

CONNECTICUT LIGHT & POWER CO

Form 10-Q

August 05, 2011

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

FORM 10-Q

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

For the Quarterly Period Ended June 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 _____

<u>Commission File Number</u>	<u>Registrant; State of Incorporation; Address; and Telephone Number</u>	<u>I.R.S. Employer Identification No.</u>
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 Manchester, New Hampshire 03101-1134 Telephone: (603) 669-4000	02-0181050

0-7624

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

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

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

<u>Company - Class of Stock</u>	<u>Outstanding as of July 30, 2011</u>
Northeast Utilities Common shares, \$5.00 par value	176,893,612 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
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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NORTHEAST UTILITIES AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

(Thousands of Dollars)	June 30, 2011	December 31, 2010
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 15,107	\$ 23,395
Receivables, Net	470,921	523,644
Unbilled Revenues	154,370	208,834
Taxes Receivable	49,130	89,638
Fuel, Materials and Supplies	230,754	244,043
Regulatory Assets	242,137	238,699
Marketable Securities	74,680	78,306
Prepayments and Other Current Assets	100,763	100,441
Total Current Assets	1,337,862	1,507,000
Property, Plant and Equipment, Net	9,863,789	9,567,726
Deferred Debits and Other Assets:		
Regulatory Assets	2,656,093	2,756,580
Goodwill	287,591	287,591
Marketable Securities	58,154	51,201
Derivative Assets	86,730	123,242
Other Long-Term Assets	152,127	179,261
Total Deferred Debits and Other Assets	3,240,695	3,397,875
Total Assets	\$ 14,442,346	\$ 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)	June 30, 2011	December 31, 2010
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Banks	\$ 137,000	\$ 267,000
Long-Term Debt - Current Portion	336,991	66,286
Accounts Payable	373,799	417,285
Obligations to Third Party Suppliers	74,522	74,659
Accrued Taxes	104,125	107,067
Accrued Interest	69,582	74,740
Regulatory Liabilities	152,956	99,403
Derivative Liabilities	105,583	71,501
Other Current Liabilities	121,469	167,206
Total Current Liabilities	1,476,027	1,345,147
Rate Reduction Bonds	147,252	181,572
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,777,163	1,636,750
Regulatory Liabilities	273,909	339,655
Derivative Liabilities	884,283	909,668
Accrued Pension	798,467	802,195
Other Long-Term Liabilities	696,040	695,915
Total Deferred Credits and Other Liabilities	4,429,862	4,384,183
Capitalization:		
Long-Term Debt	4,356,052	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	979,884	978,909
Capital Surplus, Paid In	1,785,907	1,777,592
Retained Earnings	1,546,493	1,452,777
Accumulated Other Comprehensive Loss	(45,791)	(43,370)
Treasury Stock	(351,387)	(354,732)
Common Shareholders' Equity	3,915,106	3,811,176
Noncontrolling Interests	1,847	1,457
Total Equity	3,916,953	3,812,633
Total Capitalization	8,389,205	8,561,699

Total Liabilities and Capitalization	\$	14,442,346	\$	14,472,601
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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

(Thousands of Dollars, Except Share Information)	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Operating Revenues	\$ 1,047,481	\$ 1,111,426	\$ 2,282,732	\$ 2,450,845
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	340,300	442,230	814,409	1,045,578
Other Operating Expenses	262,818	206,664	514,796	454,937
Maintenance	78,825	66,817	146,589	112,454
Depreciation	73,637	79,075	147,588	157,731
Amortization of Regulatory Assets, Net	17,262	8,893	51,669	566
Amortization of Rate Reduction Bonds	17,086	54,997	34,367	114,567
Taxes Other Than Income Taxes	79,419	74,406	167,823	160,005
Total Operating Expenses	869,347	933,082	1,877,241	2,045,838
Operating Income	178,134	178,344	405,491	405,007
Interest Expense:				
Interest on Long-Term Debt	57,044	58,522	114,444	115,791
Interest on Rate Reduction Bonds	2,293	5,633	4,871	12,324
Other Interest	2,897	3,042	1,468	6,343
Interest Expense	62,234	67,197	120,783	134,458
Other Income, Net	7,334	1,552	17,647	9,608
Income Before Income Tax Expense	123,234	112,699	302,355	280,157
Income Tax Expense	44,515	39,351	108,052	119,209
Net Income	78,719	73,348	194,303	160,948
Net Income Attributable to Noncontrolling Interests	1,441	1,402	2,870	2,792
Net Income Attributable to Controlling Interests	\$ 77,278	\$ 71,946	\$ 191,433	\$ 158,156
Basic and Diluted Earnings Per Common Share	\$ 0.44	\$ 0.41	\$ 1.08	\$ 0.90
Dividends Declared Per Common Share	\$ 0.28	\$ 0.26	\$ 0.55	\$ 0.51

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Weighted Average Common Shares

Outstanding:

Basic	177,347,374	176,571,189	177,267,791	176,460,476
Diluted	177,626,992	176,736,532	177,553,995	176,637,003

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)

Six Months Ended June 30,
2011