9 million and $126.6 million) as of September 30, 2011 and December 31, 2010, respectively, and are mainly comprised of building improvements at RRR and software and equipment at NUSCO.

	As of September 30, 2011						As of December 31, 2010					
(Millions of Dollars)	CL&P		PSNH		WMECO		CL&P		PSNH		WMECO	
Distribution	$	4,354.2	$	1,417.1	$	690.0	$	4,180.7	$	1,375.4	$	673.7
Transmission		2,650.4		499.7		260.1		2,668.4		476.1		233.5
Generation		-		1,034.5		9.4		-		687.7		9.4
Total Property, Plant and Equipment, Gross		7,004.6		2,951.3		959.5		6,849.1		2,539.2		916.6
Less: Accumulated Depreciation		(1,570.2)		(876.4)		(238.0)		(1,508.7)		(837.3)		(228.5)
Property, Plant and Equipment, Net		5,434.4		2,074.9		721.5		5,340.4		1,701.9		688.1
Construction Work in Progress		294.9		106.3		264.8		246.1		351.4		129.0
Total Property, Plant and Equipment, Net	$	5,729.3	$	2,181.2	$	986.3	$	5,586.5	$	2,053.3	$	817.1

On May 31, 2011, CL&P completed the sale of a segment of high voltage transmission lines in the town of Wallingford, Connecticut. The net book value of the assets sold was $42.5 million. CL&P will operate and maintain the lines under an operations and maintenance agreement.

4.

DERIVATIVE INSTRUMENTS

The costs and benefits of derivative contracts that meet the definition of and are designated as "normal purchases or normal sales" (normal) are recognized in Operating Expenses or Operating Revenues on the accompanying unaudited condensed consolidated statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not recorded as normal under the applicable accounting guidance are recorded at fair value as current or long-term derivative assets or liabilities. For the Regulated companies, regulatory assets or liabilities are recorded for the changes in fair values of derivatives, as these contracts are part of current regulated operating costs, or have an allowed recovery mechanism, and management believes that these costs will continue to be recovered from or refunded to customers in cost-of-service, regulated rates. Changes in fair values of NU's remaining unregulated wholesale marketing contracts are included in Net Income.

The Regulated companies are exposed to the volatility of the prices of energy and energy-related products in procuring energy supply for their customers. The costs associated with supplying energy to customers are recoverable through customer rates. The Company manages the risks associated with the price volatility of energy and energy-related products through the use of derivative contracts, many of which are accounted for as normal (for WMECO all energy derivative contracts are accounted for as normal) and the use of nonderivative contracts.

CL&P mitigates the risks associated with the price volatility of energy and energy-related products through the use of SS or LRS contracts, which fix the price of electricity purchased for customers for periods of time ranging from three months to three years and are accounted for as normal. CL&P has entered into derivatives, including FTR contracts, to manage the risk of congestion costs associated with its SS and LRS contracts. As required by regulation, CL&P has also entered into derivative and nonderivative contracts for the purchase of energy and energy-related products and contracts related to capacity. While the risks managed by these contracts are regional congestion costs and capacity price risks that are not specific to CL&P, Connecticut's electric distribution companies, including CL&P, are required to enter into these contracts. The costs or benefits from these contracts are recoverable from or refundable to CL&P's customers, and, therefore changes in fair value are recorded as Regulatory Assets and Regulatory Liabilities on the accompanying unaudited condensed consolidated balance sheets.

WMECO mitigates the risks associated with the volatility of the prices of energy and energy-related products in procuring energy supply for its customers through the use of basic service contracts, which fix the price of electricity purchased for customers for periods of time ranging from three months to one year and are accounted for as normal.

PSNH mitigates the risks associated with the volatility of energy prices in procuring energy supply for its customers through its generation facilities and the use of derivative contracts, including energy forward contracts and FTRs. PSNH enters into these contracts in order to stabilize electricity prices for customers by mitigating uncertainties associated with the New England spot market. The costs or benefits from these contracts are recoverable from or refundable to PSNH's customers, and, therefore changes in fair value are recorded as Regulatory Assets and Regulatory Liabilities on the accompanying unaudited condensed consolidated balance sheets.

NU, through Yankee Gas, mitigates the risks associated with supply availability and volatility of natural gas prices through the use of storage facilities and agreements to purchase natural gas supply for customers. The costs associated with mitigating these risks are recoverable from customers, and, therefore changes in fair value are recorded as Regulatory Assets and Regulatory Liabilities on the accompanying unaudited condensed consolidated balance sheets.

NU, through Select Energy, has one remaining fixed price forward sales contract to serve electrical load that is part of its remaining unregulated wholesale energy marketing portfolio. NU mitigates the price risk associated with this contract through the use of forward purchase contracts. The contracts are accounted for at fair value, and changes in their fair values are recorded in Fuel, Purchased and Net Interchange Power on the accompanying unaudited condensed consolidated statements of income.

NU is also exposed to interest rate risk associated with its long-term debt. From time to time, various subsidiaries of the Company enter into forward starting interest rate swaps, accounted for as cash flow hedges, to mitigate the risk of changes in interest rates when they expect to issue long-term debt. NU parent has also entered into an interest rate swap on fixed rate long-term debt in order to balance its fixed and floating rate debt. This interest rate swap is accounted for as a fair value hedge.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with current and long-term portions, in the accompanying unaudited condensed consolidated balance sheets. Cash collateral posted or collected under master netting agreements is recorded as an offset to the derivative asset or liability. The following tables present the gross fair values of contracts and the net amounts recorded as current or long-term derivative assets or liabilities, by primary underlying risk exposures or purpose:

	As of September 30, 2011
	Derivatives Not Designated as Hedges

(Millions of Dollars)	Commodity and Capacity Contracts Required by Regulation	Commodity Supply and Price Risk Management	Hedging Instruments	Collateral and Netting (1)	Net Amount Recorded as Derivative Asset/(Liability) (2)
Current Derivative Assets:					
Level 2:					
Other	$ -	$ -	$ 5.0	$ -	$ 5.0
Level 3:					
CL&P	17.2	0.5	-	(11.2)	6.5
Other	-	2.7	-	-	2.7
Total Current Derivative Assets	$ 17.2	$ 3.2	$ 5.0	$ (11.2)	$ 14.2
Long-Term Derivative Assets:					
Level 3:					
CL&P	$ 165.6	$ -	$ -	$ (77.5)	$ 88.1
Other	-	3.3	-	-	3.3
Total Long-Term Derivative Assets	$ 165.6	$ 3.3	$ -	$ (77.5)	$ 91.4
Current Derivative Liabilities:					
Level 2:					
PSNH	$ -	$ (3.3)	$ -	$ -	$ (3.3)
Level 3:					
CL&P	(93.9)	(0.1)	-	-	(94.0)
Other	-	(13.6)		0.2	(13.4)
Total Current Derivative Liabilities	$ (93.9)	$ (17.0)	$ -	$ 0.2	$ (110.7)
Long-Term Derivative Liabilities:					
Level 3:					
CL&P	$ (891.7)	$ -	$ -	$ -	$ (891.7)
Other	-	(17.8)	-	0.2	(17.6)
Total Long-Term Derivative Liabilities	$ (891.7)	$ (17.8)	$ -	$ 0.2	$ (909.3)

	As of December 31, 2010				
	Derivatives Not Designated as Hedges				
(Millions of Dollars)	**Commodity and Capacity Contracts Required by Regulation**	**Commodity Supply and Price Risk Management**	**Hedging Instruments**	**Collateral and Netting (1)**	**Net Amount Recorded as Derivative Asset/(Liability) (2)**
Current Derivative Assets:					
Level 2:					
Other	$ -	$ -	$ 7.7	$ -	$ 7.7
Level 3:					
CL&P	5.8	2.1	-	-	7.9
Other	-	1.7	-	-	1.7
Total Current Derivative Assets	$ 5.8	$ 3.8	$ 7.7	$ -	$ 17.3
Long-Term Derivative Assets:					
Level 2:					
Other	$ -	$ -	$ 4.1	$ -	$ 4.1
Level 3:					
CL&P	195.9	-	-	(80.0)	115.9
Other	-	3.2	-	-	3.2
Total Long-Term Derivative Assets	$ 195.9	$ 3.2	$ 4.1	$ (80.0)	$ 123.2
Current Derivative Liabilities:					
Level 2:					
PSNH	$ -	$ (12.8)	$ -	$ -	$ (12.8)
Level 3:					
CL&P	(54.3)	(0.2)	-	7.7	(46.8)
Other	-	(12.4)	-	0.5	(11.9)
Total Current Derivative Liabilities	$ (54.3)	$ (25.4)	$ -	$ 8.2	$ (71.5)
Long-Term Derivative Liabilities:					
Level 3:					
CL&P	$ (883.1)	$ -	$ -	$ -	$ (883.1)
Other	-	(26.8)	-	0.2	(26.6)
Total Long-Term Derivative Liabilities	$ (883.1)	$ (26.8)	$ -	$ 0.2	$ (909.7)

(1)

Amounts represent cash collateral posted under master netting agreements and the netting of derivative assets and liabilities. See "Credit Risk" below for discussion of cash collateral posted under master netting agreements.

(2)

Current derivative assets are included in Prepayments and Other Current Assets on the accompanying unaudited condensed consolidated balance sheets.

For further information on the fair value of derivative contracts, see Note 1F, "Summary of Significant Accounting Policies - Fair Value Measurements," to the unaudited condensed consolidated financial statements.

Derivatives not designated as hedges

CL&P commodity and capacity contracts required by regulation: CL&P has capacity related contracts with generation facilities. These contracts and similar UI contracts, have an expected capacity of 787 MW. CL&P has a sharing agreement with UI, with 80 percent allocated to CL&P and 20 percent allocated to UI. The capacity contracts have terms up to 15 years and obligate the utilities to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set capacity price and the forward capacity market price received in the ISO-NE capacity markets. The largest of these generation facilities achieved commercial operation in July 2011. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

Commodity supply and price risk management: As of September 30, 2011 and December 31, 2010, CL&P had 0.5 million and 1.8 million MWh, respectively, remaining under FTRs that extend through December 2011 and require monthly payments or receipts.

PSNH has electricity procurement contracts with delivery dates through 2011 to purchase an aggregate amount of 0.1 million and 0.4 million MWh of power as of September 30, 2011 and December 31, 2010, respectively. In addition, PSNH has 0.1 million and 0.3 million MWh remaining under FTRs as of September 30, 2011 and December 31, 2010, respectively, that extend through December 2011 and require monthly payments or receipts.

As of September 30, 2011 and December 31, 2010, NU had approximately 0.1 million and 0.3 million MWh, respectively, of supply volumes remaining in its unregulated wholesale portfolio when expected sales are compared with contracted supply, both of which extend through 2013.

The following table presents the realized and unrealized gains/(losses) associated with derivative contracts not designated as hedges:

		Amount of Gain/(Loss) Recognized on Derivative Instrument			
	Location of Gain or Loss Recognized on Derivative	**For the Three Months Ended**		**For the Nine Months Ended**	
(Millions of Dollars)		**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
NU					
Commodity and Capacity Contracts					
Required by Regulation	Regulatory Assets/Liabilities	$ (47.3)	$ (49.8)	$ (90.4)	$ (141.6)
Commodity Supply and Price Risk					
Management	Regulatory Assets/Liabilities	(0.4)	(2.9)	(2.4)	(22.7)
Commodity Supply and Price Risk	Fuel, Purchased and Net				
Management	Interchange Power	0.3	1.2	1.0	1.7
CL&P					
Commodity and Capacity Contracts					
Required by Regulation	Regulatory Assets/Liabilities	(47.3)	(49.8)	(90.4)	(141.6)
Commodity Supply and Price Risk					
Management	Regulatory Assets/Liabilities	(0.6)	(0.8)	(2.5)	(4.4)
PSNH					
Commodity Supply and Price Risk					
Management	Regulatory Assets/Liabilities	0.2	(2.1)	0.2	(17.8)

For the Regulated companies, monthly settlement amounts are recorded as receivables or payables and as Operating Revenues or Fuel, Purchased and Net Interchange Power on the accompanying unaudited condensed consolidated financial statements. Regulatory assets/liabilities are established with no impact to Net Income.

Hedging instruments

Fair Value Hedge: To manage the balance of its fixed and floating rate debt, NU parent has a fixed to floating interest rate swap on its $263 million, fixed rate senior notes maturing on April 1, 2012. This interest rate swap qualifies and was designated as a fair value hedge and requires semi-annual cash settlements. The changes in fair value of the swap and the interest component of the hedged long-term debt instrument are recorded in Interest Expense on the accompanying unaudited condensed consolidated statements of income. There was no ineffectiveness recorded for the three and nine months ended September 30, 2011 and 2010. The cumulative changes in fair values of the swap and the Long-Term Debt are recorded as a Derivative Asset/Liability and an adjustment to Long-Term Debt. Interest receivable is recorded as a reduction of Interest Expense and is included in Prepayments and Other Current Assets.

The realized and unrealized gains/(losses) related to changes in fair value of the swap and Long-Term Debt as well as pre-tax Interest Expense, are as follows:

	For the Three Months Ended			
	September 30, 2011		**September 30, 2010**	
(Millions of Dollars)	**Swap**	**Hedged Debt**	**Swap**	**Hedged Debt**
Changes in Fair Value	$ (0.2)	$ 0.2	$ 2.8	$ (2.8)
Interest Recorded in Net Income	-	2.5	-	2.9

	For the Nine Months Ended			
	September 30, 2011		**September 30, 2010**	
(Millions of Dollars)	**Swap**	**Hedged Debt**	**Swap**	**Hedged Debt**
Changes in Fair Value	$ 1.1	$ (1.1)	$ 10.2	$ (10.2)
Interest Recorded in Net Income	-	7.9	-	8.2

Cash Flow Hedges: In 2011, PSNH and WMECO entered into cash flow hedges related to a portion of their respective planned debt issuances. PSNH entered into three forward starting swaps to fix the U.S. dollar LIBOR swap rate of 3.73 percent on $80 million of a planned $160 million long-term debt issuance, 2.79 percent on the remaining $80 million of the planned $160 million long-term debt issuance and 3.60 percent on $120 million of planned refinancing of PCRBs. In May 2011, PSNH settled the swap associated with the $120 million refinancing of PCRBs and a $2.9 million pre-tax reduction in AOCI will be amortized over the life of the debt. In September 2011, PSNH settled the two remaining swaps associated with the $160 million long-term debt issuance and a $15.3 million pre-tax reduction in AOCI will be amortized over the life of the debt. WMECO entered into a forward starting swap to fix the U.S. dollar LIBOR swap rate of 3.75 percent associated with $50 million of a planned $100 million long-term debt issuance. In September 2011, WMECO settled the swap and a $6.9 million pre-tax reduction in AOCI will be amortized over the life of the debt. Cash flow hedges are recorded at fair value, and the changes in the fair value of the effective portion of those contracts are recognized in AOCI. When a cash flow hedge is settled, the settlement amount is recorded in AOCI and is amortized into Net Income over the term of the underlying debt instrument. Cash flow hedges also impact Net Income when hedge ineffectiveness is measured and recorded, when the forecasted transaction being hedged is improbable of occurring or when the transaction is settled.

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The pre-tax impact of cash flow hedging instruments on AOCI is as follows:

(Millions of Dollars)	**Gains/(Losses) Recognized on Derivative Instruments**		**Gains/(Losses) Reclassified from AOCI into Interest Expense For the Three Months Ended**		**Gains/(Losses) Reclassified from AOCI into Interest Expense For the Nine Months Ended**	
	For the Three Months Ended September 30, 2011	**For the Nine Months Ended September 30, 2011**	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
NU	$ (18.3)	$ (25.1)	$ (0.4)	$ (0.1)	$ (0.6)	$ (0.3)
CL&P	-	-	(0.2)	(0.2)	(0.6)	(0.6)
PSNH	(12.9)	(18.2)	(0.2)	-	(0.3)	(0.1)
WMECO	(5.4)	(6.9)	-	-	-	0.1

For further information, see Note 10, "Comprehensive Income," to the unaudited condensed consolidated financial statements.

Credit Risk

Certain derivative contracts that are accounted for at fair value, including PSNH's electricity procurement contracts and NU's sourcing contracts related to the remaining wholesale marketing contract, contain credit risk contingent features. These features require these companies to maintain investment grade credit ratings from the major rating agencies and to post cash or standby LOCs as collateral for contracts in a net liability position over specified credit limits. NU parent provides standby LOCs under its revolving credit agreement for NU subsidiaries to post with counterparties. The following summarizes the fair value of derivative contracts that are in a liability position and subject to credit risk contingent features, the fair value of cash collateral and standby LOCs posted with counterparties and the additional collateral in the form of LOCs that would be required to be posted by NU or PSNH if the respective unsecured debt credit ratings of NU parent or PSNH were downgraded to below investment grade as of September 30, 2011 and December 31, 2010:

	As of September 30, 2011			
(Millions of Dollars)	**Fair Value Subject to Credit Risk Contingent Features**	**Cash Collateral Posted**	**Standby LOCs Posted**	**Additional Standby LOCs Required if Downgraded Below Investment Grade**
NU	$ (22.1)	$ -	$ 6.0	$ 19.1
PSNH	(3.3)	-	6.0	0.5

As of December 31, 2010

	Fair Value Subject	**Additional Standby LOCs Required if**

(Millions of Dollars)	to Credit Risk Contingent Features	Cash Collateral Posted	Standby LOCs Posted	Downgraded Below Investment Grade
NU	$ (30.9)	$ 0.5	$ 24.0	$ 18.5
PSNH	(12.8)	-	24.0	-

Fair Value Measurements of Derivative Instruments:

Valuation of Derivative Instruments: Derivative contracts classified as Level 2 in the fair value hierarchy include Commodity Supply and Price Risk Management contracts and Interest Rate Risk Management contracts. Commodity Supply and Price Risk Management contracts include PSNH forward contracts to purchase energy for periods for which prices are quoted in an active market. Prices are obtained from broker quotes and based on actual market activity. The contracts are valued using the mid-point of the bid-ask spread. Valuations of these contracts also incorporate discount rates using the yield curve approach. Interest Rate Risk Management contracts represent interest rate swap agreements and are valued using a market approach provided by the swap counterparty using a discounted cash flow approach utilizing forward interest rate curves.

The derivative contracts classified as Level 3 in the tables below include the Regulated companies' Commodity and Capacity Contracts Required by Regulation, and Commodity Supply and Price Risk Management contracts (CL&P and PSNH FTRs and NU's remaining wholesale marketing portfolio). For Commodity and Capacity Contracts Required by Regulation and NU's remaining unregulated wholesale marketing portfolio, fair value is modeled using income techniques such as discounted cash flow approaches. Significant observable inputs for valuations of these contracts include energy and energy-related product prices for which quoted prices in an active market exist. Significant unobservable inputs used in the valuations of these contracts include energy and energy-related product prices for future years for long-dated Commodity and Capacity Contracts Required by Regulation and future contract quantities. Discounted cash flow valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using available historical market transaction information. Valuations of derivative contracts include assumptions regarding the timing and likelihood of scheduled payments and also reflect nonperformance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the Company's credit rating for liabilities.

The remaining contracts included in Commodity Supply and Price Risk Management and classified as Level 3 in the tables below are valued using broker quotes based on prices in an inactive market.

Valuations using significant unobservable inputs: The following tables present changes for the three and nine months ended September 30, 2011 and 2010 in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis. The Company classifies assets and liabilities in Level 3 of the fair value hierarchy when there is reliance on at least one significant unobservable input to the valuation model. In addition to these unobservable inputs, the valuation models for Level 3 assets and liabilities typically also rely on a number of inputs that are observable either directly or indirectly. Thus the gains and losses presented below include changes in fair value that are attributable to both observable and unobservable inputs. There were no transfers into or out of Level 3 assets and liabilities for the three and nine months ended September 30, 2011 and 2010.

	For the Three Months Ended September 30, 2011 NU		
(Millions of Dollars)	**Commodity and Capacity Contracts Required By Regulation**	**Commodity Supply and Price Risk Management**	**Total Level 3**
Derivatives, Net:			
Fair Value as of Beginning of Period	$ (859.6)	$ (26.6)	$ (886.2)
Net Realized/Unrealized Gains/(Losses) Included in:			
Net Income(1)	-	0.3	0.3
Regulatory Assets/Liabilities	(47.3)	(0.6)	(47.9)
Settlements	15.4	2.3	17.7
Fair Value as of End of Period	$ (891.5)	$ (24.6)	$ (916.1)
Period Change in Unrealized Gains Included in			
Net Income Relating to Items Held as of End of Period	$ -	$ 0.1	$ 0.1

	For the Nine Months Ended September 30, 2011 NU		
(Millions of Dollars)	**Commodity and Capacity Contracts Required By Regulation**	**Commodity Supply and Price Risk Management**	**Total Level 3**
Derivatives, Net:			
Fair Value as of Beginning of Period	$ (808.0)	$ (32.2)	$ (840.2)
Net Realized/Unrealized Gains/(Losses) Included in:			
Net Income(1)	-	1.0	1.0
Regulatory Assets/Liabilities	(90.4)	(2.6)	(93.0)
Settlements	6.9	9.2	16.1
Fair Value as of End of Period	$ (891.5)	$ (24.6)	$ (916.1)
Period Change in Unrealized Gains Included in			
Net Income Relating to Items Held as of End of Period	$ -	$ 0.7	$ 0.7

	For the Three Months Ended September 30, 2011 CL&P	
	Commodity and Capacity Contracts Required By	**Commodity Supply and Price Risk**

(Millions of Dollars)		**Regulation**		**Management**		**Total Level 3**
Derivatives, Net:						
Fair Value as of Beginning of Period	$	(859.6)	$	0.9	$	(858.7)
Net Realized/Unrealized Losses Included in:						
Regulatory Assets/Liabilities		(47.3)		(0.6)		(47.9)
Settlements		15.4		0.1		15.5
Fair Value as of End of Period	$	(891.5)	$	0.4	$	(891.1)

		For the Nine Months Ended September 30, 2011				
				CL&P		
(Millions of Dollars)		**Commodity and Capacity Contracts Required By Regulation**		**Commodity Supply and Price Risk Management**		**Total Level 3**
Derivatives, Net:						
Fair Value as of Beginning of Period	$	(808.0)	$	1.9	$	(806.1)
Net Realized/Unrealized Losses Included in:						
Regulatory Assets/Liabilities		(90.4)		(2.5)		(92.9)
Settlements		6.9		1.0		7.9
Fair Value as of End of Period	$	(891.5)	$	0.4	$	(891.1)

	For the Three Months Ended September 30, 2010 NU		
(Millions of Dollars)	**Commodity and Capacity Contracts Required By Regulation**	**Commodity Supply and Price Risk Management**	**Total Level 3**
Derivatives, Net:			
Fair Value as of Beginning of Period	$ (818.3)	$ (38.5)	$ (856.8)
Net Realized/Unrealized Gains/(Losses) Included in:			
Net Income [(1)]	-	1.2	1.2
Regulatory Assets/Liabilities	(49.8)	(0.9)	(50.7)
Settlements	(5.7)	2.2	(3.5)
Fair Value as of End of Period	$ (873.8)	$ (36.0)	$ (909.8)
Period Change in Unrealized Gains Included in			
Net Income Relating to Items Held as of End of Period	$ -	$ 1.0	$ 1.0

	For the Nine Months Ended September 30, 2010 NU		
(Millions of Dollars)	**Commodity and Capacity Contracts Required By Regulation**	**Commodity Supply and Price Risk Management**	**Total Level 3**
Derivatives, Net:			
Fair Value as of Beginning of Period	$ (720.3)	$ (40.9)	$ (761.2)
Net Realized/Unrealized Gains/(Losses) Included in:			
Net Income[(1)]	-	1.7	1.7
Regulatory Assets/Liabilities	(141.6)	(5.1)	(146.7)
Settlements	(11.9)	8.3	(3.6)
Fair Value as of End of Period	$ (873.8)	$ (36.0)	$ (909.8)
Period Change in Unrealized Gains Included in			
Net Income Relating to Items Held as of End of Period	$ -	$ 0.9	$ 0.9

	For the Three Months Ended September 30, 2010 CL&P		
(Millions of Dollars)	**Commodity and Capacity Contracts Required By Regulation**	**Commodity Supply and Price Risk Management**	**Total Level 3**
Derivatives, Net:			
Fair Value as of Beginning of Period	$ (818.3)	$ 1.8	$ (816.5)
Net Realized/Unrealized Losses Included in:			
Regulatory Assets/Liabilities	(49.8)	(0.8)	(50.6)

Settlements		(5.7)		(0.2)		(5.9)
Fair Value as of End of Period	$	(873.8)	$	0.8	$	(873.0)

	For the Nine Months Ended September 30, 2010 CL&P					
(Millions of Dollars)		**Commodity and Capacity Contracts Required By Regulation**		**Commodity Supply and Price Risk Management**		**Total Level 3**
Derivatives, Net:						
Fair Value as of Beginning of Period	$	(720.3)	$	4.5	$	(715.8)
Net Realized/Unrealized Losses Included in:						
Regulatory Assets/Liabilities		(141.6)		(4.4)		(146.0)
Settlements		(11.9)		0.7		(11.2)
Fair Value as of End of Period	$	(873.8)	$	0.8	$	(873.0)

(1)

Realized and unrealized gains and losses on derivatives included in Net Income relate to NU's remaining wholesale marketing contracts and are reported in Fuel, Purchased and Net Interchange Power on the accompanying unaudited condensed consolidated statements of income.

5.

MARKETABLE SECURITIES (NU, WMECO)

The Company elects to record mutual funds purchased by the NU supplemental benefit trust at fair value. As such, any change in fair value of these purchased equity securities is reflected in Net Income. These equity securities, classified as Level 1 in the fair value hierarchy, totaled $37.3 million and $42.2 million as of September 30, 2011 and December 31, 2010, respectively, and are included in current Marketable Securities. Losses on these securities of $7.1 million and $4.9 million for the three and nine months ended September 30, 2011 and gains of $5.7 million and $3.2 million for the three and nine months ended September 30, 2010, respectively, were recorded in Other Income, Net on the accompanying unaudited condensed consolidated statements of income. Dividend income is recorded when dividends are declared and are recorded in Other Income, Net on the accompanying unaudited condensed consolidated statements of income. All other marketable securities are accounted for as available-for-sale.

Available-for-Sale Securities: The following is a summary of NU's available-for-sale securities held in the NU supplemental benefit trust and WMECO's spent nuclear fuel trust. These securities are recorded at fair value and included in current and long-term Marketable Securities on the accompanying unaudited condensed consolidated balance sheets.

	As of September 30, 2011			
(Millions of Dollars)	**Amortized Cost**	**Pre-Tax Unrealized Gains[(1)]**	**Pre-Tax Unrealized Losses[(1)]**	**Fair Value**
NU	$ 87.8	$ 1.9	$ (0.3)	$ 89.4
WMECO	57.3	-	(0.2)	57.1

	As of December 31, 2010			
(Millions of Dollars)	**Amortized Cost**	**Pre-Tax Unrealized Gains[(1)]**	**Pre-Tax Unrealized Losses[(1)]**	**Fair Value**
NU	$ 86.3	$ 1.3	$ (0.3)	$ 87.3
WMECO	57.2	-	(0.1)	57.1

(1)

Unrealized gains and losses on debt securities for the NU supplemental benefit trust and WMECO spent nuclear fuel trust are recorded in AOCI and Other Long-Term Assets, respectively, on the accompanying unaudited condensed consolidated balance sheets.

Unrealized Losses and Other-than-Temporary Impairment: There have been no significant unrealized losses, other-than-temporary impairments or credit losses for the NU supplemental benefit trust or WMECO spent nuclear fuel trust. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset backed debt securities, underlying collateral and expected future cash flows are also evaluated.

Realized gains and losses: Realized gains and losses on available-for-sale-securities are recorded in Other Income, Net for the NU supplemental benefit trust and in Other Long-Term Assets for the WMECO spent nuclear fuel trust. NU utilizes the specific identification basis method for the NU supplemental benefit trust securities and the average cost basis method for the WMECO spent nuclear fuel trust to compute the realized gains and losses on the sale of available-for-sale securities.

Contractual Maturities: As of September 30, 2011, the contractual maturities of available-for-sale debt securities are as follows:

	NU		WMECO	
(Millions of Dollars)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Less than one year	$ 37.2	$ 37.2	$ 34.9	$ 34.9
One to five years	16.1	16.2	10.7	10.6
Six to ten years	10.7	11.1	6.7	6.7
Greater than ten years	23.8	24.9	5.0	4.9
Total Debt Securities	$ 87.8	$ 89.4	$ 57.3	$ 57.1

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

	NU		WMECO	
(Millions of Dollars)	**As of September 30, 2011**	**As of December 31, 2010**	**As of September 30, 2011**	**As of December 31, 2010**
Level 1:				
Mutual Funds	$ 37.3	$ 42.2	$ -	$ -
Money Market Funds	1.3	1.8	0.4	0.3
Total Level 1	$ 38.6	$ 44.0	$ 0.4	$ 0.3
Level 2:				
U.S. Government Issued Debt Securities (Agency and Treasury)	2.9	17.8	-	6.0
Corporate Debt Securities	17.1	22.5	8.5	15.6
Asset Backed Debt Securities	27.4	11.6	8.5	4.7
Municipal Bonds	16.4	16.1	15.7	15.4
Other Fixed Income Securities	24.3	17.5	24.0	15.1
Total Level 2	$ 88.1	$ 85.5	$ 56.7	$ 56.8
Total Marketable Securities	$ 126.7	$ 129.5	$ 57.1	$ 57.1

U.S. government issued debt securities are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate debt securities are valued using a market approach, utilizing recent trades of the same or similar instrument and also incorporating yield curves, credit spreads and specific bond terms and conditions. Municipal

bonds are valued using a market approach that incorporates reported trades and benchmark yields. Asset backed debt securities include collateralized mortgage obligations, commercial mortgage backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset backed debt securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates and tranche information. Other fixed income securities are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

6.

LONG-TERM DEBT (PSNH, WMECO)

On May 26, 2011, PSNH issued $122 million of Series Q first mortgage bonds with a coupon rate of 4.05 percent and a maturity date of June 1, 2021. The proceeds of these bonds were used to redeem two series of tax-exempt PCRBs. The indenture under which the bonds were issued requires PSNH to comply with certain covenants as are customarily included in such indentures.

On September 13, 2011, PSNH issued $160 million of Series R first mortgage bonds with a coupon rate of 3.20 percent and a maturity date of September 1, 2021. The proceeds, net of issuance expenses, were used to repay short-term borrowings previously incurred in the ordinary course of business and for general capital purposes. The indenture under which the bonds were issued requires PSNH to comply with certain covenants as are customarily included in such indentures.

On September 16, 2011, WMECO issued $100 million of Series F unsecured senior notes with a coupon rate of 3.50 percent and a maturity date of September 15, 2021. The proceeds, net of issuance expenses, were used to repay short-term borrowings previously incurred in the ordinary course of business. The indenture under which the notes were issued requires WMECO to comply with certain covenants as are customarily included in such indentures.

NU, including CL&P, PSNH and WMECO, was in compliance with all its debt covenants as of September 30, 2011.

7.

PENSION BENEFITS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

NUSCO sponsors a Pension Plan, which is subject to the provisions of ERISA, as amended by the PPA of 2006. The Pension Plan covers nonbargaining unit employees (and bargaining unit employees, as negotiated) of NU, including CL&P, PSNH, and WMECO, hired before 2006 (or as negotiated, for bargaining unit employees). In addition, NU maintains a SERP, which provides benefits to eligible participants who are officers of NU. This plan provides benefits that would have been provided to these employees under the Pension Plan if certain Internal Revenue Code limitations were not imposed. On behalf of NU's retirees, NUSCO also sponsors plans that provide certain retiree health care benefits, primarily medical and dental, and life insurance benefits through a PBOP Plan.

The components of net periodic benefit expense for the Pension Plan (including the SERP) and PBOP Plan and intercompany allocations not included in the net periodic benefit expense are as follows:

	For the Three Months Ended September 30, 2011							
	Pension				PBOP			
(Millions of Dollars)	**NU**	**CL&P**	**PSNH**	**WMECO**	**NU**	**CL&P**	**PSNH**	**WMECO**
Service Cost	$ 13.8	$ 4.9	$ 2.6	$ 1.0	$ 2.3	$ 0.7	$ 0.5	$ 0.2
Interest Cost	38.3	13.0	6.1	2.7	6.4	2.5	1.2	0.5
Expected Return on Plan Assets	(42.7)	(19.1)	(5.0)	(4.4)	(5.4)	(2.2)	(1.1)	(0.5)
Actuarial Loss	21.1	8.2	2.6	1.7	4.8	1.9	0.8	0.3
Prior Service Cost/(Credit)	2.4	1.1	0.5	0.2	(0.1)	-	-	-
Net Transition Obligation Cost	-	-	-	-	2.9	1.5	0.6	0.3
Total - Net Periodic Expense	$ 32.9	$ 8.1	$ 6.8	$ 1.2	$ 10.9	$ 4.4	$ 2.0	$ 0.8
Related Intercompany Allocations	$ N/A	$ 8.5	$ 1.9	$ 1.6	$ N/A	$ 2.0	$ 0.5	$ 0.4

	For the Three Months Ended September 30, 2010							
	Pension				PBOP			
(Millions of Dollars)	**NU**	**CL&P**	**PSNH**	**WMECO**	**NU**	**CL&P**	**PSNH**	**WMECO**
Service Cost	$ 12.8	$ 4.4	$ 2.5	$ 0.9	$ 2.1	$ 0.7	$ 0.4	$ 0.2
Interest Cost	38.2	13.2	6.2	2.7	6.7	2.6	1.2	0.6
Expected Return on Plan Assets	(45.7)	(21.5)	(3.7)	(4.8)	(5.4)	(2.2)	(1.0)	(0.5)
Actuarial Loss	13.4	5.1	1.7	1.0	2.9	1.6	0.7	0.2
Prior Service Cost/(Credit)	2.4	1.0	0.4	0.2	(0.1)	-	-	-
Net Transition Obligation Cost	-	-	-	-	4.2	1.5	0.6	0.3
Total - Net Periodic Expense	$ 21.1	$ 2.2	$ 7.1	$ -	$ 10.4	$ 4.2	$ 1.9	$ 0.8
Related Intercompany Allocations	$ N/A	$ 6.3	$ 1.4	$ 1.1	$ N/A	$ 2.0	$ 0.5	$ 0.3

	For the Nine Months Ended September 30, 2011							
	Pension				PBOP			
(Millions of Dollars)	NU	CL&P	PSNH	WMECO	NU	CL&P	PSNH	WMECO
Service Cost	$ 27.5	$ 14.6	$ 7.9	$ 3.0	$ 6.8	$ 2.2	$ 1.4	$ 0.4
Interest Cost	76.5	39.1	18.4	8.1	19.3	7.5	3.6	1.6
Expected Return on Plan Assets	(85.8)	(57.4)	(15.0)	(13.2)	(16.2)	(6.5)	(3.3)	(1.5)
Actuarial Loss	42.1	24.8	7.8	5.1	14.3	5.4	2.4	0.9
Prior Service Cost/(Credit)	4.8	3.1	1.5	0.6	(0.2)	-	-	-
Net Transition Obligation Cost	-	-	-	-	8.7	4.6	1.9	1.0
Total - Net Periodic Expense	$ 65.1	$ 24.2	$ 20.6	$ 3.6	$ 32.7	$ 13.2	$ 6.0	$ 2.4
Related Intercompany Allocations	$ N/A	$ 25.0	$ 5.7	$ 4.6	$ N/A	$ 6.2	$ 1.5	$ 1.1

	For the Nine Months Ended September 30, 2010							
	Pension				PBOP			
(Millions of Dollars)	NU	CL&P	PSNH	WMECO	NU	CL&P	PSNH	WMECO
Service Cost	$ 38.2	$ 13.2	$ 7.4	$ 2.5	$ 6.3	$ 2.0	$ 1.4	$ 0.4
Interest Cost	114.5	39.2	18.3	8.0	20.1	7.8	3.7	1.8
Expected Return on Plan Assets	(137.0)	(64.4)	(10.8)	(14.6)	(16.2)	(6.5)	(3.2)	(1.6)
Actuarial Loss	40.3	15.7	5.2	3.3	8.7	4.8	2.1	0.7
Prior Service Cost/(Credit)	7.3	3.0	1.1	0.7	(0.2)	-	-	-
Net Transition Obligation Cost	-	-	-	-	12.5	4.6	1.8	1.0
Total - Net Periodic Expense/(Income)	$ 63.3	$ 6.7	$ 21.2	$ (0.1)	$ 31.2	$ 12.7	$ 5.8	$ 2.3
Related Intercompany Allocations	$ N/A	$ 18.9	$ 4.4	$ 3.4	$ N/A	$ 6.0	$ 1.5	$ 1.0

A portion of the pension amounts is capitalized, related to employees who are working on capital projects. Amounts capitalized including intercompany allocations for NU, CL&P, PSNH and WMECO are as follows:

	For the Three Months Ended		For the Nine Months Ended	
(Millions of Dollars)	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
NU	$ 7.8	$ 4.4	$ 23.5	$ 13.2
CL&P	4.5	1.7	13.4	5.2
PSNH	2.1	2.0	5.9	6.1
WMECO	0.7	0.2	2.1	0.5

Contributions: Currently, NU s policy is to annually fund the Pension Plan in an amount at least equal to an amount that will satisfy the requirements of ERISA, as amended by the PPA of 2006, and the Internal Revenue Code. Due to an underfunded balance as of January 1, 2010, NU is required to make an additional contribution to the Pension Plan of approximately $145 million in 2011. A contribution of approximately $124 million was made in the nine months ended September 30, 2011 ($93 million of which was contributed by PSNH). Approximately $105 million of this amount was paid in the three months ended September 30, 2011 ($78 million of which was contributed by PSNH). The required contribution is being made in installments, which began in April 2011, to meet the current minimum funding requirements established by the PPA of 2006. Based on estimates as of December 31, 2010, additional contributions totalling $390 million are expected to be made from 2012 through 2015, subject to a variety of factors, including the performance of existing plan assets, valuation of the plan's liabilities and changes in long-term discount rates.

8.

COMMITMENTS AND CONTINGENCIES

A.

Environmental Matters

General: NU, CL&P, PSNH, and WMECO are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. NU, CL&P, PSNH, and WMECO have an active environmental auditing and training program and believe that they are substantially in compliance with all enacted laws and regulations.

The environmental reserve as of September 30, 2011 and December 31, 2010 related to sites in the remediation or long-term monitoring phase is as follows: