

EVERSOURCE ENERGY
Form 10-Q
August 05, 2015

**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 June 30, 2015

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

EVERSOURCE ENERGY
(a Massachusetts voluntary association)
300 Cadwell Drive
Springfield, Massachusetts 01104
Telephone: (413) 785-5871

04-2147929

0-00404

THE CONNECTICUT LIGHT AND POWER COMPANY 06-0303850
(a Connecticut corporation)
107 Selden Street
Berlin, Connecticut 06037-1616

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Telephone: (860) 665-5000

1-02301	NSTAR ELECTRIC COMPANY (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (617) 424-2000	04-1278810
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 (a Massachusetts corporation) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (413) 785-5871	04-1961130

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Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

<u>Yes</u>	<u>No</u>
x	..

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

<u>Yes</u>	<u>No</u>
x	..

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
Eversource Energy	x
The Connecticut Light and Power Company	x
NSTAR Electric Company	x
Public Service Company of New Hampshire	x
Western Massachusetts Electric Company	x

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

	<u>Yes</u>	<u>No</u>
Eversource Energy	..	x
The Connecticut Light and Power Company	..	x
NSTAR Electric Company	..	x
Public Service Company of New Hampshire	..	x
Western Massachusetts Electric Company	..	x

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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 31, 2015</u>
Eversource Energy Common shares, \$5.00 par value	317,173,164 shares
The Connecticut Light and Power Company Common stock, \$10.00 par value	6,035,205 shares
NSTAR Electric Company Common stock, \$1.00 par value	100 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

Eversource Energy holds all of the 6,035,205 shares, 100 shares, 301 shares, and 434,653 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company, respectively.

NSTAR Electric Company, 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.

Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire, and Western Massachusetts Electric Company each separately file this combined Form 10-Q. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

GLOSSARY OF TERMS

The following is a glossary of abbreviations or acronyms that are found in this report:

Current or former Eversource Energy companies, segments or investments:

ES, Eversource or the Company	Eversource Energy and subsidiaries
ES parent or Eversource parent	Eversource Energy, a public utility holding company
ES parent and other companies	ES parent and other companies is comprised of ES parent, Eversource Service and other subsidiaries, which primarily includes our unregulated businesses, HWP Company, The Rocky River Realty Company (a real estate subsidiary), and the consolidated operations of CYAPC and YAEC
CL&P	The Connecticut Light and Power Company
NSTAR Electric	NSTAR Electric Company
PSNH	Public Service Company of New Hampshire
WMECO	Western Massachusetts Electric Company
NSTAR Gas	NSTAR Gas Company
Yankee Gas	Yankee Gas Services Company
ESTV	Eversource Energy Transmission Ventures, Inc., the parent company of NPT and Renewable Properties, Inc.
NPT	Northern Pass Transmission LLC
Eversource Service	Eversource Energy Service Company (effective January 1, 2014 includes the operations of NSTAR Electric & Gas)
NSTAR Electric & Gas	NSTAR Electric & Gas Corporation, a former Eversource Energy service company (effective January 1, 2014 merged into Eversource Energy Service Company)
CYAPC	Connecticut Yankee Atomic Power Company
MYAPC	Maine Yankee Atomic Power Company
YAEC	Yankee Atomic Electric Company
Yankee Companies	CYAPC, YAEC and MYAPC
Regulated companies	The ES Regulated companies, comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric, PSNH, and WMECO, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, the generation activities of PSNH and WMECO, and NPT
Regulators:	
DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission

SJC	Supreme Judicial Court of Massachusetts
Other Terms and Abbreviations:	
AFUDC	Allowance For Funds Used During Construction
AOCI	Accumulated Other Comprehensive Income/(Loss)
ARO	Asset Retirement Obligation
C&LM	Conservation and Load Management
CfD	Contract for Differences
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
CO ₂	Carbon dioxide
CPSL	Capital Projects Scheduling List
CTA	Competitive Transition Assessment
CWIP	Construction Work in Progress
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974
ES 2014 Form 10-K	The Eversource Energy and Subsidiaries 2014 combined Annual Report on Form 10-K as filed with the SEC
ESOP	Employee Stock Ownership Plan
ESPP	Employee Share Purchase Plan
FERC ALJ	FERC Administrative Law Judge
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	Gigawatt-Hours

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	Hydro Renewable Energy, Inc., a wholly owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LBR	Lost Base Revenue
LNG	Liquefied natural gas
LRS	Supplier of last resort service
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
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
NO _x	Nitrogen oxides
PAM	Pension and PBOP Rate Adjustment Mechanism
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
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
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
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plans and non-qualified defined benefit retirement plans
SIP	Simplified Incentive Plan
SO ₂	Sulfur dioxide
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

EVERSOURCE ENERGY AND SUBSIDIARIES
 THE CONNECTICUT LIGHT AND POWER COMPANY
 NSTAR ELECTRIC COMPANY AND SUBSIDIARY
 PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
 WESTERN MASSACHUSETTS ELECTRIC COMPANY

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EVERSOURCE ENERGY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2015	December 31, 2014
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 36,469	\$ 38,703
Receivables, Net	903,578	856,346
Unbilled Revenues	205,155	211,758
Taxes Receivable	117,792	337,307
Fuel, Materials and Supplies	289,561	349,664
Regulatory Assets	709,660	672,493
Marketable Securities	124,830	124,173
Prepayments and Other Current Assets	62,884	102,021
Total Current Assets	2,449,929	2,692,465
Property, Plant and Equipment, Net	19,079,189	18,647,041
Deferred Debits and Other Assets:		
Regulatory Assets	4,016,684	4,054,086
Goodwill	3,519,401	3,519,401
Marketable Securities	497,919	515,025
Other Long-Term Assets	316,817	349,957
Total Deferred Debits and Other Assets	8,350,821	8,438,469
Total Assets	\$ 29,879,939	\$ 29,777,975
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable	\$ 953,700	\$ 956,825
Long-Term Debt - Current Portion	278,883	245,583
Accounts Payable	598,716	868,231
Regulatory Liabilities	208,510	235,022
Accumulated Deferred Income Taxes	203,375	160,288
Other Current Liabilities	595,801	668,432
Total Current Liabilities	2,838,985	3,134,381
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	4,606,159	4,467,473
Regulatory Liabilities	510,807	515,144
Derivative Liabilities	380,966	409,632

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Accrued Pension, SERP and PBOP	1,636,769	1,638,558
Other Long-Term Liabilities	875,985	874,387
Total Deferred Credits and Other Liabilities	8,010,686	7,905,194
Capitalization:		
Long-Term Debt	8,689,647	8,606,017
Noncontrolling Interest - Preferred Stock of Subsidiaries	155,568	155,568
Equity:		
Common Shareholders' Equity:		
Common Shares	1,669,167	1,666,796
Capital Surplus, Paid In	6,253,411	6,235,834
Retained Earnings	2,644,485	2,448,661
Accumulated Other Comprehensive Loss	(72,033)	(74,009)
Treasury Stock	(309,977)	(300,467)
Common Shareholders' Equity	10,185,053	9,976,815
Total Capitalization	19,030,268	18,738,400
Total Liabilities and Capitalization	\$ 29,879,939	\$ 29,777,975

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

EVERSOURCE ENERGY AND
SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF
INCOME
(Unaudited)

(Thousands of Dollars, Except Share Information)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues	\$ 1,817,061	\$ 1,677,614	\$ 4,330,491	\$ 3,968,204
Operating Expenses:				
Purchased Power, Fuel and Transmission	685,118	624,211	1,847,167	1,602,362
Operations and Maintenance	316,641	373,234	650,024	724,922
Depreciation	163,668	152,207	327,505	303,014
Amortization of Regulatory (Liabilities)/Assets, Net	(1,166)	(3,542)	59,438	54,356
Energy Efficiency Programs	101,850	102,711	248,452	241,536
Taxes Other Than Income Taxes	138,935	134,803	288,415	280,335
Total Operating Expenses	1,405,046	1,383,624	3,421,001	3,206,525
Operating Income	412,015	293,990	909,490	761,679
Interest Expense:				
Interest on Long-Term Debt	88,021	87,491	175,735	174,868
Other Interest	4,238	5,004	11,367	7,603
Interest Expense	92,259	92,495	187,102	182,471
Other Income, Net	12,899	5,526	18,626	7,194
Income Before Income Tax Expense	332,655	207,021	741,014	586,402
Income Tax Expense	123,268	77,774	276,494	219,319
Net Income	209,387	129,247	464,520	367,083
Net Income Attributable to Noncontrolling Interests	1,880	1,880	3,759	3,759
Net Income Attributable to Controlling Interest	\$ 207,507	\$ 127,367	\$ 460,761	\$ 363,324
Basic and Diluted Earnings Per Common Share	\$ 0.65	\$ 0.40	\$ 1.45	\$ 1.15
Dividends Declared Per Common Share	\$ 0.42	\$ 0.39	\$ 0.84	\$ 0.79
Weighted Average Common Shares Outstanding:				
Basic	317,613,166	315,950,510	317,352,004	315,742,511
Diluted	318,559,568	317,112,801	318,525,378	317,002,461

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
(Unaudited)

Net Income	\$	209,387	\$	129,247	\$	464,520	\$	367,083
Other Comprehensive Income, Net of Tax:								
Qualified Cash Flow Hedging Instruments		509		510		1,018		1,019
Changes in Unrealized (Losses)/Gains on Other Securities		(1,248)		218		(1,116)		458
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans		1,120		2,086		2,074		3,047
Other Comprehensive Income, Net of Tax		381		2,814		1,976		4,524
Comprehensive Income Attributable to Noncontrolling Interests		(1,880)		(1,880)		(3,759)		(3,759)
Comprehensive Income Attributable to Controlling Interest	\$	207,888	\$	130,181	\$	462,737	\$	367,848

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

EVERSOURCE ENERGY AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

(Thousands of Dollars)	For the Six Months Ended June 30,	
	2015	2014
Operating Activities:		
Net Income	\$ 464,520	\$ 367,083
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	327,505	303,014
Deferred Income Taxes	176,800	133,149
Pension, SERP and PBOP Expense	48,432	47,558
Pension and PBOP Contributions	(31,032)	(40,640)
Regulatory (Under)/Over Recoveries, Net	(73,547)	164,388
Amortization of Regulatory Assets, Net	59,438	54,356
Proceeds from DOE Damages Claim, Net	-	125,658
Other	(48,247)	(9,359)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(123,984)	(57,570)
Fuel, Materials and Supplies	60,044	26,633
Taxes Receivable/Accrued, Net	214,577	(62,900)
Accounts Payable	(228,176)	(112,954)
Other Current Assets and Liabilities, Net	9,226	(41,753)
Net Cash Flows Provided by Operating Activities	855,556	896,663
Investing Activities:		
Investments in Property, Plant and Equipment	(740,379)	(724,043)
Proceeds from Sales of Marketable Securities	427,990	256,309
Purchases of Marketable Securities	(408,242)	(257,168)
Other Investing Activities	4,821	3,473
Net Cash Flows Used in Investing Activities	(715,810)	(721,429)
Financing Activities:		
Cash Dividends on Common Shares	(264,936)	(237,161)
Cash Dividends on Preferred Stock	(3,759)	(3,759)
Decrease in Notes Payable	(449,375)	(213,000)
Issuance of Long-Term Debt	750,000	650,000
Retirements of Long-Term Debt	(166,577)	(376,650)
Other Financing Activities	(7,333)	(3,932)
Net Cash Flows Used in Financing Activities	(141,980)	(184,502)
Net Decrease in Cash and Cash Equivalents	(2,234)	(9,268)
Cash and Cash Equivalents - Beginning of Period	38,703	43,364
Cash and Cash Equivalents - End of Period	\$ 36,469	\$ 34,096

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

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

(Thousands of Dollars)	June 30, 2015	December 31, 2014
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 9,227	\$ 2,356
Receivables, Net	395,863	355,140
Accounts Receivable from Affiliated Companies	22,981	16,757
Unbilled Revenues	103,767	102,137
Taxes Receivable	-	116,148
Regulatory Assets	263,713	220,344
Materials and Supplies	50,357	46,664
Prepayments and Other Current Assets	15,043	37,822
Total Current Assets	860,951	897,368
Property, Plant and Equipment, Net	6,934,618	6,809,664
Deferred Debits and Other Assets:		
Regulatory Assets	1,461,483	1,475,508
Other Long-Term Assets	146,299	177,568
Total Deferred Debits and Other Assets	1,607,782	1,653,076
Total Assets	\$ 9,403,351	\$ 9,360,108
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 85,600	\$ 133,400
Long-Term Debt - Current Portion	-	162,000
Accounts Payable	208,860	272,971
Accounts Payable to Affiliated Companies	58,227	65,594
Obligations to Third Party Suppliers	67,844	73,624
Regulatory Liabilities	122,617	124,722
Derivative Liabilities	90,933	88,459
Accumulated Deferred Income Taxes	46,811	34,073
Other Current Liabilities	97,062	119,347
Total Current Liabilities	777,954	1,074,190
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,666,607	1,642,805

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Regulatory Liabilities	71,245	81,298
Derivative Liabilities	380,196	406,199
Accrued Pension, SERP and PBOP	286,131	273,854
Other Long-Term Liabilities	144,983	148,844
Total Deferred Credits and Other Liabilities	2,549,162	2,553,000
Capitalization:		
Long-Term Debt	2,975,091	2,679,951
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	1,805,638	1,804,869
Retained Earnings	1,119,702	1,072,477
Accumulated Other Comprehensive Loss	(748)	(931)
Common Stockholder's Equity	2,984,944	2,936,767
Total Capitalization	6,076,235	5,732,918
Total Liabilities and Capitalization	\$ 9,403,351	\$ 9,360,108

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

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

(Thousands of Dollars)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues	\$ 666,554	\$ 587,324	\$ 1,471,471	\$ 1,321,938
Operating Expenses:				
Purchased Power and Transmission	253,180	199,785	586,799	481,165
Operations and Maintenance	118,687	131,762	236,044	241,276
Depreciation	52,191	46,581	105,094	92,712
Amortization of Regulatory (Liabilities)/Assets, Net	(7,530)	19,615	40,776	49,546
Energy Efficiency Programs	33,963	35,296	76,770	77,991
Taxes Other Than Income Taxes	62,102	62,159	130,181	129,111
Total Operating Expenses	512,593	495,198	1,175,664	1,071,801
Operating Income	153,961	92,126	295,807	250,137
Interest Expense:				
Interest on Long-Term Debt	33,423	34,639	66,904	67,548
Other Interest	2,701	2,831	5,844	4,165
Interest Expense	36,124	37,470	72,748	71,713
Other Income, Net	4,062	3,130	6,221	4,202
Income Before Income Tax Expense	121,899	57,786	229,280	182,626
Income Tax Expense	43,129	20,401	81,276	65,942
Net Income	\$ 78,770	\$ 37,385	\$ 148,004	\$ 116,684

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

CONDENSED STATEMENTS OF COMPREHENSIVE
INCOME
(Unaudited)

Net Income	\$ 78,770	\$ 37,385	\$ 148,004	\$ 116,684
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	111	111	222	222
	(43)	7	(39)	15

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Changes in Unrealized (Losses)/Gains on Other Securities					
Other Comprehensive Income, Net of Tax	68		118		183
Comprehensive Income	\$ 78,838	\$	37,503	\$	148,187
					\$ 116,921

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

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

(Thousands of Dollars)	For the Six Months Ended June 30,	
	2015	2014
Operating Activities:		
Net Income	\$ 148,004	\$ 116,684
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	105,094	92,712
Deferred Income Taxes	30,145	43,253
Pension, SERP and PBOP Expense, Net of PBOP Contributions	7,079	5,973
Regulatory (Under)/Over Recoveries, Net	(55,302)	18,156
Amortization of Regulatory Assets, Net	40,776	49,546
Proceeds from DOE Damages Claim	-	65,370
Other	(2,432)	(3,428)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(73,279)	(129,209)
Taxes Receivable/Accrued, Net	123,051	27,679
Accounts Payable	(55,192)	(26,995)
Other Current Assets and Liabilities, Net	2,085	15,705
Net Cash Flows Provided by Operating Activities	270,029	275,446
Investing Activities:		
Investments in Property, Plant and Equipment	(242,346)	(221,365)
Other Investing Activities	(1,362)	1,575
Net Cash Flows Used in Investing Activities	(243,708)	(219,790)
Financing Activities:		
Cash Dividends on Common Stock	(98,000)	(85,600)
Cash Dividends on Preferred Stock	(2,779)	(2,779)
Issuance of Long-Term Debt	300,000	250,000
Retirements of Long-Term Debt	(162,000)	-
Decrease in Notes Payable to Eversource Parent	(47,800)	(280,900)
Capital Contribution from Eversource Parent	-	70,000
Other Financing Activities	(8,871)	(3,128)
Net Cash Flows Used in Financing Activities	(19,450)	(52,407)
Net Increase in Cash	6,871	3,249
Cash - Beginning of Period	2,356	7,237
Cash - End of Period	\$ 9,227	\$ 10,486

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

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2015	December 31, 2014
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,848	\$ 12,773
Receivables, Net	288,581	234,481
Accounts Receivable from Affiliated Companies	50,582	40,353
Unbilled Revenues	41,294	29,741
Taxes Receivable	43,940	144,601
Materials and Supplies	56,584	74,179
Regulatory Assets	258,489	198,710
Prepayments and Other Current Assets	3,870	10,815
Total Current Assets	746,188	745,653
Property, Plant and Equipment, Net	5,451,668	5,335,436
Deferred Debits and Other Assets:		
Regulatory Assets	1,198,167	1,179,100
Other Long-Term Assets	58,936	73,051
Total Deferred Debits and Other Assets	1,257,103	1,252,151
Total Assets	\$ 7,454,959	\$ 7,333,240
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable	\$ 377,200	\$ 302,000
Long-Term Debt - Current Portion	200,000	4,700
Accounts Payable	173,863	217,311
Accounts Payable to Affiliated Companies	71,066	63,517
Obligations to Third Party Suppliers	57,069	34,824
Renewable Portfolio Standards Compliance Obligations	61,200	35,698
Accumulated Deferred Income Taxes	107,995	55,136
Regulatory Liabilities	5,007	49,611
Other Current Liabilities	86,718	115,991
Total Current Liabilities	1,140,118	878,788
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,538,988	1,527,667

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Regulatory Liabilities	266,572	262,738
Accrued Pension, SERP and PBOP	220,000	235,529
Other Long-Term Liabilities	123,421	129,279
Total Deferred Credits and Other Liabilities	2,148,981	2,155,213
Capitalization:		
Long-Term Debt	1,592,722	1,792,712
Preferred Stock Not Subject to Mandatory Redemption	43,000	43,000
Common Stockholder's Equity:		
Common Stock	-	-
Capital Surplus, Paid In	995,378	994,130
Retained Earnings	1,534,500	1,468,955
Accumulated Other Comprehensive Income	260	442
Common Stockholder's Equity	2,530,138	2,463,527
Total Capitalization	4,165,860	4,299,239
Total Liabilities and Capitalization	\$ 7,454,959	\$ 7,333,240

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

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

(Thousands of Dollars)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues	\$ 617,196	\$ 561,513	\$ 1,384,004	\$ 1,227,701
Operating Expenses:				
Purchased Power and Transmission	283,129	242,907	684,995	561,989
Operations and Maintenance	69,430	78,981	145,254	164,905
Depreciation	48,949	46,915	97,716	93,540
Amortization of Regulatory (Liabilities)/Assets, Net	(7,336)	(1,517)	(12,901)	14,147
Energy Efficiency Programs	41,733	40,255	97,150	88,584
Taxes Other Than Income Taxes	29,876	32,458	60,841	64,610
Total Operating Expenses	465,781	439,999	1,073,055	987,775
Operating Income	151,415	121,514	310,949	239,926
Interest Expense:				
Interest on Long-Term Debt	18,579	19,732	37,225	40,489
Other Interest	(798)	960	1,002	1,263
Interest Expense	17,781	20,692	38,227	41,752
Other Income/(Loss), Net	2,533	(246)	3,136	(277)
Income Before Income Tax Expense	136,167	100,576	275,858	197,897
Income Tax Expense	54,204	40,447	110,335	79,681
Net Income	\$ 81,963	\$ 60,129	\$ 165,523	\$ 118,216

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
(Unaudited)

Net Income	\$ 81,963	\$ 60,129	\$ 165,523	\$ 118,216
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Other Comprehensive Loss, Net of Tax:					
Changes in Funded Status of SERP					
Benefit Plan	(2)	-	(182)	-	
Other Comprehensive Loss, Net of Tax	(2)	-	(182)	-	
Comprehensive Income	\$ 81,961	\$ 60,129	\$ 165,341	\$ 118,216	

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

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

(Thousands of Dollars)	For the Six Months Ended June 30,	
	2015	2014
Operating Activities:		
Net Income	\$ 165,523	\$ 118,216
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	97,716	93,540
Deferred Income Taxes	61,734	(21,724)
PBOP Contributions, Net of Pension, SERP and PBOP Expense	(264)	(8,281)
Regulatory (Under)/Over Recoveries, Net	(96,290)	63,955
Amortization of Regulatory (Liabilities)/Assets, Net	(12,901)	14,147
Proceeds from DOE Damages Claim	-	29,113
Other	(28,653)	(16,870)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(81,524)	(31,746)
Materials and Supplies	17,595	(7,399)
Taxes Receivable/Accrued, Net	100,661	65,692
Accounts Payable	(38,388)	(21,511)
Accounts Receivable from/Payable to Affiliates, Net	(2,680)	107,363
Other Current Assets and Liabilities, Net	25,076	3,158
Net Cash Flows Provided by Operating Activities	207,605	387,653
Investing Activities:		
Investments in Property, Plant and Equipment	(188,103)	(213,508)
Other Investing Activities	53	576
Net Cash Flows Used in Investing Activities	(188,050)	(212,932)
Financing Activities:		
Cash Dividends on Common Stock	(99,000)	(253,000)
Cash Dividends on Preferred Stock	(980)	(980)
Increase in Notes Payable	75,200	91,000
Issuance of Long-Term Debt	-	300,000
Retirements of Long-Term Debt	(4,700)	(301,650)
Other Financing Activities	-	(5,137)
Net Cash Flows Used in Financing Activities	(29,480)	(169,767)
Net (Decrease)/Increase in Cash and Cash Equivalents	(9,925)	4,954
Cash and Cash Equivalents - Beginning of Period	12,773	8,021
Cash and Cash Equivalents - End of Period	\$ 2,848	\$ 12,975

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

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

(Thousands of Dollars)	June 30, 2015	December 31, 2014
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 818	\$ 489
Receivables, Net	84,607	80,151
Accounts Receivable from Affiliated Companies	4,290	3,194
Unbilled Revenues	36,472	40,181
Taxes Receivable	34,985	14,571
Fuel, Materials and Supplies	137,119	148,139
Regulatory Assets	88,773	111,705
Prepayments and Other Current Assets	23,538	27,821
Total Current Assets	410,602	426,251
Property, Plant and Equipment, Net	2,714,915	2,635,844
Deferred Debits and Other Assets:		
Regulatory Assets	282,215	293,115
Other Long-Term Assets	34,083	39,228
Total Deferred Debits and Other Assets	316,298	332,343
Total Assets	\$ 3,441,815	\$ 3,394,438
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 133,500	\$ 90,500
Accounts Payable	69,884	93,349
Accounts Payable to Affiliated Companies	22,201	33,734
Regulatory Liabilities	5,602	16,044
Accumulated Deferred Income Taxes	35,963	36,164
Other Current Liabilities	30,605	38,969
Total Current Liabilities	297,755	308,760
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	632,890	587,292
Regulatory Liabilities	50,250	51,372
Accrued Pension, SERP and PBOP	99,318	93,243

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Other Long-Term Liabilities	50,054	50,155
Total Deferred Credits and Other Liabilities	832,512	782,062
Capitalization:		
Long-Term Debt	1,076,319	1,076,286
Common Stockholder's Equity:		
Common Stock	-	-
Capital Surplus, Paid In	748,635	748,240
Retained Earnings	493,449	486,459
Accumulated Other Comprehensive Loss	(6,855)	(7,369)
Common Stockholder's Equity	1,235,229	1,227,330
Total Capitalization	2,311,548	2,303,616
Total Liabilities and Capitalization	\$ 3,441,815	\$ 3,394,438

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

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

(Thousands of Dollars)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues	\$ 241,875	\$ 211,626	\$ 526,722	\$ 511,458
Operating Expenses:				
Purchased Power, Fuel and Transmission	47,938	68,349	147,516	183,595
Operations and Maintenance	76,468	70,249	134,895	132,462
Depreciation	25,751	24,464	51,397	48,679
Amortization of Regulatory Assets/(Liabilities), Net	12,050	(20,393)	27,181	(7,831)
Energy Efficiency Programs	3,356	3,292	7,128	7,131
Taxes Other Than Income Taxes	22,249	16,635	41,331	34,348
Total Operating Expenses	187,812	162,596	409,448	398,384
Operating Income	54,063	49,030	117,274	113,074
Interest Expense:				
Interest on Long-Term Debt	11,359	11,390	22,758	22,916
Other Interest	303	(391)	177	55
Interest Expense	11,662	10,999	22,935	22,971
Other Income, Net	1,245	946	1,628	1,212
Income Before Income Tax Expense	43,646	38,977	95,967	91,315
Income Tax Expense	15,701	14,897	35,977	34,597
Net Income	\$ 27,945	\$ 24,080	\$ 59,990	\$ 56,718

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
(Unaudited)

Net Income	\$ 27,945	\$ 24,080	\$ 59,990	\$ 56,718
Other Comprehensive Income, Net of Tax:				
	290	291	581	581

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Qualified Cash Flow Hedging Instruments Changes in Unrealized (Losses)/Gains on Other Securities	(75)	12	(67)	26
Other Comprehensive Income, Net of Tax	215	303	514	607
Comprehensive Income	\$ 28,160	\$ 24,383	\$ 60,504	\$ 57,325

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

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

(Thousands of Dollars)	For the Six Months Ended June 30,	
	2015	2014
Operating Activities:		
Net Income	\$ 59,990	\$ 56,718
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	51,397	48,679
Deferred Income Taxes	47,454	61,093
Pension, SERP and PBOP Expense, Net of PBOP Contributions	2,359	2,416
Regulatory (Under)/Over Recoveries, Net	(3,089)	18,849
Amortization of Regulatory Assets/(Liabilities), Net	27,181	(7,831)
Proceeds from DOE Damages Claim	-	13,103
Other	6,367	4,386
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(6,597)	3,500
Fuel, Materials and Supplies	11,019	8,013
Taxes Receivable/Accrued, Net	(20,414)	(55,243)
Accounts Payable	(21,362)	(7,146)
Other Current Assets and Liabilities, Net	(3,792)	(4,166)
Net Cash Flows Provided by Operating Activities	150,513	142,371
Investing Activities:		
Investments in Property, Plant and Equipment	(140,171)	(117,387)
Other Investing Activities	169	(101)
Net Cash Flows Used in Investing Activities	(140,002)	(117,488)
Financing Activities:		
Cash Dividends on Common Stock	(53,000)	(33,000)
Increase in Notes Payable to Eversource Parent	43,000	8,500
Other Financing Activities	(182)	(176)
Net Cash Flows Used in Financing Activities	(10,182)	(24,676)
Net Increase in Cash	329	207
Cash - Beginning of Period	489	130
Cash - End of Period	\$ 818	\$ 337

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

WESTERN MASSACHUSETTS ELECTRIC COMPANY
 CONDENSED BALANCE SHEETS
 (Unaudited)

(Thousands of Dollars)	June 30, 2015	December 31, 2014
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,143	\$ -
Receivables, Net	61,491	51,066
Accounts Receivable from Affiliated Companies	5,507	7,851
Unbilled Revenues	15,912	15,146
Taxes Receivable	1,148	18,126
Regulatory Assets	54,926	51,923
Marketable Securities	38,441	28,658
Prepayments and Other Current Assets	5,496	7,607
Total Current Assets	184,064	180,377
Property, Plant and Equipment, Net	1,508,207	1,461,321
Deferred Debits and Other Assets:		
Regulatory Assets	138,138	146,307
Marketable Securities	19,809	29,452
Other Long-Term Assets	27,147	22,018
Total Deferred Debits and Other Assets	185,094	197,777
Total Assets	\$ 1,877,365	\$ 1,839,475
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 60,600	\$ 21,400
Long-Term Debt - Current Portion	50,000	50,000
Accounts Payable	36,327	53,732
Accounts Payable to Affiliated Companies	10,217	14,328
Regulatory Liabilities	16,847	22,486
Accumulated Deferred Income Taxes	20,822	18,089
Other Current Liabilities	24,608	24,080
Total Current Liabilities	219,421	204,115
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	422,502	416,822
Regulatory Liabilities	12,921	10,835

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Accrued Pension, SERP and PBOP	19,530	17,705
Other Long-Term Liabilities	38,065	33,747
Total Deferred Credits and Other Liabilities	493,018	479,109
Capitalization:		
Long-Term Debt	578,007	578,471
Common Stockholder's Equity:		
Common Stock	10,866	10,866
Capital Surplus, Paid In	391,398	391,256
Retained Earnings	187,673	178,834
Accumulated Other Comprehensive Loss	(3,018)	(3,176)
Common Stockholder's Equity	586,919	577,780
Total Capitalization	1,164,926	1,156,251
Total Liabilities and Capitalization	\$ 1,877,365	\$ 1,839,475

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

WESTERN MASSACHUSETTS ELECTRIC COMPANY
 CONDENSED STATEMENTS OF
 INCOME
 (Unaudited)

(Thousands of Dollars)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues	\$ 125,194	\$ 108,289	\$ 278,058	\$ 245,698
Operating Expenses:				
Purchased Power and Transmission	43,055	37,619	112,716	87,050
Operations and Maintenance	20,104	23,686	39,889	46,265
Depreciation	10,848	10,317	21,223	20,638
Amortization of Regulatory Assets, Net	3,336	343	7,264	741
Energy Efficiency Programs	9,519	10,249	20,594	22,114
Taxes Other Than Income Taxes	9,398	8,396	18,833	16,479
Total Operating Expenses	96,260	90,610	220,519	193,287
Operating Income	28,934	17,679	57,539	52,411
Interest Expense:				
Interest on Long-Term Debt	6,015	6,104	12,060	12,165
Other Interest	276	603	1,052	188
Interest Expense	6,291	6,707	13,112	12,353
Other Income, Net	1,245	594	1,819	1,168
Income Before Income Tax Expense	23,888	11,566	46,246	41,226
Income Tax Expense	9,693	4,548	18,807	16,106
Net Income	\$ 14,195	\$ 7,018	\$ 27,439	\$ 25,120

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

CONDENSED STATEMENTS OF COMPREHENSIVE
 INCOME
 (Unaudited)

Net Income	\$ 14,195	\$ 7,018	\$ 27,439	\$ 25,120
Other Comprehensive Income, Net of Tax:				
Qualified Cash Flow Hedging Instruments	84	84	169	169

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Changes in Unrealized (Losses)/Gains on Other Securities	(12)		2	(11)	4
Other Comprehensive Income, Net of Tax	72		86	158	173
Comprehensive Income	\$ 14,267	\$ 7,104	\$ 27,597	\$ 25,293	

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

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

(Thousands of Dollars)	For the Six Months Ended June 30,	
	2015	2014
Operating Activities:		
Net Income	\$ 27,439	\$ 25,120
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	21,223	20,638
Deferred Income Taxes	12,503	15,234
Regulatory (Under)/Over Recoveries, Net	(7,911)	28,115
Amortization of Regulatory Assets, Net	7,264	741
Proceeds from DOE Damages Claim	-	18,073
Other	(3,598)	1,462
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(11,593)	44,859
Taxes Receivable/Accrued, Net	18,774	(19,555)
Accounts Payable	(21,056)	(26,494)
Other Current Assets and Liabilities, Net	859	(11,587)
Net Cash Flows Provided by Operating Activities	43,904	96,606
Investing Activities:		
Investments in Property, Plant and Equipment	(62,966)	(61,470)
Proceeds from Sales of Marketable Securities	49,739	44,449
Purchases of Marketable Securities	(50,118)	(44,754)
Net Cash Flows Used in Investing Activities	(63,345)	(61,775)
Financing Activities:		
Cash Dividends on Common Stock	(18,600)	(49,000)
Increase in Notes Payable to Eversource Parent	39,200	15,900
Other Financing Activities	(16)	(22)
Net Cash Flows Provided by/(Used in) Financing Activities	20,584	(33,122)
Net Increase in Cash	1,143	1,709
Cash - Beginning of Period	-	-
Cash - End of Period	\$ 1,143	\$ 1,709

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

EVERSOURCE ENERGY AND SUBSIDIARIES

THE CONNECTICUT LIGHT AND POWER COMPANY

NSTAR ELECTRIC COMPANY AND SUBSIDIARY

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY

WESTERN MASSACHUSETTS ELECTRIC COMPANY

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.

Basis of Presentation

Eversource Energy is a public utility holding company primarily engaged through its wholly owned regulated utility subsidiaries in the energy delivery business. Eversource Energy's wholly owned regulated utility subsidiaries consist of CL&P, NSTAR Electric, PSNH, WMECO, Yankee Gas and NSTAR Gas. Eversource provides energy delivery service to approximately 3.6 million electric and natural gas customers through these six regulated utilities in Connecticut, Massachusetts and New Hampshire.

On April 30, 2015, the Company's legal name was changed from Northeast Utilities to Eversource Energy. CL&P, NSTAR Electric, PSNH and WMECO are each doing business as Eversource Energy.

The unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH include the accounts of each of their respective subsidiaries. Intercompany transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements of Eversource, NSTAR Electric and PSNH and the unaudited condensed financial statements of CL&P and WMECO are herein collectively referred to as the "financial statements."

The combined notes to the financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. The accompanying financial statements should be read in conjunction with the entirety of this combined Quarterly Report on Form 10-Q, the first quarter 2015 combined Quarterly Report on Form 10-Q and the 2014 combined Annual Report on Form 10-K of Eversource, CL&P, NSTAR Electric, PSNH and WMECO, which were filed with the SEC. The preparation of the 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements contain, in the opinion of management, all adjustments (including normal, recurring adjustments) necessary to present fairly Eversource's, CL&P's, NSTAR Electric's, PSNH's and WMECO's financial position as of June 30, 2015 and December 31, 2014, the results of operations and comprehensive income for the three and six months ended June 30, 2015 and 2014, and the cash flows for the six months ended June 30, 2015 and 2014. The results of operations and comprehensive income for the three and six months ended June 30, 2015 and 2014 and the cash flows for the six months ended June 30, 2015 and 2014 are not necessarily indicative of the results expected for a full year.

Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's, PSNH's and WMECO's combined ownership interest in each of these entities is greater than 50 percent. Intercompany transactions between CL&P, NSTAR Electric, PSNH and WMECO and the CYAPC and YAEC companies have been eliminated in consolidation of the Eversource financial statements.

Eversource's utility subsidiaries' distribution (including generation) and transmission businesses and NPT are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for entities with rate-regulated operations, which considers the effect of regulation on the differences in the timing of the recognition of certain revenues and expenses from those of other businesses and industries. See Note 2, "Regulatory Accounting," for further information.

Certain reclassifications of prior period data were made in the accompanying financial statements to conform to the current period presentation.

B.

Accounting Standards

Accounting Standards Issued but not Yet Effective: In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers*, which amends existing revenue recognition guidance and is required to be applied retrospectively (either to each reporting period presented or cumulatively at the date of initial application). On July 9, 2015, the FASB deferred the effective date of the new revenue standard by one year.

The Company will implement the standard beginning in the first quarter of 2018. Management is reviewing the requirements of the ASU. The ASU is not expected to have a material impact on the financial statements of Eversource, CL&P, NSTAR Electric, PSNH and WMECO.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, that changes the balance sheet presentation of debt issuance costs. Under the new standard, issuance costs related to debt will be presented on the balance sheet as a direct deduction from the carrying amount of the debt liability rather than as a deferred cost as required by current guidance. The new accounting guidance is effective for interim and annual periods beginning in the first quarter of 2016 with early adoption permitted. Upon adoption, an entity must apply the new guidance retrospectively to all prior periods presented in the financial statements. Management does not expect the adoption of this standard to have a material effect on the financial statements of Eversource, CL&P, NSTAR Electric, PSNH and WMECO.

C.**Provision for Uncollectible Accounts**

Eversource, including CL&P, NSTAR Electric, PSNH and WMECO, presents its receivables at estimated net realizable value by maintaining a provision for uncollectible accounts. This provision is determined based upon a variety of judgments and factors, including the application of an estimated uncollectible percentage to each receivable aging category. The estimate is based upon historical collection and write-off experience and management's assessment of collectability from customers. Management continuously assesses the collectability of receivables and adjusts collectability estimates based on actual experience. 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 PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 90 days. The DPU allows WMECO to also recover in rates amounts associated with certain uncollectible hardship accounts receivable. Uncollectible customer account balances, which are expected to be recovered in rates, are included in Regulatory Assets or Other Long-Term Assets.

The total provision for uncollectible accounts and for uncollectible hardship accounts, which is included in the total provision, are included in Receivables, Net on the balance sheets, and were as follows:

<i>(Millions of Dollars)</i>	Total Provision for Uncollectible Accounts		Uncollectible Hardship	
	As of June 30, 2015	As of December 31, 2014	As of June 30, 2015	As of December 31, 2014
Eversource	\$ 209.8	\$ 175.3	\$ 106.2	\$ 91.5
CL&P	100.5	84.3	84.7	74.0
NSTAR Electric	46.3	40.7	-	-
PSNH	9.5	7.7	-	-
WMECO	12.1	9.9	7.2	6.2

D.**Fair Value Measurements**

Fair value measurement guidance is applied to derivative contracts that are not elected or designated as "normal purchases or normal sales" (normal) and to the marketable securities held in trusts. Fair value measurement guidance is also applied to valuations of the investments used to calculate the funded status of pension and PBOP plans and nonrecurring fair value measurements of nonfinancial assets such as goodwill and AROs, and is also used to estimate the fair value of preferred stock and long-term debt.

Fair Value Hierarchy: In measuring fair value, Eversource uses observable market data when available in order to minimize the use of unobservable inputs. 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. Eversource evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and Eversource'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.

Determination of Fair Value: The valuation techniques and inputs used in Eversource's fair value measurements are described in Note 4, "Derivative Instruments," Note 5, "Marketable Securities," and Note 9, "Fair Value of Financial Instruments," to the financial statements.

E.

Other Income, Net

Items included within Other Income, Net on the statements of income primarily consist of investment income/(loss), interest income, AFUDC related to equity funds, and equity in earnings. Investment income/(loss) primarily relates to debt and equity securities held in trust. For further information, see Note 5, "Marketable Securities," to the financial statements.

F.

Other Taxes

Gross receipts taxes levied by the state of Connecticut are collected by CL&P and Yankee Gas from their respective customers. These gross receipts taxes are shown separately with collections in Operating Revenues and payments in Taxes Other Than Income Taxes on the statements of income as follows:

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<i>(Millions of Dollars)</i>	For the Three Months Ended		For the Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Eversource	\$ 33.2	\$ 35.2	\$ 75.1	\$ 79.6
CL&P	29.5	30.9	62.5	66.5

Certain sales taxes are collected by Eversource's companies that serve customers in Connecticut and Massachusetts as agents for state and local governments and are recorded on a net basis with no impact on the statements of income.

G.**Supplemental Cash Flow Information**

Non-cash investing activities include plant additions included in Accounts Payable as follows:

<i>(Millions of Dollars)</i>	As of June 30, 2015		As of June 30, 2014	
Eversource	\$	142.3	\$	125.5
CL&P		47.2		54.0
NSTAR Electric		29.5		21.6
PSNH		25.6		14.8
WMECO		13.7		9.9

H.**Severance Benefits**

Eversource recorded severance benefit expense of \$1.2 million and \$1.4 million for the three months ended June 30, 2015 and 2014, respectively, and \$1.6 million and \$5.7 million for the six months ended June 30, 2015 and 2014, respectively, in connection with reorganizational and cost saving initiatives, and, in 2014, the partial outsourcing of information technology functions. As of June 30, 2015 and December 31, 2014, the severance accrual totaled \$7.8 million and \$10.4 million, respectively, and was included in Other Current Liabilities on the balance sheets.

2.**REGULATORY ACCOUNTING**

Eversource's Regulated companies are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which consider the effect of regulation on the timing of the recognition of certain revenues and expenses. The Regulated companies' financial statements reflect the effects of the rate-making process. The rates charged to the customers of Eversource's Regulated companies are designed to collect each company's costs to provide service, including a return on investment.

Management believes it is probable that each of the Regulated companies will recover their respective investments in long-lived assets, including regulatory assets. If management were to determine that it could no longer apply the accounting guidance applicable to rate-regulated enterprises to any of the Regulated companies' operations, or that management could not conclude it is probable that costs would be recovered from customers in future rates, the costs would be charged to net income in the period in which the determination is made.

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

<i>(Millions of Dollars)</i>	As of June 30, 2015		As of December 31, 2014	
		Eversource		Eversource
Benefit Costs	\$	1,980.0	\$	2,016.0
Derivative Liabilities		423.7		425.5
Income Taxes, Net		631.5		635.3
Storm Restoration Costs		484.3		502.8
Goodwill-related		495.1		505.4
Regulatory Tracker Mechanisms		430.7		350.5
Contractual Obligations - Yankee Companies		124.8		123.8
Other Regulatory Assets		156.3		167.3
Total Regulatory Assets		4,726.4		4,726.6
Less: Current Portion		709.7		672.5
Total Long-Term Regulatory Assets	\$	4,016.7	\$	4,054.1

<i>(Millions of Dollars)</i>	As of June 30, 2015				As of December 31, 2014			
	NSTAR				NSTAR			
	CL&P	Electric	PSNH	WMECO	CL&P	Electric	PSNH	WMECO
Benefit Costs	\$ 443.3	\$ 496.1	\$ 175.1	\$ 85.9	\$ 445.4	\$ 515.9	\$ 174.3	\$ 85.0
Derivative Liabilities	420.2	2.2	-	-	410.9	4.5	-	-
Income Taxes, Net	438.9	84.0	34.8	30.7	437.7	83.7	38.0	35.5
Storm Restoration Costs	298.4	117.1	41.1	27.7	319.6	103.7	47.7	31.8
Goodwill-related	-	425.1	-	-	-	433.9	-	-
Regulatory Tracker Mechanisms	44.8	255.0	84.3	36.0	16.1	141.4	103.5	33.0
Other Regulatory Assets	79.6	77.2	35.7	12.7	66.1	94.7	41.3	12.9
Total Regulatory Assets	1,725.2	1,456.7	371.0	193.0	1,695.8	1,377.8	404.8	198.2
Less: Current Portion	263.7	258.5	88.8	54.9	220.3	198.7	111.7	51.9
Total Long-Term Regulatory Assets	\$ 1,461.5	\$ 1,198.2	\$ 282.2	\$ 138.1	\$ 1,475.5	\$ 1,179.1	\$ 293.1	\$ 146.3

Regulatory Costs in Other Long-Term Assets: The Regulated companies had \$60.8 million (\$1.9 million for CL&P, \$21.9 million for NSTAR Electric, \$2 million for PSNH and \$15.4 million for WMECO) and \$60.5 million (\$1.3 million for CL&P, \$33.2 million for NSTAR Electric, \$0.9 million for PSNH, and \$11 million for WMECO) of additional regulatory costs as of June 30, 2015 and December 31, 2014, respectively, that were included in Other Long-Term Assets on the balance sheets. These amounts represent incurred costs for which recovery has not yet been specifically approved by the applicable regulatory agency. However, based on regulatory policies or past precedent on similar costs, management believes it is probable that these costs will ultimately be approved and recovered from customers in rates. The NSTAR Electric balance as of June 30, 2015 and December 31, 2014 primarily related to costs deferred in connection with the basic service bad debt adder. See Note 8D, "Commitments and Contingencies

Basic Service Bad Debt Adder," for further information.

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

<i>(Millions of Dollars)</i>	As of June 30, 2015		As of December 31, 2014	
	Eversource		Eversource	
Cost of Removal	\$	434.9	\$	439.9
Regulatory Tracker Mechanisms		198.0		192.3
AFUDC - Transmission		66.2		67.1
Other Regulatory Liabilities		20.2		50.8
Total Regulatory Liabilities		719.3		750.1
Less: Current Portion		208.5		235.0
Total Long-Term Regulatory Liabilities	\$	510.8	\$	515.1

<i>(Millions of Dollars)</i>	As of June 30, 2015				As of December 31, 2014			
	NSTAR				NSTAR			
	CL&P	Electric	PSNH	WMECO	CL&P	Electric	PSNH	WMECO
Cost of Removal	\$ 13.5	\$ 261.5	\$ 49.1	\$ 2.8	\$ 19.7	\$ 258.3	\$ 50.3	\$ 1.1
Regulatory Tracker Mechanisms	115.6	2.9	4.8	17.0	122.6	20.7	14.2	22.3
AFUDC - Transmission	52.2	5.0	-	9.0	53.6	4.4	-	9.1
Other Regulatory Liabilities	12.5	2.2	2.0	0.9	10.1	28.9	2.9	0.8
Total Regulatory Liabilities	193.8	271.6	55.9	29.7	206.0	312.3	67.4	33.3
Less: Current Portion	122.6	5.0	5.6	16.8	124.7	49.6	16.0	22.5
Total Long-Term Regulatory Liabilities	\$ 71.2	\$ 266.6	\$ 50.3	\$ 12.9	\$ 81.3	\$ 262.7	\$ 51.4	\$ 10.8

2015 Regulatory Developments:

FERC ROE Complaints: As a result of the March 3, 2015 FERC order in the pending ROE complaint proceedings described in Note 8C, "Commitments and Contingencies - FERC ROE Complaints," in 2015, Eversource recognized a pre-tax charge to earnings (excluding interest) of \$20 million, of which \$12.5 million was recorded at CL&P, \$2.4 million at NSTAR Electric, \$1 million at PSNH, and \$4.1 million at WMECO. The pre-tax charge was recorded as a regulatory liability and as a reduction to Operating Revenues.

NSTAR Electric and NSTAR Gas 2014 Comprehensive Settlement Agreement: On March 2, 2015, the DPU approved the comprehensive settlement agreement between NSTAR Electric, NSTAR Gas and the Massachusetts Attorney General (the "Settlement") as filed with the DPU on December 31, 2014. The Settlement resolved the outstanding NSTAR Electric CPSL program filings for 2006 through 2011, the NSTAR Electric and NSTAR Gas PAM and energy efficiency-related customer billing adjustments reported in 2012, and the recovery of LBR related to NSTAR Electric's energy efficiency programs for 2009 through 2011 (11 dockets in total). In 2015, as a result of the

DPU order, NSTAR Electric and NSTAR Gas commenced refunding a combined \$44.7 million to customers, which was recorded as a regulatory liability. NSTAR Electric recognized a \$21.7 million pre-tax benefit in the first half of 2015 as a result of the approval of the Settlement.

NSTAR Electric Basic Service Bad Debt Adder: On January 7, 2015, the DPU issued an order concluding that NSTAR Electric had removed energy-related bad debt costs from base distribution rates effective January 1, 2006. The DPU ordered NSTAR Electric and the Massachusetts Attorney General to collaborate on the reconciliations of energy-related bad debt costs through 2014. As a result of the DPU order, NSTAR Electric increased its regulatory assets and reduced operations and maintenance expense by \$24.2 million in the first quarter, resulting in after-tax earnings of \$14.5 million. On May 5, 2015, NSTAR Electric filed for recovery of the energy-related bad debt costs regulatory asset from customers beginning July 1, 2015. On June 24, 2015, the DPU delayed the effective date of NSTAR Electric's proposed rate increase from July 1, 2015 to November 1, 2015 to allow for the DPU staff to review the reconciliations. The established procedural schedule is expected to result in an approval of the proposed rate increase in the fourth quarter of 2015.

CL&P Distribution Rates: On December 17, 2014, PURA granted a re-opener request to CL&P's base distribution rate application for further review of the appropriate balance of ADIT utilized in the calculation of rate base. On July 2, 2015, PURA issued a final order that approved a settlement agreement filed on May 19, 2015 between CL&P and the PURA Prosecutorial Staff. The order allows for an increase to rate base of approximately \$166 million associated with ADIT, including a regulatory asset to recover the incremental revenue requirement for the period December 1, 2014 through November 30, 2015 over a subsequent two-year period. The rate base increase provided an increase to total allowed annual revenue requirements of \$18.4 million beginning December 1, 2014. Of that amount, \$10.7 million has been recorded as a regulatory asset in June 2015, with a corresponding increase in Operating Revenues. The remaining \$7.7 million will be recorded from July 2015 through November 2015. The aggregate amount will be collected from customers in rates over a 24-month period commencing on December 1, 2015.

3.

PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

The following tables summarize the investments in utility property, plant and equipment by asset category:

<i>(Millions of Dollars)</i>	As of June 30, 2015		As of December 31, 2014	
	Eversource		Eversource	
Distribution - Electric	\$	12,701.6	\$	12,495.2
Distribution - Natural Gas		2,625.9		2,595.4
Transmission		7,196.3		6,930.7
Generation		1,175.9		1,170.9
Electric and Natural Gas Utility		23,699.7		23,192.2
Other ⁽¹⁾		547.5		551.3
Property, Plant and Equipment, Gross		24,247.2		23,743.5
Less: Accumulated Depreciation				
Electric and Natural Gas Utility		(5,950.4)		(5,777.8)
Other		(238.4)		(231.8)
Total Accumulated Depreciation		(6,188.8)		(6,009.6)
Property, Plant and Equipment, Net		18,058.4		17,733.9
Construction Work in Progress		1,020.8		913.1
Total Property, Plant and Equipment, Net	\$	19,079.2	\$	18,647.0

(1)

These assets are primarily comprised of building improvements, computer software, hardware and equipment and telecommunications assets at Eversource Service and Eversource's unregulated companies.

<i>(Millions of Dollars)</i>	As of June 30, 2015				As of December 31, 2014			
	NSTAR				NSTAR			
	CL&P	Electric	PSNH	WMECO	CL&P	Electric	PSNH	WMECO
Distribution	\$ 5,245.3	\$ 4,954.7	\$ 1,744.8	\$ 796.8	\$ 5,158.8	\$ 4,895.5	\$ 1,696.7	\$ 784.2
Transmission	3,455.5	1,965.2	821.2	906.4	3,274.0	1,928.5	789.7	891.0
Generation	-	-	1,141.5	34.4	-	-	1,136.5	34.4
Property, Plant and Equipment, Gross	8,700.8	6,919.9	3,707.5	1,737.6	8,432.8	6,824.0	3,622.9	1,709.6
Less:								
Accumulated Depreciation	(1,975.9)	(1,824.9)	(1,127.6)	(309.2)	(1,928.0)	(1,761.4)	(1,090.0)	(297.4)
Property, Plant and Equipment,	6,724.9	5,095.0	2,579.9	1,428.4	6,504.8	5,062.6	2,532.9	1,412.2

Net Construction Work in Progress	209.7	356.7	135.0	79.8	304.9	272.8	102.9	49.1
Total Property, Plant and Equipment, Net	\$ 6,934.6	\$ 5,451.7	\$ 2,714.9	\$ 1,508.2	\$ 6,809.7	\$ 5,335.4	\$ 2,635.8	\$ 1,461.3

As of June 30, 2015, PSNH had \$1.1 billion in gross generation utility plant assets and Accumulated Depreciation of \$505.6 million. These generation assets are the subject of a divestiture agreement entered into on June 10, 2015 between Eversource, PSNH and key New Hampshire officials whereby, among other resolutions, PSNH has agreed to sell these generation assets. Upon completion of the sale, all remaining stranded costs will be recovered via bonds that will be secured by a non-bypassable charge on the bills of PSNH's customers. See Note 8E, "Commitments and Contingencies - PSNH Generation Restructuring," for further information.

4.

DERIVATIVE INSTRUMENTS

The Regulated companies purchase and procure energy and energy-related products, which are subject to price volatility, for their customers. The costs associated with supplying energy to customers are recoverable from customers, in future rates. The Regulated companies manage the risks associated with the price volatility of energy and energy-related products through the use of derivative and nonderivative contracts.

Many of the derivative contracts meet the definition of, and are designated as, normal and qualify for accrual accounting under the applicable accounting guidance. The costs and benefits of derivative contracts that meet the definition of normal are recognized in Operating Expenses or Operating Revenues on the statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not designated as normal are recorded at fair value as current or long-term Derivative Assets or Derivative Liabilities on the balance sheets. For the Regulated companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivatives, as contract settlement amounts are recovered from, or refunded to, customers in their respective energy supply rates.

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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, on the balance sheets. The following table presents the gross fair values of contracts categorized by risk type and the net amount recorded as current or long-term derivative asset or liability:

	As of June 30, 2015			As of December 31, 2014		
	Commodity Supply and Price Risk Management	Netting ⁽¹⁾	Net Amount Recorded as a Derivative	Commodity Supply and Price Risk Management	Netting ⁽¹⁾	Net Amount Recorded as a Derivative
<i>(Millions of Dollars)</i>						
<u>Current Derivative</u>						
<u>Assets:</u>						
Level 3:						
Eversource	\$ 16.5	\$ (10.4)	\$ 6.1	\$ 16.2	\$ (6.6)	\$ 9.6
CL&P	16.5	(10.4)	6.1	16.1	(6.6)	9.5
NSTAR Electric	-	-	-	0.1	-	0.1
<u>Long-Term</u>						
<u>Derivative Assets:</u>						
Level 3:						
Eversource	\$ 69.1	\$ (23.9)	\$ 45.2	\$ 93.5	\$ (19.2)	\$ 74.3
CL&P	68.7	(23.9)	44.8	93.5	(19.2)	74.3
NSTAR Electric	0.4	-	0.4	-	-	-
<u>Current Derivative</u>						
<u>Liabilities:</u>						
Level 2:						
Eversource	\$ (1.5)	\$ 0.2	\$ (1.3)	\$ (9.8)	\$ -	\$ (9.8)
Level 3:						
Eversource	(92.7)	-	(92.7)	(90.0)	-	(90.0)
CL&P	(90.9)	-	(90.9)	(88.5)	-	(88.5)
NSTAR Electric	(1.8)	-	(1.8)	(1.5)	-	(1.5)
<u>Long-Term Derivative</u>						
<u>Liabilities:</u>						
Level 2:						
Eversource	\$ -	\$ -	\$ -	\$ (0.3)	\$ -	\$ (0.3)
Level 3:						
Eversource	(381.0)	-	(381.0)	(409.3)	-	(409.3)
CL&P	(380.2)	-	(380.2)	(406.2)	-	(406.2)
NSTAR Electric	(0.8)	-	(0.8)	(3.1)	-	(3.1)

(1)

Amounts represent derivative assets and liabilities that Eversource elected to record net on the balance sheets. These amounts are subject to master netting agreements or similar agreements for which the right of offset exists.

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

Derivative Contracts at Fair Value with Offsetting Regulatory Amounts

Commodity Supply and Price Risk Management: As required by regulation, CL&P, along with UI, has capacity-related contracts with generation facilities. CL&P has a sharing agreement with UI, with 80 percent of each contract allocated to CL&P and 20 percent allocated to UI. The combined capacity of these contracts is 787 MW. The capacity contracts extend through 2026 and obligate both CL&P and UI 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 capacity market price received in the ISO-NE capacity markets. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

NSTAR Electric has a renewable energy contract to purchase 0.1 million MWh of energy per year through 2018 and a capacity-related contract to purchase up to 35 MW per year through 2019.

As of June 30, 2015 and December 31, 2014, Eversource had NYMEX financial contracts for natural gas futures in order to reduce variability associated with the purchase price of approximately 6.8 million and 8.8 million MMBtu of natural gas, respectively.

For the three months ended June 30, 2015 and 2014, there were losses of \$36.6 million and gains of \$111.6 million, respectively, recorded as regulatory assets and liabilities, which reflect the current change in fair value associated with Eversource's derivative contracts. For the six months ended June 30, 2015 and 2014, there were losses of \$50.1 million and gains of \$166 million, respectively.

Credit Risk

Certain of Eversource's derivative contracts contain credit risk contingent provisions. These provisions require Eversource to maintain investment grade credit ratings from the major rating agencies and to post collateral for contracts in a net liability position over specified credit limits. As of June 30, 2015 and December 31, 2014, Eversource had approximately \$1.3 million and \$10 million, respectively, of derivative contracts in a net liability position that were subject to credit risk contingent provisions and would have been required to post additional collateral of approximately \$1.3 million and \$10 million, respectively, if Eversource parent's unsecured debt credit ratings had been downgraded to below investment grade.

Fair Value Measurements of Derivative Instruments

Derivative contracts classified as Level 2 in the fair value hierarchy relate to the financial contracts for natural gas futures. Prices are obtained from broker quotes and are based on actual market activity. The contracts are valued using NYMEX natural gas prices. Valuations of these contracts also incorporate discount rates using the yield curve approach.

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The fair value of derivative contracts classified as Level 3 utilizes significant unobservable inputs. The fair value is modeled using income techniques, such as discounted cash flow valuations adjusted for assumptions relating to exit price. Significant observable inputs for valuations of these contracts include energy and energy-related product prices in future years for which quoted prices in an active market exist. Fair value measurements categorized in Level 3 of the fair value hierarchy are prepared by individuals with expertise in valuation techniques, pricing of energy and energy-related products, and accounting requirements. The future power and capacity prices for periods that are not quoted in an active market or established at auction are based on available market data and are escalated based on estimates of inflation to address the full time period of the contract.

Valuations of derivative contracts using a discounted cash flow methodology include assumptions regarding the timing and likelihood of scheduled payments and also reflect non-performance 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.

Valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using historical market transactions adjusted for the terms of the contract.

The following is a summary of Eversource's, including CL&P's and NSTAR Electric's, Level 3 derivative contracts and the range of the significant unobservable inputs utilized in the valuations over the duration of the contracts:

	As of June 30, 2015			As of December 31, 2014		
	Range		Period Covered	Range		Period Covered
<u>Energy Prices:</u>						
Eversource, CL&P	\$ 45	per MWh	2020	\$ 52	per MWh	2020
<u>Capacity Prices:</u>						
Eversource	\$ 10.05 - 12.60	per kW-Month	2016 - 2026	\$ 5.30 - 12.98	per kW-Month	2016 - 2026
CL&P	\$ 10.81 - 12.60	per kW-Month	2019 - 2026	\$ 11.08 - 12.98	per kW-Month	2018 - 2026
NSTAR Electric	\$ 10.05 - 10.81	per kW-Month	2016 - 2019	\$ 5.30 - 11.10	per kW-Month	2016 - 2019
<u>Forward Reserve:</u>						
Eversource, CL&P	\$ 2.40	per kW-Month	2015 - 2024	\$ 5.80 - 9.50	per kW-Month	2015 - 2024
<u>REC Prices:</u>						
Eversource, NSTAR Electric	\$ 46 - 51	per REC	2015 - 2018	\$ 38 - 56	per REC	2015 - 2018

Exit price premiums of 6 percent through 23 percent are also applied on these contracts and reflect the most recent market activity available for similar type contracts.

Significant increases or decreases in future energy or capacity prices in isolation would decrease or increase, respectively, the fair value of the derivative liability. Any increases in the risk premiums would increase the fair value of the derivative liabilities. Changes in these fair values are recorded as a regulatory asset or liability and would not impact net income.

Valuations using significant unobservable inputs: The following table presents changes 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.

<i>(Millions of Dollars)</i>	For the Three Months Ended June 30,					
	2015			2014		
	Eversource	CL&P	NSTAR Electric	Eversource	CL&P	NSTAR Electric
<u>Derivatives, Net:</u>						
Fair Value as of Beginning of Period	\$ (406.8)	\$ (403.3)	\$ (3.5)	\$ (564.3)	\$ (557.0)	\$ (7.3)
Net Realized/Unrealized Gains/(Losses)						
Included in Regulatory Assets and Liabilities	(37.1)	(36.8)	(0.3)	111.8	112.2	(0.4)
Settlements	21.5	19.9	1.6	21.6	20.2	1.4
Fair Value as of End of Period	\$					