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NORTHEAST UTILITIES SYSTEM

Form 8-K

April 25, 2001

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

FORM 8-K
CURRENT REPORT

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

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

Commission File Number 1-5324

NORTHEAST UTILITIES

(Exact name of registrant as specified in its charter)

MASSACHUSETTS

04-2147929

(State or other jurisdiction of
incorporation or organization)

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

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

(Address of principal executive offices)

(Zip Code)

(413) 785-5871

(Registrant's telephone number, including area code)

Not Applicable

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

ITEM 9. REGULATION FD DISCLOSURE

On April 24, 2001, Northeast Utilities issued the following News Release
announcing first quarter 2001 earnings:

NEWS RELEASE

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

NU ANNOUNCES FIRST-QUARTER EARNINGS

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HARTFORD, Connecticut, April 24, 2001-Northeast Utilities (NU) today announced first-quarter 2001 earnings before the cumulative effect of an accounting change of \$134.6 million, or \$0.93 per share, compared with earnings of \$74.6 million, or \$0.55 per share, for the same period of 2000.

Including the accounting change, a \$22.4 million charge related to the adoption of SFAS-133 (Accounting for Derivative Instruments and Hedging Activities), NU earned \$112.2 million, or \$0.78 per share, in the first quarter of 2001.

Michael G. Morris, NU chairman, president and chief executive officer, said the first-quarter results included two major nonrecurring items, in addition to the adoption of SFAS-133. NU recognized an after-tax gain of \$124.8 million, or 87 cents per share, related to the sale of the Millstone Nuclear Station to Dominion Resources, Inc. on March 31, 2001. The gain related primarily to the sale of the Millstone 3 interests of Public Service Company of New Hampshire (PSNH) and several unaffiliated owners, not to the Millstone interests of The Connecticut Light and Power Company (CL&P) and Western Massachusetts Electric Company (WMECO). The net gain from the sale of the CL&P and WMECO interests in Millstone was used to write down the two companies' stranded costs. CL&P, WMECO and PSNH are all NU operating subsidiaries.

Additionally, NU recorded a non-cash charge of \$43.4 million, or 30 cents a share, related to the forward purchase of 10.1 million NU common shares in December 1999 and January 2000. Those shares were purchased at an average price of \$21.26. Under new accounting rules, NU was required to write down the difference between \$21.26 and the price at which NU shares closed on March 30, 2001 (\$17.38), plus carrying charges for the first quarter. NU is closing out that forward share purchase this week with the proceeds of the Millstone sale and financing related to industry restructuring and expects to record a gain or loss in the second quarter of 2001 relating to the difference between \$17.38 and the closing price of NU shares the day the forward purchase is closed.

Absent the nonrecurring gains and losses noted above, NU earned \$53.2 million, or \$0.36 per share, in the first quarter of the year. There were no significant nonrecurring items in the first quarter of 2000. Morris said the earnings of NU's regulated subsidiaries were reduced in 2001 by the scheduled refueling of the Millstone 3 nuclear plant, which began February 3 and ended March 31. The refueling resulted in higher costs and lower revenues for CL&P and WMECO, costing NU approximately \$19 million after-tax, or \$0.13 per share, compared with the first quarter of 2000. Regulated business operating earnings also fell by nearly \$7 million, or \$0.05 per share, as a result of a 5 percent rate reduction that took effect at PSNH on October 1, 2000.

On the other hand, Yankee Energy Services, Inc., parent of Connecticut's largest natural gas distribution company, earned \$15.6 million in the first quarter of 2001. Yankee Energy merged with NU on March 1, 2000 and in March 2000 it earned \$1.9 million. The full quarter of Yankee Energy results added approximately \$0.10 per share to earnings.

Operation and maintenance costs for the regulated electric companies declined slightly, despite an after-tax charge of approximately \$4 million, or \$0.03 per share, for NU's Voluntary Separation Program under which approximately 340 NU employees accepted an early retirement offer. Those employees are retiring between March 1, 2001 and February 28, 2002 and the resulting savings are expected to benefit year-over-year financial results over the next four quarters, Morris said.

Results at NU's unregulated energy companies were also hurt by nuclear

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refueling outages. Extended refueling outages at Millstone 3 and the Seabrook nuclear plant caused Select Energy, Inc., NU's unregulated energy marketing subsidiary, to have to acquire energy for resale at higher costs. As a result, NU's unregulated energy businesses lost \$4.2 million, or \$0.03 per share, in the first quarter of 2001, compared with a profit of \$10 million, or \$0.07 per share, in the first quarter of 2000.

Morris said NU continues to project operating earnings of between \$1.40 per share and \$1.60 per share in 2001. That estimate excludes nonrecurring items.

NU operates New England's largest energy delivery system with approximately 1.77 million electric customers in Connecticut, New Hampshire and Massachusetts and 187,000 natural gas customers in Connecticut, and is one of the largest competitive energy suppliers in New England. With the closing out of the forward share purchase noted earlier, NU will reduce its outstanding share count from approximately 144 million shares to approximately 134 million shares.

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

April 24, 2001

NORTHEAST UTILITIES AND SUBSIDIARIES

FINANCIAL REPORT

| | Three Months Ended March 31, | | Twelve M Mar |
|--|---------------------------------------|-------------|-----------------|
| | 2001 | 2000 | 2001 |
| | (Thousands of Dollars, Except Share I | | |
| Operating Revenues | \$1,800,544 | \$1,382,321 | \$6,294,843 |
| Earnings for common shares: | | | |
| Before extraordinary loss and cumulative effect of accounting changes, net of taxes | \$134,595 | \$74,587 | \$265,303 |
| Extraordinary (loss), net of tax benefits of \$169,562 | - | - | (233,881 |
| Cumulative effect of accounting changes, | | | |

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| | | | |
|---|-------------|-------------|-------------|
| net of tax benefits of \$14,908 | (22,432) | - | (22,432) |
| Total Net Income | \$112,163 | \$74,587 | \$8,990 |
| Fully Diluted Earnings Per Common Share: | | | |
| Before extraordinary loss and cumulative effect of accounting changes, net of taxes | \$0.93 | \$0.55 | \$1.84 |
| Extraordinary (loss), net of taxes | - | - | (1.63) |
| Cumulative effect of accounting changes, net of taxes | (0.15) | - | (0.15) |
| Total Fully Diluted Earnings Per Common Share | \$0.78 | \$0.55 | \$0.06 |
| Common Shares Outstanding (fully diluted) | 144,314,339 | 136,229,530 | 144,046,071 |

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

Northeast Utilities and Subsidiaries

Consolidated Statements of Income

| | Three Months Ended March 31, | | Twelve Months Ended March 31, |
|--|---------------------------------|-------------|----------------------------------|
| | 2001 | 2000 | 2001 |
| (Thousands of Dollars, Except Share Information) | | | |
| Operating Revenues | \$1,800,544 | \$1,382,321 | \$6,294,800 |
| Operating Expenses: | | | |
| Operation - | | | |
| Fuel, purchased and net interchange power | 1,166,972 | 768,372 | 3,719,800 |
| Other | 182,796 | 201,461 | 830,900 |
| Maintenance | 88,681 | 50,768 | 293,700 |
| Depreciation | 60,629 | 60,392 | 240,000 |
| Amortization of regulatory assets, net | 719,856 | 45,132 | 950,800 |
| Federal and state income taxes | 54,381 | 62,425 | 221,900 |
| Taxes other than income taxes | 75,887 | 58,362 | 256,100 |
| Gain on sale of utility plant | (653,872) | - | (653,200) |
| Total operating expenses | 1,695,330 | 1,246,912 | 5,860,200 |
| Operating Income | 105,214 | 135,409 | 434,500 |
| Other Income: | | | |
| Gain on sale of utility plant | 202,159 | - | 202,100 |
| Loss on share repurchase contracts | (43,443) | - | (43,400) |

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| | | | |
|--|-------------|-------------|-----------|
| Nuclear related costs | 2,140 | (2,801) | (12,9 |
| Other, net | (1,333) | 7,474 | 4,0 |
| Minority interest in loss of subsidiary | (2,325) | (2,325) | (9,3 |
| Income taxes | (57,918) | 7,836 | 2,5 |
| | ----- | ----- | ----- |
| Other income, net | 99,280 | 10,184 | 143,0 |
| | ----- | ----- | ----- |
| Income before interest charges | 204,494 | 145,593 | 577,6 |
| | ----- | ----- | ----- |
| Interest Charges: | | | |
| Interest on long-term debt | 43,668 | 55,884 | 188,4 |
| Other interest | 23,527 | 10,364 | 111,7 |
| | ----- | ----- | ----- |
| Interest charges, net | 67,195 | 66,248 | 300,2 |
| | ----- | ----- | ----- |
| Income after interest charges | 137,299 | 79,345 | 277,4 |
| Preferred Dividends of Subsidiaries | 2,704 | 4,758 | 12,1 |
| | ----- | ----- | ----- |
| Income before extraordinary loss and cumulative effect of accounting changes, net of taxes | 134,595 | 74,587 | 265,3 |
| Extraordinary (loss), net of tax benefits of \$169,562 | - | - | (233,8 |
| Cumulative effect of accounting changes, net of tax benefits of \$14,908 | (22,432) | - | (22,4 |
| | ----- | ----- | ----- |
| Net Income | \$112,163 | \$74,587 | \$8,9 |
| | ===== | ===== | ===== |
| Fully Diluted Earnings Per Common Share: | | | |
| Before extraordinary loss, net of taxes | \$0.93 | \$0.55 | \$1. |
| Extraordinary (loss), net of taxes | - | - | (1. |
| Cumulative effect of accounting changes, net of taxes | (0.15) | - | (0. |
| | ----- | ----- | ----- |
| Total Fully Diluted Earnings Per Common Share | \$0.78 | \$0.55 | \$0. |
| | ===== | ===== | ===== |
| Common Shares Outstanding (fully diluted) | 144,314,339 | 136,229,530 | 144,046,0 |
| | ===== | ===== | ===== |

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

Northeast Utilities and Subsidiaries

Consolidated Balance Sheets

March 31,

2001 2000

(Thousands of Dollars)

ASSETS

Utility Plant, at cost:

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| | | |
|---|--------------|--------------|
| Electric | \$6,009,696 | \$9,237,679 |
| Gas and other | 860,351 | 826,495 |
| | ----- | ----- |
| | 6,870,047 | 10,064,174 |
| Less: Accumulated provision for depreciation | 3,487,588 | 6,373,365 |
| | ----- | ----- |
| | 3,382,459 | 3,690,809 |
| Unamortized PSNH acquisition costs | - | 317,332 |
| Construction work in progress | 206,851 | 179,516 |
| Nuclear fuel, net | 29,264 | 113,378 |
| | ----- | ----- |
| Total net utility plant | 3,618,574 | 4,301,035 |
| | ----- | ----- |
| Other Property and Investments: | | |
| Nuclear decommissioning trusts, at market | 57,170 | 717,246 |
| Investments in regional nuclear generating companies, at equity | 62,480 | 82,456 |
| Other, at cost | 170,980 | 108,753 |
| | ----- | ----- |
| | 290,630 | 908,455 |
| | ----- | ----- |
| Current Assets: | | |
| Cash and cash equivalents | 1,472,454 | 369,738 |
| Investments in securitizable assets | 256,431 | 80,742 |
| Receivables, net | 532,573 | 448,356 |
| Unbilled revenues | 118,927 | 88,918 |
| Fuel, materials and supplies, at average cost | 94,195 | 174,442 |
| Recoverable energy costs, net - current portion | 337 | 85,052 |
| Prepayments and other | 139,384 | 108,338 |
| | ----- | ----- |
| | 2,614,301 | 1,355,586 |
| | ----- | ----- |
| Deferred Charges: | | |
| Regulatory assets | 4,031,123 | 3,596,828 |
| Unamortized debt expense | 40,735 | 43,839 |
| Goodwill and other purchased intangible assets | 334,512 | 345,372 |
| Prepaid pension | 157,455 | 63,003 |
| Other | 158,605 | 126,890 |
| | ----- | ----- |
| | 4,722,430 | 4,175,932 |
| | ----- | ----- |
| Total Assets | \$11,245,935 | \$10,741,008 |
| | ===== | ===== |

March 31,

2001 2000

(Thousands of Dollars)

CAPITALIZATION AND LIABILITIES

Capitalization:

Common shareholders' equity:

| | | |
|--|-----------|-----------|
| Common shares, \$5.00 par value - authorized 225,000,000 shares; 148,807,333 shares issued and 143,978,260 shares outstanding in 2001 and 148,546,234 shares issued and 143,150,550 shares outstanding in 2000 | \$744,037 | \$742,731 |
| Capital surplus, paid in | 1,086,918 | 1,102,278 |
| Deferred contribution plan - employee stock ownership plan | (111,264) | (124,626) |

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| | | |
|---|--------------|--------------|
| Retained earnings | 593,646 | 642,092 |
| Accumulated other comprehensive income | 5,745 | 1,524 |
| | ----- | ----- |
| Total common shareholders' equity | 2,319,082 | 2,363,999 |
| Preferred stock not subject to mandatory redemption | 116,200 | 136,200 |
| Preferred stock subject to mandatory redemption | - | 119,789 |
| Long-term debt | 2,148,297 | 2,443,989 |
| | ----- | ----- |
| Total capitalization | 4,583,579 | 5,063,977 |
| | ----- | ----- |
| Rate reduction bonds | 1,438,400 | - |
| | ----- | ----- |
| Minority Interest in Consolidated Subsidiary | 100,000 | 100,000 |
| | ----- | ----- |
| Obligations Under Capital Leases | 17,363 | 53,126 |
| | ----- | ----- |
| Current Liabilities: | | |
| Notes payable to banks | 1,111,416 | 984,000 |
| Long-term debt and preferred stock - current portion | 243,859 | 346,123 |
| Obligations under capital leases - current portion | 144,840 | 115,285 |
| Accounts payable | 653,281 | 437,492 |
| Payable to Millstone 3 joint owners | 84,512 | - |
| Accrued taxes | 376,944 | 130,252 |
| Accrued interest | 58,753 | 56,088 |
| Other | 136,163 | 127,338 |
| | ----- | ----- |
| | 2,809,768 | 2,196,578 |
| | ----- | ----- |
| Deferred Credits and Other Long-term Liabilities: | | |
| Accumulated deferred income taxes | 1,358,660 | 1,721,263 |
| Accumulated deferred investment tax credits | 131,760 | 144,882 |
| Decommissioning obligation - Millstone 1 | - | 686,609 |
| Deferred contractual obligations | 237,108 | 341,983 |
| Other | 569,297 | 432,590 |
| | ----- | ----- |
| | 2,296,825 | 3,327,327 |
| | ----- | ----- |
| Total Capitalization and Liabilities | \$11,245,935 | \$10,741,008 |
| | ===== | ===== |

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

SIGNATURE

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

NORTHEAST UTILITIES
(registrant)

By: /s/ Cheryl W. Grise

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Name: Cheryl W. Grise
Title: Senior Vice President, Secretary
and General Counsel

Date: April 25, 2001