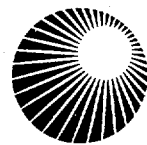


1999 Annual Report



**North
Atlantic**

The Northeast Utilities System

Directors

William A. DiProffio
Seabrook Station
Manager

Ted C. Feigenbaum
Executive Vice President and
Chief Nuclear Officer

Bruce D. Kenyon
President and
Chief Executive Officer

Officers

Bruce D. Kenyon
President and
Chief Executive Officer

Ted C. Feigenbaum
Executive Vice President and
Chief Nuclear Officer

David R. McHale
Vice President and Treasurer

John J. Roman
Vice President and Controller

Marie A. Sullivan
Secretary

Robert A. Bersak
Assistant Secretary

Frederic Lee Klein
Assistant Treasurer

Robert C. Aronson
Assistant Treasurer—
Treasury Operations

1999 Annual Report
North Atlantic Energy Corporation
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North Atlantic Energy Corporation

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

Overview

North Atlantic Energy Corporation, (NAEC or the company), is a wholly owned operating subsidiary of Northeast Utilities (NU) and is part of the Northeast Utilities system (NU system). Public Service Company of New Hampshire (PSNH), is another wholly owned subsidiary of NU. PSNH is obligated to purchase the capacity and output from NAEC's 35.98 percent joint ownership interest in the Seabrook Station (Seabrook) nuclear unit under the terms of two life-of-unit, full cost recovery contracts (Seabrook Power Contracts).

The company's only assets are Seabrook and other Seabrook-related assets and its only source of revenues are the Seabrook Power Contracts. PSNH's obligations under the Seabrook Power Contracts are solely its own and have not been guaranteed by NU. The Seabrook Power Contracts contain no provisions entitling PSNH to terminate its obligations. If, however, PSNH were to fail to perform its obligations under the Seabrook Power Contracts, the company would be required to find other purchasers for Seabrook's power.

During 1999, NU made significant progress toward resolving restructuring issues in the state of New Hampshire by negotiating a global restructuring settlement that is still subject to regulatory approval. The "Agreement to Settle PSNH Restructuring" (Settlement Agreement), among other things, requires PSNH to sell its generation assets and certain power contracts, including PSNH's current purchased-power contract with NAEC for the output from Seabrook. If the Settlement Agreement is approved and implemented, NAEC and The Connecticut Light and Power Company (CL&P), another NU affiliate which has a 4.06 percent ownership interest in Seabrook, will sell their investments in Seabrook.

In 1999, NAEC's revenues increased to \$287.4 million, up 3.9 percent from revenues of \$276.7 million in 1998. In 1999, NAEC had net income of \$29.6 million, compared to \$29.5 million in 1998.

Mergers

In 1998 and 1999, NU management concluded that the pace of deregulation was accelerating throughout the northeastern United States and that shareholders would benefit from NU not only remaining a major provider of electric transmission and distribution service, but also becoming an unregulated marketer of both electricity and natural gas. NU management also concluded that as a result of the changes occurring in the highly competitive electric utility industry, increased size would be crucial to achieve its objective of being a leading provider of energy products and services in the Northeast.

On October 13, 1999, NU announced an agreement to merge with Consolidated Edison, Inc. (Con Edison), a financially stronger utility based in New York. The merger will create the nation's largest electric distribution system with more than 5 million customers and one of the 15 largest natural gas distribution systems with 1.4 million customers.

NU and Con Edison filed with various state and federal regulatory bodies in January 2000 to secure approval of the merger. The two companies expect these regulatory proceedings can be completed by the end of July 2000.

Also in 1999, NU management concluded that the NU system would be stronger and customers could be better served if NU reentered the natural gas distribution business that it had exited in 1989 and examined several potential businesses in New England. By adding gas to NU's energy mix, NU will be able to broaden its services to its existing customers and will have additional opportunities for long-term growth. In June 1999, NU announced an agreement to merge with Yankee Energy System, Inc. (Yankee). The merger will return to NU, Connecticut's largest natural gas distribution system, as well as several unregulated businesses involved in energy services, collections and other areas. The Yankee merger received Yankee shareholder approval in October 1999, final Connecticut Department of Public Utility Control approval in December 1999 and Securities and Exchange Commission (SEC) approval in January 2000. The merger closed on March 1, 2000.

Liquidity

During 1999, net cash flows provided by operations were \$181.4 million, compared to \$128.7 million in 1998 and \$55.6 million in 1997. The increase in 1999 was primarily due to a decrease in tax payments.

Net cash flows used in financing activities were \$130 million in 1999, compared to \$75 million in 1998 and \$37.6 million in 1997. This included \$70 million to retire long-term debt, compared to \$20 million paid in 1998 and 1997. Cash dividends on common shares paid in 1999 were \$60 million, compared to \$45 million in 1998 and \$25 million in 1997.

Including investments made in the NU System Money Pool, construction expenditures and investments in nuclear decommissioning trusts, net cash flows used in investing activities were \$51.5 million in 1999, compared to \$53.7 million in 1998 and \$18.4 million in 1997.

Restructuring

In August 1999, NU, PSNH and the state of New Hampshire signed the Settlement Agreement which, once approved and implemented, will resolve a number of pending regulatory and court proceedings related to PSNH. The Settlement Agreement is awaiting approval of the New Hampshire Public Utilities Commission and is subject to legislative approval for the issuance of rate reduction bonds (securitization).

Some of the key components of the agreement for PSNH include an after-tax write-off of \$225 million of stranded costs by PSNH; the recovery of the remaining stranded costs; the securitization of \$725 million of approved stranded costs; a reduction in rates of an average of 18.3 percent; the opening of the New Hampshire electricity market to competition; and the sale of generation assets and wholesale power entitlements with transition service being available to customers for three years.

Upon the approval and implementation of the Settlement Agreement, NAEC and PSNH will restructure the Seabrook Power Contracts to provide for the buydown of the value of the Seabrook asset to \$100 million. NAEC will utilize the restructuring payments it receives from PSNH to significantly reduce its capitalization. Subsequent to the contract buydown, NAEC will continue to bill PSNH for recovery of the remaining Seabrook cost of \$100 million. NAEC's return on equity will be lowered to 7 percent. The Settlement Agreement also requires NAEC to sell via public auction its share of Seabrook, with the sale to occur no later than December 31, 2003. Upon a successful sale of NAEC's share of Seabrook, the existing Seabrook Power Contracts with PSNH and NAEC will be terminated. For further information regarding commitments and contingencies related to restructuring, see Note 7A, "Commitments and Contingencies - Restructuring," to the financial statements.

Nuclear Generation

Seabrook

Seabrook achieved an annual capacity factor of 86.4 percent in 1999. However, since returning to service on May 13, 1999, after a 48-day refueling and maintenance outage, Seabrook has achieved a 99 percent capacity factor through December 31, 1999.

NAEC anticipates auctioning its 35.98 percent share of Seabrook, with the 4.06 percent owned by its affiliate, CL&P, after approval of the Settlement Agreement.

Nuclear Decommissioning

The staff of the SEC has questioned certain of the current accounting practices of the electric utility industry regarding the recognition, measurement and classification of decommissioning costs for nuclear units in their financial statements.

Currently, the Financial Accounting Standards Board plans to review the accounting for obligations associated with the retirement of long-lived assets, including the decommissioning of nuclear units. If current accounting practices for nuclear decommissioning change, the annual provision for decommissioning could increase relative to 1999, and the estimated cost for decommissioning could be recorded as a liability with recognition of an increase in the cost of the related nuclear unit. However, management does not believe that such a change will have a material impact on NAEC's financial statements.

Spent Nuclear Fuel Disposal Costs

The United States Department of Energy (DOE) originally was scheduled to begin accepting delivery of spent fuel in 1998. However, delays in confirming the suitability of a permanent storage site continually have postponed plans for the DOE's long-term storage and disposal site. Extended delays or a default by the DOE could lead to consideration of costly alternatives. NAEC has the primary responsibility for the interim storage of its spent nuclear fuel. Seabrook is expected to have spent fuel storage capacity until at least 2010. Meeting spent fuel storage requirements beyond this period could require new and separate storage facilities. For further information regarding spent nuclear fuel disposal costs, see Note 7C, "Commitments and Contingencies - Spent Nuclear Fuel Disposal Costs," to the financial statements.

Market Risk and Risk Management Instruments

NAEC uses swaps to manage its market risk exposures associated with changes in variable interest rates. NAEC uses these instruments to reduce risk by essentially creating offsetting market exposures. Based on the derivative instruments which are currently being utilized by NAEC to hedge some of its interest rate risks, there may be an impact on earnings upon adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," which management has not estimated at this time.

Interest Rate Risk Management Instruments

NAEC holds variable-rate, long-term debt, exposing the company to interest rate risk. In order to hedge some of this risk, interest rate risk management instruments have been entered into on NAEC's \$200 million variable-rate note. A 10 percent increase in market interest rates above the 1999 weighted average variable rate during 2000 would result in an immaterial impact on interest expense.

Other Matters

Environmental Matters

NAEC is subject to environmental laws and regulations structured to mitigate or remove the effect of past operations and to improve or maintain the quality of the environment. For further information regarding environmental matters, see Note 7B, "Commitments and Contingencies - Environmental Matters," to the financial statements.

Other Commitments and Contingencies

NAEC is subject to other commitments and contingencies primarily relating to nuclear insurance contingencies, its Seabrook construction program and the New England Power Pool generation pricing. For further information regarding these other commitments and contingencies, see Note 7, "Commitments and Contingencies," to the financial statements.

Year 2000 Issues

The transition into the year 2000 was a success for the NU system and NAEC. Its mission to provide safe, reliable energy to its customers and to ensure continued operability of critical business functions was not affected by any year 2000 related issues.

The projected total cost of the year 2000 program is estimated at \$21 million. The total cost to date was funded through operating cash flows. The NU system has incurred and expensed \$20 million related to year 2000 readiness efforts.

Forward Looking Statements

This discussion and analysis includes forward looking statements, which are statements of future expectations and not facts. Words such as *estimates, expects, anticipates, intends, plans,* and similar expressions identify forward looking statements. Actual results or outcomes could differ materially as a result of further actions by state and federal regulatory bodies, competition and industry restructuring, changes in economic conditions, changes in historical weather patterns, changes in laws, developments in legal or public policy doctrines, technological developments, and other presently unknown or unforeseen factors.

RESULTS OF OPERATIONS

The components of significant income statement variances for the past two years are provided in the table below.

Income Statement Variances (Millions of Dollars)

	<u>1999 over/(under) 1998</u>		<u>1998 over/(under) 1997</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Operating Revenues	\$11	4%	\$ 84	44%
Operating Expenses:				
Fuel	2	17	-	-
Other operation and maintenance	10	19	(12)	(20)
Depreciation	2	9	-	-
Amortization of regulatory assets, net	-	-	79	(a)
Federal and state income taxes	(6)	(28)	11	(a)
Taxes other than income taxes	2	17	(1)	(8)
Operating Income	(4)	(8)	(3)	(5)
Deferred Seabrook return				
- other funds	(2)	(34)	-	-
Other, net	1	12	(8)	(a)
Interest charges, net	(1)	(3)	(1)	(2)
Net Income	-	-	-	-

(a) Percent greater than 100.

Operating Revenues

Operating revenues represent amounts billed to PSNH under the terms of the Seabrook Power Contracts and for decommissioning expense.

Operating revenues increased in 1999, primarily due to the higher operating expenses related to the Seabrook refueling and maintenance outage in 1999.

Operating revenues increased in 1998, primarily due to amounts billed to PSNH for the amortization of the Seabrook deferred return which began in December 1997.

Fuel

Fuel expense increased in 1999, primarily due to a higher fuel amortization rate since the Seabrook refueling outage.

Other Operation and Maintenance

Other operation and maintenance (O&M) expenses increased in 1999, primarily due to higher costs relating to the Seabrook refueling outage.

Other O&M expenses decreased in 1998, primarily due to lower costs associated with Seabrook outages in 1998.

Depreciation

Depreciation increased in 1999 due to shorter useful lives for 1999 plant asset additions.

Federal and State Income Taxes

Federal and state income taxes decreased in 1999, primarily due to lower taxable income.

Federal and state income taxes increased in 1998, primarily due to higher taxable income.

Taxes Other Than Income Taxes

Taxes other than income taxes increased in 1999, as the result of the New Hampshire change to a statewide utility property tax in place of the nuclear station tax.

The change in taxes other than income taxes in 1998 was not significant.

Deferred Seabrook Return - Other Funds

The deferred Seabrook return income decreased in 1999 as NAEC continues to recover the Seabrook deferred return, reducing the outstanding balance.

Other, Net

Other, net increased in 1999, primarily due to higher interest income on investments in the NU System Money Pool.

Other, net decreased in 1998, primarily due to the amortization of the taxes associated with the Seabrook phase-in costs, which began in December 1997.

Interest Charges, Net

Interest charges, net decreased in 1999 and 1998, primarily due to lower long-term debt outstanding.

North Atlantic Energy Corporation

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
of North Atlantic Energy Corporation:

We have audited the accompanying balance sheets of North Atlantic Energy Corporation (a New Hampshire corporation and a wholly owned subsidiary of Northeast Utilities) as of December 31, 1999 and 1998, and the related statements of income, common stockholder's equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Atlantic Energy Corporation as of December 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 7A, Public Service Company of New Hampshire (PSNH), Northeast Utilities, and the state of New Hampshire are involved in litigation regarding the proposed implementation of restructuring legislation. PSNH is the sole customer of the company. The restructuring legislation as currently contemplated would require the company to discontinue the application of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation." The discontinuance would result in the company being in technical default under its current financial covenants, which would, if not waived or renegotiated, give rise to the rights of lenders to accelerate the payment of approximately \$405 million of the company's indebtedness and approximately \$516 million of PSNH's indebtedness. Although a settlement agreement on restructuring has been reached among the company, the state of New Hampshire, and others, implementation is subject to significant contingencies, including New Hampshire legislative, federal and state regulatory, and financial

North Atlantic Energy Corporation

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

lender approvals. These conditions raise substantial doubt about the company's ability to continue as a going concern. The financial statements referred to above do not include any adjustments that might result from the outcome of this uncertainty.

/s/ ARTHUR ANDERSEN LLP
ARTHUR ANDERSEN LLP

Hartford, Connecticut
January 25, 2000

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NORTH ATLANTIC ENERGY CORPORATION

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31,	1999	1998	1997
	(Thousands of Dollars)		
Operating Revenues.....	\$ 287,369	\$ 276,685	\$ 192,381
Operating Expenses:			
Operation -			
Fuel.....	15,596	13,305	13,405
Other.....	41,727	36,763	39,091
Maintenance.....	19,030	14,120	24,146
Depreciation.....	27,576	25,381	25,170
Amortization of regulatory assets, net.....	85,488	85,464	6,270
Federal and state income taxes.....	34,854	36,194	14,845
Taxes other than income taxes.....	13,370	11,401	12,393
Total operating expenses.....	237,641	222,628	135,320
Operating Income.....	49,728	54,057	57,061
Other Income:			
Deferred Seabrook return - other funds.....	4,417	6,731	7,205
Other, net.....	(7,432)	(8,435)	(747)
Income taxes.....	19,131	14,378	4,394
Other income, net.....	16,116	12,674	10,852
Income before interest charges.....	65,844	66,731	67,913
Interest Charges:			
Interest on long-term debt.....	45,297	50,082	50,722
Other interest.....	(542)	(676)	649
Deferred Seabrook return - borrowed funds.....	(8,467)	(12,169)	(13,411)
Interest charges, net.....	36,288	37,237	37,960
Net Income.....	\$ 29,556	\$ 29,494	\$ 29,953
	=====	=====	=====

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

NORTH ATLANTIC ENERGY CORPORATION

BALANCE SHEETS

AT DECEMBER 31,	1999	1998
	(Thousands of Dollars)	
ASSETS		

Utility Plant, at original cost:		
Electric.....	\$ 736,472	\$ 753,379
Less: Accumulated provision for depreciation.....	196,694	165,114
	-----	-----
	539,778	588,265
Construction work in progress.....	10,274	7,090
Nuclear fuel, net.....	21,149	23,644
	-----	-----
Total net utility plant.....	571,201	618,999
	-----	-----
Other Property and Investments:		
Nuclear decommissioning trusts, at market.....	43,667	35,210
	-----	-----
	43,667	35,210
	-----	-----
Current Assets:		
Cash.....	-	71
Special deposits.....	7	11,198
Notes receivable from affiliated companies.....	56,400	30,350
Accounts receivable from affiliated companies.....	22,840	23,804
Taxes receivable.....	11,717	7,887
Materials and supplies, at average cost.....	13,088	12,812
Prepayments and other.....	1,766	2,198
	-----	-----
	105,818	88,320
	-----	-----
Deferred Charges:		
Regulatory assets.....	129,641	199,882
Unamortized debt expense.....	1,780	2,742
	-----	-----
	131,421	202,624
	-----	-----
Total Assets.....	\$ 852,107	\$ 945,153
	=====	=====

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

NORTH ATLANTIC ENERGY CORPORATION

BALANCE SHEETS

AT DECEMBER 31,	1999	1998
	(Thousands of Dollars)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$1 par value - 1,000 shares authorized and outstanding in 1999 and 1998.....	\$ 1	\$ 1
Capital surplus, paid in.....	160,999	160,999
Retained earnings.....	12,752	43,196
Total common stockholder's equity.....	173,752	204,196
Long-term debt.....	135,000	405,000
Total capitalization.....	308,752	609,196
Current Liabilities:		
Long-term debt - current portion.....	270,000	70,000
Accounts payable.....	11,694	5,924
Accounts payable to affiliated companies.....	806	867
Accrued taxes.....	-	710
Accrued interest.....	2,340	2,987
Other.....	272	285
	285,112	80,773
Deferred Credits and Other Long-term Liabilities:		
Accumulated deferred income taxes.....	222,601	209,634
Deferred obligation to affiliated company.....	12,984	22,728
Other.....	22,658	22,822
	258,243	255,184
Total Capitalization and Liabilities.....	\$ 852,107	\$ 945,153
	=====	=====

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

NORTH ATLANTIC ENERGY CORPORATION

STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Common Stock	Capital Surplus, Paid In	Retained Earnings (a)	Total
(Thousands of Dollars)				
Balance at January 1, 1997	\$ 1	\$ 160,999	\$ 53,749	\$ 214,749
Net income for 1997.....			29,953	29,953
Cash dividends on common stock.....			(25,000)	(25,000)
Balance at December 31, 1997.....	1	160,999	58,702	219,702
Net income for 1998.....			29,494	29,494
Cash dividends on common stock.....			(45,000)	(45,000)
Balance at December 31, 1998.....	1	160,999	43,196	204,196
Net income for 1999.....			29,556	29,556
Cash dividends on common stock.....			(60,000)	(60,000)
Balance at December 31, 1999.....	\$ 1	\$ 160,999	\$ 12,752	\$ 173,752

(a) All retained earnings are available for distribution, plus an allowance of \$10 million.

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

NORTH ATLANTIC ENERGY CORPORATION

STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31,		
	1999	1998	1997
Operating Activities:			
Net income.....	\$ 29,556	\$ 29,494	\$ 29,953
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation.....	27,576	25,381	25,170
Amortization of nuclear fuel.....	12,642	10,453	10,705
Deferred income taxes and investment tax credits, net.....	452	6,010	22,649
Deferred return - Seabrook.....	(12,884)	(18,900)	(20,616)
Amortization of regulatory assets, net.....	85,488	85,464	6,270
Deferred obligation to affiliated company.....	(9,744)	(9,744)	(812)
Other sources of cash.....	35,486	18,214	3,370
Changes in working capital:			
Receivables.....	964	1,891	(9,273)
Materials and supplies.....	(276)	191	90
Accounts payable.....	5,709	(7,161)	(11,835)
Accrued taxes.....	(710)	710	(3,486)
Other working capital (excludes cash).....	7,133	(13,258)	3,429
Net cash flows provided by operating activities.....	181,392	128,745	55,614
Financing Activities:			
Net (decrease)/increase in short-term debt.....	-	(9,950)	7,450
Reacquisitions and retirements of long-term debt.....	(70,000)	(20,000)	(20,000)
Cash dividends on common stock.....	(60,000)	(45,000)	(25,000)
Net cash flows used in financing activities.....	(130,000)	(74,950)	(37,550)
Investing Activities:			
Investment in plant:			
Electric utility plant.....	(7,895)	(9,028)	(6,606)
Nuclear fuel.....	(9,934)	(6,474)	(6,147)
Net cash flows used for investments in plant.....	(17,829)	(15,502)	(12,753)
Investment in NU system Money Pool.....	(26,050)	(30,350)	-
Investment in nuclear decommissioning trusts.....	(7,584)	(7,885)	(5,597)
Net cash flows used in investing activities.....	(51,463)	(53,737)	(18,350)
Net (decrease)/increase in cash for the period.....	(71)	58	(286)
Cash - beginning of period.....	71	13	299
Cash - end of period.....	\$ -	\$ 71	\$ 13
Supplemental Cash Flow Information:			
Cash paid during the year for:			
Interest, net of amounts capitalized.....	\$ 38,042	\$ 42,498	\$ 45,297
Income taxes.....	\$ 3,000	\$ 22,136	\$ -

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. About North Atlantic Energy Corporation

North Atlantic Energy Corporation (NAEC or the company) along with The Connecticut Light and Power Company (CL&P), Public Service Company of New Hampshire (PSNH), Western Massachusetts Electric Company (WMECO), and Holyoke Water Power Company (HWP) are the operating companies comprising the Northeast Utilities system (NU system) and are wholly owned by Northeast Utilities (NU). The NU system serves in excess of 30 percent of New England's electric needs and is one of the 20 largest electric utility systems in the country as measured by revenues. The NU system furnishes franchised retail electric service in New Hampshire, Connecticut and western Massachusetts through PSNH, CL&P and WMECO. NAEC owns 35.98 percent of the Seabrook Station (Seabrook) nuclear unit and sells all of its entitlement to the capacity and output of Seabrook to PSNH under the terms of two life-of-unit, full cost recovery contracts (Seabrook Power Contracts). HWP, also is engaged in the production and distribution of electric power.

NU is registered with the Securities and Exchange Commission (SEC) as a holding company under the Public Utility Holding Company Act of 1935 (1935 Act) and the NU system, including NAEC, is subject to provisions of the 1935 Act. Arrangements among the NU system companies, outside agencies and other utilities covering interconnections, interchange of electric power and sales of utility property are subject to regulation by the Federal Energy Regulatory Commission (FERC) and/or the SEC. NAEC is subject to further regulation for rates, accounting and other matters by the FERC and/or applicable state regulatory commissions.

Several wholly owned subsidiaries of NU provide support services for the NU system companies and, in some cases, for other New England utilities. Northeast Utilities Service Company (NUSCO) provides centralized accounting administrative, information resources, engineering, financial, legal, operational, planning, purchasing, and other services to the NU system companies. Northeast Nuclear Energy Company acts as agent for the NU system companies and other New England utilities in operating the Millstone nuclear units. North Atlantic Energy Service Corporation (NAESCO) has operational responsibility for Seabrook.

On October 13, 1999, NU and Consolidated Edison, Inc. (Con Edison) announced that they have agreed to a merger to combine the two companies. For further information, see Note 11, "Merger Agreement with Con Edison."

NOTES TO FINANCIAL STATEMENTS

B. Presentation

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at 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.

Certain reclassifications of prior years' data have been made to conform with the current year's presentation.

All transactions among affiliated companies are on a recovery of cost basis which may include amounts representing a return on equity and are subject to approval by various federal and state regulatory agencies.

C. New Accounting Standards

The Financial Accounting Standards Board (FASB) has issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. This statement will require derivative instruments utilized by NAEC to be recognized as assets or liabilities at fair value.

In June 1999, the FASB delayed the adoption date of SFAS No. 133 until January 1, 2001.

Based on the derivative instruments which currently are being utilized by NAEC to hedge some of its interest rate risk there may be an impact on earnings upon adoption of SFAS No. 133 which management has not estimated at this time.

D. Jointly Owned Electric Utility Plant

Seabrook: NAEC has a 35.98 percent ownership interest in Seabrook, a 1,148 megawatt nuclear generating unit. NAEC sells all of its share of the power generated by Seabrook to PSNH under the Seabrook Power Contracts. NAEC expects to auction its investment in Seabrook upon the resolution of the restructuring issues in the state of New Hampshire.

NAEC's share of Seabrook's plant-in-service as of December 31, 1999 and 1998, was \$728 million and \$721.2 million, respectively, and the accumulated provision for depreciation was \$153 million and \$130.7 million, respectively.

E. Depreciation

The provision for depreciation is calculated using the straight-line method based on estimated remaining lives of depreciable utility plant-in-service, adjusted for salvage value and removal costs, as approved by the appropriate

NOTES TO FINANCIAL STATEMENTS

regulatory agency. Except for major facilities, depreciation rates are applied to the average plant-in-service during the period. Major facilities are depreciated from the time they are placed in service. When plant is retired from service, the original cost of plant, including costs of removal, less salvage, is charged to the accumulated provision for depreciation. The costs of closure and removal of nonnuclear facilities are accrued over the life of the plant as a component of depreciation. The depreciation rates for the several classes of electric plant-in-service are equivalent to a composite rate of 3.8 percent in 1999 and 3.5 percent in 1998 and 1997.

F. Seabrook Power Contracts

NAEC and PSNH have entered into two power contracts that obligate PSNH to purchase NAEC's share of the capacity and output of Seabrook for the term of Seabrook's operating license. Under the terms of the power contracts, PSNH is obligated to pay NAEC's cost of service during this period, regardless of whether Seabrook is operating. NAEC's cost of service includes all of its Seabrook-related costs, including operation and maintenance expenses, fuel expense, income and property tax expense, depreciation expense, certain overhead and other costs, and a return on its allowed investment.

The Seabrook Power Contracts established the value of the initial investment in Seabrook at \$700 million. As prescribed by the 1989 rate agreement between NU, PSNH, and the state of New Hampshire (Rate Agreement), as of May 1, 1996, NAEC phased into rates 100 percent of the recoverable portion of its investment in Seabrook. From June 5, 1992 (the date NU acquired PSNH and NAEC acquired Seabrook from PSNH - the Acquisition Date) through November 1997, NAEC recorded a \$203.9 million deferred return on its investment in Seabrook. At November 30, 1997, NAEC's utility plant included \$84.1 million of the deferred return that was transferred as part of the Seabrook plant assets to NAEC on the Acquisition Date.

Beginning on December 1, 1997, the deferred return, including the portion transferred to NAEC, began to be billed through the Seabrook Power Contracts to PSNH. The deferred return will be fully recovered from customers by May 2001. NAEC is depreciating its initial investment over the term of Seabrook's operating license (39 years), and any subsequent plant additions are depreciated on a straight-line basis over the remaining term of the Seabrook Power Contracts at the time the subsequent additions are placed in service.

NOTES TO FINANCIAL STATEMENTS

Under the current Seabrook Power Contracts, if Seabrook is shut down prior to the expiration of its operating license, PSNH will be unconditionally required to pay NAEC termination costs for 39 years, less the period during which Seabrook has operated. These termination costs will reimburse NAEC for its share of Seabrook shut-down and decommissioning costs and will pay NAEC a return of and on any undepreciated balance of its initial investment over the remaining term of the Seabrook Power Contracts. In addition, PSNH will pay NAEC a return of and on any capital additions to the plant made after the Acquisition Date over a period of five years after shut down (net of any tax benefits to NAEC attributable to the cancellation).

In August 1999, NU, PSNH and the state of New Hampshire signed the "Agreement to Settle PSNH Restructuring" (Settlement Agreement) which, once approved and implemented, will resolve a number of pending regulatory and court proceedings related to PSNH. The Settlement Agreement is awaiting approval of the New Hampshire Public Utilities Commission (NHPUC) and is subject to legislative approval for the issuance of rate reduction bonds (securitization). The Settlement Agreement also requires NAEC to sell via public auction its share of Seabrook, with the sale to occur no later than December 31, 2003. Upon the approval and implementation of the Settlement Agreement, NAEC and PSNH will restructure the power contracts to provide for the buydown of the value of the Seabrook asset to \$100 million. Upon a successful sale of NAEC's share of Seabrook, the existing Seabrook Power Contracts between NAEC and PSNH will be terminated. However, PSNH will continue to be responsible for funding NAEC's ownership share of Seabrook's decommissioning liability.

G. Regulatory Accounting and Assets

The accounting policies of NAEC and the accompanying financial statements conform to generally accepted accounting principles applicable to rate-regulated enterprises and reflect the effects of the rate-making process in accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation." Assuming a cost-of-service based regulatory structure, regulators may permit incurred costs, normally treated as expenses, to be deferred and recovered through future revenues. Through their actions, regulators may also reduce or eliminate the value of an asset, or create a liability. If any portion of NAEC's operations were no longer subject to the provisions of SFAS No. 71, the company would be required to write off all of its related regulatory assets and liabilities unless there is a formal transition plan that provides for the recovery, through established rates, for the collection of these costs through a portion of the business, which would remain regulated on a cost-of-service basis. At the time of transition, NAEC would be required to determine

North Atlantic Energy Corporation

NOTES TO FINANCIAL STATEMENTS

any impairment to the carrying costs of deregulated plant and inventory assets.

Based on a current evaluation of the various factors and conditions that are expected to impact future cost recovery, management continues to believe it is probable that NAEC will recover its investments in long-lived assets, including regulatory assets. In addition, all material regulatory assets are earning a return. The components of NAEC's regulatory assets are as follows:

At December 31,	1999	1998
	(Millions of Dollars)	
Deferred costs-Seabrook	\$ 88.5	\$147.1
Income taxes, net	35.6	39.5
Recoverable energy costs	1.7	1.9
Unamortized loss on reacquired debt	<u>3.8</u>	<u>11.4</u>
	<u>\$129.6</u>	<u>\$199.9</u>

At this time, management continues to believe that the application of SFAS No. 71 remains appropriate. If the Settlement Agreement, as filed, is approved by the NHPUC and implemented, then NAEC will discontinue the application of SFAS No. 71. At that time, PSNH will make a payment to NAEC to buydown the Seabrook Power Contracts. NAEC will reduce the Seabrook asset to \$100 million and will write off any remaining regulatory assets.

H. Income Taxes

The tax effect of temporary differences (differences between the periods in which transactions affect income in the financial statements and the periods in which they affect the determination of taxable income) is accounted for in accordance with the rate-making treatment of the applicable regulatory commissions.

North Atlantic Energy Corporation

NOTES TO FINANCIAL STATEMENTS

The tax effect of temporary differences, including timing differences accrued under previously approved accounting standards, which give rise to the accumulated deferred tax obligation is as follows:

At December 31,	1999	1998
	(Millions of Dollars)	
Accelerated depreciation and other plant-related differences	\$205.1	\$182.2
Regulatory assets - income tax gross up	12.2	13.6
Other	5.3	13.8
	<u>\$222.6</u>	<u>\$209.6</u>

I. Recoverable Energy Costs

Under the Energy Policy Act of 1992 (Energy Act), NAEC is assessed for its proportionate shares of the costs of decontaminating and decommissioning uranium enrichment plants owned by the United States Department of Energy (DOE) (D&D Assessment). The Energy Act requires that regulators treat D&D Assessments as a reasonable and necessary current cost of fuel, to be fully recovered in rates, like any other fuel cost. NAEC is currently recovering these costs through the Seabrook Power Contracts. As of December 31, 1999 and 1998, NAEC's total D&D Assessment deferral was \$1.7 million and \$1.9 million, respectively.

J. Deferred Cost - Seabrook

Under the Rate Agreement, the plant costs of Seabrook were phased into rates over a 7-year period beginning May 15, 1991. Total costs deferred under the phase-in plan were \$288 million. Total deferred costs outstanding at December 31, 1999 and 1998 were \$88.5 million and \$147.1 million, respectively. This plan is accounted for in compliance with SFAS No. 92, "Regulated Enterprises - Accounting for Phase-In Plans." The costs will be fully recovered from PSNH's customers by May 2001.

K. Interest Rate Risk Management Instruments

NAEC utilizes market risk management instruments to hedge well-defined risks associated with variable interest rates. To qualify for hedge treatment, the underlying hedged item must expose the company to risks associated with market fluctuations and the market risk management instrument used must be designated as a hedge and must reduce the company's exposure to market fluctuations throughout the period. Amounts receivable or payable under interest rate management instruments are accrued and offset against interest expense.

NOTES TO FINANCIAL STATEMENTS

2. NUCLEAR DECOMMISSIONING AND PLANT CLOSURE COSTS

Seabrook: Under the terms of the Rate Agreement, PSNH is obligated to pay NAEC's share of Seabrook's decommissioning costs, even if the unit is shut down prior to the expiration of its operating license. Accordingly, NAEC bills PSNH directly for its share of the costs of decommissioning Seabrook. Under New Hampshire law, Seabrook decommissioning funding requirements are set by the New Hampshire Nuclear Decommissioning Financing Committee (NDFC). During April 1999, the NDFC issued an order that adjusted the decommissioning collection period and funding levels assuming that Seabrook's anticipated energy producing life was 25 years from the date it went into commercial operation. Decommissioning collections are now expected to be completed by October 2015. The cost of funding decommissioning Seabrook is now being accrued over the estimated remaining accelerated funding period that was ordered by the NDFC.

Upon retirement, Seabrook must be decommissioned. Current decommissioning studies conclude that complete and immediate dismantlement as soon as practical after retirement continues to be the most viable and economic method of decommissioning a unit. These studies are reviewed and updated periodically to reflect changes in decommissioning requirements, costs, technology, and inflation. Changes in requirements or technology, the timing of funding or dismantling or adoption of a decommissioning method other than immediate dismantlement would change decommissioning cost estimates and the amounts required to be recovered.

The estimated cost of decommissioning NAEC's share of Seabrook, in year end 1999 dollars is \$203.3 million. Nuclear decommissioning costs are accrued over the expected service life of the unit and are included in depreciation expense. Nuclear decommissioning expenses for the unit amounted to \$6.8 million in 1999, \$4.7 million in 1998 and \$4.5 million in 1997. Nuclear decommissioning, as a cost of removal, is included in the accumulated provision for depreciation.

Payments for NAEC's ownership share of the cost of decommissioning Seabrook are paid to an independent decommissioning financing fund managed by the state of New Hampshire. Funding of the estimated decommissioning costs assumes escalated collections and after-tax earnings on the Seabrook decommissioning fund of 6.5 percent.

As of December 31, 1999 and 1998, NAEC has paid \$32.7 million and \$25.6 million (including payments made prior to the Acquisition Date by PSNH), into Seabrook's decommissioning financing fund. Earnings on the decommissioning financing fund increase the decommissioning trust balance and the accumulated reserve for depreciation. Unrealized gains and losses associated with the decommissioning financing fund also impact the balance of the trust and the accumulated reserve for depreciation. The fair values of the amounts in the external decommissioning trust for

North Atlantic Energy Corporation

NOTES TO FINANCIAL STATEMENTS

NAEC were \$43.7 million and \$35.2 million at December 31, 1999 and 1998, respectively.

3. SHORT-TERM DEBT

Limits: The amount of short-term borrowings that may be incurred by NAEC is subject to periodic approval by either the SEC under the 1935 Act or by its state regulator. SEC authorization allowed NAEC, as of January 1, 1999, to incur short-term borrowings up to a maximum of \$60 million.

Money Pool: Certain subsidiaries of NU, including NAEC, are members of the Northeast Utilities System Money Pool (Pool). The Pool provides a more efficient use of the cash resources of the NU system, and reduces outside short-term borrowings. NUSCO administers the Pool as agent for the member companies. Short-term borrowing needs of the member companies are first met with available funds of other member companies, including funds borrowed by NU parent. NU parent may lend to the Pool but may not borrow. Funds may be withdrawn from or repaid to the Pool at any time without prior notice. Investing and borrowing subsidiaries receive or pay interest based on the average daily federal funds rate. Borrowings based on loans from NU parent, however, bear interest at NU parent's cost and must be repaid based upon the terms of NU parent's original borrowing. At December 31, 1999 and 1998, NAEC had no borrowings outstanding from the Pool.

4. LONG-TERM DEBT

Details of long-term debt outstanding are:

At December 31,	1999	1998
	(Millions of Dollars)	
First Mortgage Bonds:		
9.05% Series A, due 2002.....	\$205	\$275
Notes:		
Variable - Rate Facility, due 2000	200	200
Less amounts due within one year....	<u>270</u>	<u>70</u>
Long-term debt, net	<u>\$135</u>	<u>\$405</u>

Long-term debt maturities and cash sinking fund requirements on debt outstanding at December 31, 1999, for the years 2000 through 2004 are \$270 million, \$70 million and \$65 million for years 2000 through 2002, respectively, and no requirements for 2003 and 2004.

Essentially all utility plant of NAEC is subject to the liens of the company's first mortgage bond indenture.

Interest rate swaps effectively fix the interest rate of NAEC's \$200 million variable-rate bank note at interest rates ranging from 5.81 percent to 6.07 percent.

North Atlantic Energy Corporation

NOTES TO FINANCIAL STATEMENTS

5. INCOME TAX EXPENSE

The components of the federal and state income tax provisions were charged/(credited) to operations as follows:

For the Years Ended December 31,	1999	1998	1997
	(Millions of Dollars)		
Current income taxes:			
Federal.....	\$15.1	\$15.2	\$(11.9)
State.....	<u>0.2</u>	<u>0.6</u>	<u>(0.3)</u>
Total current	<u>15.3</u>	<u>15.8</u>	<u>(12.2)</u>
Deferred income taxes, net:			
Federal.....	0.4	4.0	21.5
State.....	<u>-</u>	<u>2.0</u>	<u>1.1</u>
Total deferred.....	<u>0.4</u>	<u>6.0</u>	<u>22.6</u>
Total income tax expense.....	<u>\$15.7</u>	<u>\$21.8</u>	<u>\$ 10.4</u>

The components of total income tax expense/(credit) are classified as follows:

For the Years Ended December 31,	1999	1998	1997
	(Millions of Dollars)		
Income taxes charged to operating expenses.....	\$ 34.8	\$ 36.2	\$14.8
Other income taxes.....	<u>(19.1)</u>	<u>(14.4)</u>	<u>(4.4)</u>
Total income tax expense.....	<u>\$ 15.7</u>	<u>\$ 21.8</u>	<u>\$10.4</u>

Deferred income taxes are comprised of the tax effects of temporary differences as follows:

For the Years Ended December 31,	1999	1998	1997
	(Millions of Dollars)		
Depreciation.....	\$ 19.5	\$ 21.8	\$20.8
Bond redemptions.....	(2.8)	(2.8)	(2.4)
Seabrook deferred return.....	(15.7)	(14.2)	3.4
Other.....	<u>(0.6)</u>	<u>1.2</u>	<u>0.8</u>
Deferred income taxes, net....	<u>\$ 0.4</u>	<u>\$ 6.0</u>	<u>\$22.6</u>

North Atlantic Energy Corporation

NOTES TO FINANCIAL STATEMENTS

A reconciliation between income tax expense and the expected tax expense at 35 percent of pretax income is as follows:

For the Years Ended December 31,	1999	1998	1997
(Millions of Dollars)			
Expected federal income tax....	\$15.8	\$18.0	\$14.1
Tax effect of differences:			
Amortization of			
regulatory assets	7.0	7.1	(0.3)
Depreciation.....	(3.2)	1.6	(0.5)
Deferred Seabrook return.....	(1.5)	(2.4)	(2.5)
State income taxes, net of			
federal benefit.....	0.1	1.7	0.5
Allocation of Parent			
Company's loss.....	(2.1)	(3.9)	(0.6)
Other, net.....	(0.4)	(0.3)	(0.3)
Total income tax expense.....	<u>\$15.7</u>	<u>\$21.8</u>	<u>\$10.4</u>

6. DEFERRED OBLIGATION TO AFFILIATED COMPANY

At the time PSNH emerged from bankruptcy on May 16, 1991, in accordance with the phase-in under the Rate Agreement, it began to accrue a deferred return on the unphased-in portion of its Seabrook investment. From May 16, 1991 to the Acquisition Date, PSNH accrued a deferred return of \$50.9 million. On the Acquisition Date, PSNH transferred the \$50.9 million deferred return to NAEC as part of the Seabrook-related assets.

At the time PSNH transferred the deferred return to NAEC, it realized, for income tax purposes, a gain that was deferred under the consolidated income tax rules. Beginning December 1, 1997, the gain is being amortized into income for income tax purposes as the deferred return of \$50.9 million, and the associated income taxes of \$33.2 million, are collected by NAEC through the Seabrook Power Contracts scheduled to end in May 2001. As NAEC recovers the \$33.2 million in years eight through ten of the Rate Agreement, corresponding payments are being made to PSNH. The balance of the deferred obligation to PSNH at December 31, 1999 and 1998, was \$13 million and \$22.7 million, respectively.

7. COMMITMENTS AND CONTINGENCIES

A. Restructuring

In August 1999, NU, PSNH and the state of New Hampshire signed a Settlement Agreement intended to settle a number of pending regulatory and court proceedings related to PSNH. Parties to the agreement included the governor of New Hampshire, the Governor's Office of Energy and Community Service, the New Hampshire attorney general, certain members of the staff of the NHPUC, PSNH, and NU. The Settlement Agreement was submitted to the NHPUC on August 2, 1999, and is awaiting

NOTES TO FINANCIAL STATEMENTS

approval. If approved by the NHPUC, the Settlement Agreement would resolve 11 NHPUC dockets and PSNH's federal lawsuit which had enjoined the state of New Hampshire from implementing its restructuring legislation, would require PSNH to write off \$225 million after-tax of its stranded costs and would allow for the recovery of the remaining amount. Also, implementation of the Settlement Agreement is contingent upon securitization. Securitization requires the initial approval of the NHPUC and final approval from the New Hampshire Legislature via enactment of appropriate legislation. Other approvals are also required from various federal and state regulatory agencies and financial lenders.

The Settlement Agreement also requires NAEC to auction its Seabrook investment. Once NAEC's share of Seabrook is sold, the existing Seabrook Power Contracts between NAEC and PSNH will be terminated. However, PSNH will continue to pay NAEC's ownership share of Seabrook's decommissioning liability.

B. Environmental Matters

The NU system, including NAESCO on behalf of NAEC, is subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of our environment. As such, the NU system and NAESCO, have an active environmental auditing and training program and believes it is in compliance with the current laws and regulations.

However, the normal course of operations may necessarily involve activities and substances that expose NAEC to potential liabilities of which management cannot determine the outcome. Additionally, management cannot determine the outcome for liabilities that may be imposed for past acts, even though such past acts may have been lawful at the time they occurred. Management does not believe, however, that this will have a material impact on NAEC's financial statements.

C. Spent Nuclear Fuel Disposal Costs

Under the Nuclear Waste Policy Act of 1982, NAEC must pay the DOE for the disposal of spent nuclear fuel and high-level radioactive waste. The DOE is responsible for the selection and development of repositories for, and the disposal of, spent nuclear fuel and high-level radioactive waste. Fees for nuclear fuel burned are billed currently to customers and paid to the DOE on a quarterly basis.

NOTES TO FINANCIAL STATEMENTS

D. Nuclear Insurance Contingencies

Insurance policies covering NAEC's ownership share of Seabrook have been purchased for the primary cost of repair, replacement or decontamination of utility property and certain extra costs for repair, replacement or decontamination or premature decommissioning of utility property.

NAEC is subject to retroactive assessments if losses under those policies exceed the accumulated funds available to the insurer. The maximum potential assessments against NAEC, including costs resulting from PSNH's contracts with NAEC, with respect to losses arising during the current policy year for the primary property insurance program and the excess property damage policies are \$2.1 million and \$3.2 million, respectively. In addition, insurance has been purchased by the NU system in the aggregate amount of \$200 million on an industry basis for coverage of worker claims.

Under certain circumstances, in the event of a nuclear incident at one of the nuclear facilities covered by the federal government's third-party liability indemnification program, the NU system, including NAEC, could be assessed liabilities in proportion to its ownership interest in each of its nuclear units up to \$83.9 million. The NU system's payment of this assessment would be limited to, in proportion to its ownership interest, \$10 million in any one year per nuclear unit. In addition, if the sum of all claims and costs from any one nuclear incident exceeds the maximum amount of financial protection, the NU system would be subject to an additional 5 percent or \$4.2 million liability, in proportion to its ownership interest in each of its nuclear units. Under the terms of the Seabrook Power Contracts with NAEC, PSNH could be obligated to pay for any assessment charged to NAEC as a cost of service. Based upon NAEC's ownership interest in Seabrook, PSNH's maximum liability, including any additional assessments, would be \$31.3 million per incident, of which payments would be limited to \$3.6 million per year.

E. Seabrook Construction Program

NAEC currently forecasts construction expenditures for its share of Seabrook to be \$9.7 million for the years 2000-2001, including approximately \$4.6 million for 2000. In addition, NAEC estimates that its share of Seabrook nuclear fuel requirements will be \$46.3 million for the years 2000-2003, including \$14.8 million for 2000.

NOTES TO FINANCIAL STATEMENTS

F. New England Power Pool (NEPOOL) Generation Pricing

Disputes with respect to interpretation and implementation of the NEPOOL market rules have arisen with respect to various competitive product markets. In certain cases, NAEC stands to gain as a result of resolution of such disputes. In other cases, NAEC could incur additional costs as the result of resolution of the disputes. The various disputes are in various stages of resolution through alternative dispute resolution and regulatory review. It is too early to tell the level of potential gain or loss that may result upon resolution of these issues.

8. MARKET RISK AND MANAGEMENT INSTRUMENTS

Interest Rate Risk Management: NAEC uses swap instruments with financial institutions to hedge against interest rate risk associated with its \$200 million variable-rate bank note. Under the agreements, NAEC exchanges quarterly payments based on a differential between a fixed contractual interest rate and the 3-month LIBOR rate at a given time. As of December 31, 1999 and 1998, NAEC had outstanding agreements with a total notional value of \$200 million and mark-to-market positions of positive \$0.5 million and negative \$2.3 million, respectively.

Credit Risk: These agreements have been made with various financial institutions, each of which is rated "A3" or better by Moody's Investors Service rating group. NAEC is exposed to credit risk on its respective market risk management instruments if the counterparties fail to perform their obligations. Management anticipates that the counterparties will fully satisfy their obligations under the agreements.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Cash and cash equivalents: The carrying amounts approximate fair value due to the short-term nature of cash and cash equivalents.

Nuclear decommissioning trust: The investments held in NAEC's nuclear decommissioning fund were adjusted to market by \$3.2 million as of December 31, 1999, and by \$2.3 million as of December 31, 1998, with corresponding offsets to the accumulated provision for depreciation. The amounts adjusted in 1999 and 1998 represent cumulative gross unrealized holding gains. The cumulative gross unrealized holding losses were immaterial for 1999 and 1998.

Long-term debt: The fair value of NAEC's fixed-rate security is based upon the quoted market price for that issue or similar issue. The adjustable rate security is assumed to have a fair value equal to its carrying value.

North Atlantic Energy Corporation

NOTES TO FINANCIAL STATEMENTS

The carrying amounts of NAEC's financial instruments and the estimated fair values are as follows:

(Million of Dollars)	At December 31, 1999	
	Carrying Amount	Fair Value
First mortgage bonds.....	\$205.0	\$207.8
Other long-term debt.....	\$200.0	\$200.0

(Million of Dollars)	At December 31, 1998	
	Carrying Amount	Fair Value
First mortgage bonds.....	\$275.0	\$284.5
Other long-term debt.....	\$200.0	\$200.0

10. SEGMENT INFORMATION

Effective January 1, 1999, the NU system companies, including NAEC, adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The NU system is organized between regulated utilities and unregulated energy services. NAEC is included in the regulated utilities segment of the NU system and has no other reportable segments.

11. MERGER AGREEMENT WITH CON EDISON

On October 13, 1999, NU and Con Edison announced that they have agreed to a merger to combine the two companies. The shareholders of NU will receive \$25 per share in a combination of cash and Con Edison common stock.

NU shareholders also have the right to receive an additional \$1 per share if a definitive agreement to sell its interests (other than that now held by PSNH) in Millstone 2 and 3 is entered into and recommended by the Utility Operations and Management Unit of the Connecticut Department of Public Utility Control on or prior to the later of December 31, 2000, or the closing of the merger. Further, the value of the amount of cash or common stock to be received by NU shareholders is subject to increase by an amount of \$0.0034 per share per day for each day that the transaction does not close after August 5, 2000.

Upon completion of the merger, NU will become a wholly owned subsidiary of Con Edison. The purchase is subject to the approval of the shareholders of both companies and several regulatory agencies. The companies anticipate that these regulatory procedures will be completed by July 2000.

North Atlantic Energy Corporation

SELECTED FINANCIAL DATA	1999	1998	1997	1996	1995
	(Thousands of Dollars)				
Operating Revenues	\$287,369	\$276,685	\$ 192,381	\$ 162,152	\$ 157,183
Operating Income	49,728	54,057	57,061	54,889	51,394
Net Income	29,556	29,494	29,953	32,072	24,441
Cash Dividends on Common Stock	60,000	45,000	25,000	38,000	24,000
Total Assets	852,107	945,153	1,014,639	1,017,388	1,014,649
Long-Term Debt (a)	405,000	475,000	495,000	515,000	560,000

QUARTERLY FINANCIAL DATA (Unaudited)

1999	Quarter Ended			
	March 31	June 30	September 30	December 31
	(Thousands of Dollars)			
Operating Revenues	<u>\$70,289</u>	<u>\$77,203</u>	<u>\$69,779</u>	<u>\$70,098</u>
Operating Income	<u>\$12,475</u>	<u>\$12,303</u>	<u>\$12,122</u>	<u>\$12,828</u>
Net Income	<u>\$ 6,461</u>	<u>\$ 6,243</u>	<u>\$ 6,442</u>	<u>\$10,410</u>
1998				
Operating Revenues	<u>\$68,169</u>	<u>\$69,627</u>	<u>\$69,087</u>	<u>\$69,802</u>
Operating Income	<u>\$13,648</u>	<u>\$13,365</u>	<u>\$13,159</u>	<u>\$13,885</u>
Net Income	<u>\$ 6,909</u>	<u>\$ 8,303</u>	<u>\$ 7,170</u>	<u>\$ 7,112</u>

STATISTICS (Unaudited)

	1999	1998	1997	1996	1995
Gross Electric Utility Plant at December 31, (Thousands of Dollars)	<u>\$767,895</u>	<u>\$784,113</u>	<u>\$811,140</u>	<u>\$816,446</u>	<u>\$806,892</u>
kWh Sales (Millions) for the year ended December 31, ..	<u>\$ 3,125</u>	<u>\$ 3,018</u>	<u>\$ 2,859</u>	<u>\$ 3,542</u>	<u>\$ 3,016</u>

(a) Includes portion due within one year.

North Atlantic Energy Corporation

First Mortgage Bonds

Trustee and Interest Paying Agent
United States Trust Company of New York
114 West 47th Street
New York, New York 10036

Address General Correspondence in Care of:
Northeast Utilities Service Company
Investor Relations Department
P.O. Box 270
Hartford, Connecticut 06141-0270
Telephone: (860) 665-5000

*Data contained in this Annual Report are submitted
for the sole purpose of providing information to
present security holders about the Company.*

General Offices
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105-0330

Form U – 13 – 60
Mutual and Subsidiary Service Companies

A N N U A L R E P O R T

FOR THE PERIOD

Beginning January 1, 1999 and Ending December 31, 1999

TO THE

U. S. SECURITIES AND EXCHANGE COMMISSION

OF

NORTHEAST NUCLEAR ENERGY COMPANY

A Subsidiary Service Company

Date of Incorporation – November 14, 1950

State of Sovereign Power under which Incorporated or Organized – Connecticut

Location of Principal Executive Offices of Reporting Company – Selden Street, Berlin, CT. 06037

Name, title, and address of officer to whom correspondence concerning this report should be addressed:

John J. Roman, Vice President and Controller, P.O. Box 270, Hartford, Ct. 06141–0270

Name of Principal Holding Company Whose Subsidiaries are served by Reporting Company:

NORTHEAST UTILITIES

INSTRUCTIONS FOR USE ON FORM U-13-60

1. TIME OF FILING

Rule 94 provides that on or before the first day of May in each calendar year, each mutual service company and each subsidiary service company as to which the Commission shall have made a favorable finding pursuant to Rule 88, and every service company whose application for approval or declaration pursuant to Rule 88 is pending shall file with the Commission an annual report on Form U-13-60 and in accordance with the instructions for that form.

2. NUMBER OF COPIES

Each annual report shall be filed in duplicate. The company should prepare and retain at least one extra copy for itself in case correspondence with reference to the report becomes necessary.

3. PERIOD COVERED BY REPORT

The first report filed by any company shall cover the period from the date the Uniform System of Accounts was required to be made effective as to that company under Rules 82 and 93 to the end of that calendar year. Subsequent reports should cover a calendar year.

4. REPORT FORMAT

Reports shall be submitted on the forms prepared by the Commission. If the space provided on any sheet of such form is inadequate, additional sheets may be inserted of the same size as a sheet of the form or folded to such size.

5. MONEY AMOUNTS DISPLAYED

All money amounts required to be shown in financial statements may be expressed in whole dollars, in thousands of dollars or in hundred thousands of dollars, as appropriate, and subject to provisions of Regulation S-X (§210.3-0.1(b)).

6. DEFICITS DISPLAYED

Deficits and other like entries shall be indicated by the use of either brackets or a parenthesis with corresponding reference in footnotes. (Regulation S-X, (§210.3-0.1(c)).

7. MAJOR AMENDMENTS OR CORRECTIONS

Any company desiring to amend or correct a major omission or error in a report after it has been filed with the Commission shall submit an amended report including only those pages, schedules, and entries that are to be amended or corrected. A cover letter shall be submitted requesting the Commission to incorporate the amended report changes and shall be signed by a duly authorized officer of the company.

8. DEFINITIONS

Definitions contained in Instruction 01-8 to the Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, Public Utility Holding Company Act of 1935, as amended February 2, 1979 shall be applicable to words or terms used specifically within this Form U-13-60.

9. ORGANIZATION CHART

The service company shall submit with each annual report a copy of its current organization chart.

10. METHODS OF ALLOCATION

The service company shall submit with each annual report a listing of the currently effective methods of allocation being used by the service company and on file with the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935.

11. ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

The service company shall submit with each annual report a copy of the annual statement supplied to each associate company in support of the amount of compensation for use in capital billed during the calendar year.

LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

Description of Schedules and Accounts	Schedule or Acct. No.	Page No.
COMPARATIVE BALANCE SHEET	Schedule I	4-5
SERVICE COMPANY PROPERTY	Schedule II	6-7
ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF SERVICE COMPANY	Schedule III	8
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ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES	Schedule V	10
FUEL STOCK EXPENSES UNDISTRIBUTED	Schedule VI	11
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MISCELLANEOUS CURRENT AND ACCRUED ASSETS	Schedule VIII	13
MISCELLANEOUS DEFERRED DEBITS	Schedule IX	14
RESEARCH, DEVELOPMENT, OR DEMONSTRATION EXPENDITURES	Schedule X	15
PROPRIETARY CAPITAL	Schedule XI	16
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CURRENT AND ACCRUED LIABILITIES	Schedule XIII	18
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OUTSIDE SERVICES EMPLOYED	Account 923	27
EMPLOYEE PENSIONS AND BENEFITS	Account 926	28
GENERAL ADVERTISING EXPENSES	Account 930.1	29
MISCELLANEOUS GENERAL EXPENSES	Account 930.2	30
RENTS	Account 931	31
TAXES OTHER THAN INCOME TAXES	Account 408	32
DONATIONS	Account 426.1	33
OTHER DEDUCTIONS	Account 426.5	34
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LISTING OF INSTRUCTIONAL FILING REQUIREMENTS

Description of Reports or Statements	Page No.
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ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

SCHEDULE I - COMPARATIVE BALANCE SHEET

Give balance sheet of the Company as of December 31 of the current and prior year.

ACCOUNT	ASSETS AND OTHER DEBITS	AS OF DECEMBER 31	
		1999 (Thousands of Dollars)	1998
SERVICE COMPANY PROPERTY			
101	Service company property (Schedule II)	\$ 37,555	\$ 39,152
107	Construction work in progress (Schedule II)	555	6,199
	Total Property	38,110	45,351
108	Less accumulated provision for depreciation and amortization of service company property (Schedule III)	15,182	14,527
	Net Service Company Property	22,928	30,824
INVESTMENTS			
123	Investments in associate companies (Schedule IV)	-	-
124	Other investments (Schedule IV)	-	-
	Total Investments	-	-
CURRENT AND ACCRUED ASSETS			
131	Cash	-	776
134	Special deposits	-	-
135	Working funds	-	2
136	Temporary cash investments (Schedule IV)	-	-
141	Notes receivable	1	-
143	Accounts receivable	5,028	4,388
144	Accumulated provision of uncollectible accounts	-	-
146	Accounts receivable from associate companies (Schedule V)	74,176	71,688
152	Fuel stock expenses undistributed (Schedule VI)	-	-
154	Materials and supplies	73,805	68,787
163	Stores expense undistributed (Schedule VII)	(6)	(6)
165	Prepayments	1,983	1,675
174	Miscellaneous current and accrued assets (Schedule VIII)	-	-
	Total Current and Accrued Assets	154,987	147,310
DEFERRED DEBITS			
181	Unamortized debt expense	27	87
184	Clearing accounts	160	198
186	Miscellaneous deferred debits (Schedule IX)	23,212	10,318
188	Research, development, or demonstration expenditures (Schedule X)	-	-
189	Unamortized loss on reacquired debt	-	-
190	Accumulated deferred income taxes	37,941	24,503
	Total Deferred Debits	61,340	35,106
	TOTAL ASSETS AND OTHER DEBITS	\$ 239,255	\$ 213,240

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

SCHEDULE I - COMPARATIVE BALANCE SHEET

Give balance sheet of the Company as of December 31 of the current and prior year.

ACCOUNT	LIABILITIES AND PROPRIETARY CAPITAL	AS OF DECEMBER 31	
		1999	1998
	PROPRIETARY CAPITAL	(Thousands of Dollars)	
201	Common stock issued (Schedule XI)	\$ 15	\$ 15
211	Miscellaneous paid-in-capital (Schedule XI)	15,229	15,229
215	Appropriated retained earnings (Schedule XI)	-	-
216	Unappropriated retained earnings (Schedule XI)	675	923
	Total Proprietary Capital	15,919	16,167
	LONG-TERM DEBT		
223	Advances from associate companies (Schedule XII)	-	-
224	Other long-term debt (Schedule XII)	6,011	12,022
225	Unamortized premium on long-term debt	-	-
226	Unamortized discount on long-term debt-debit	-	-
	Total Long-Term Debt	6,011	12,022
	CURRENT AND ACCRUED LIABILITIES		
231	Notes payable	-	-
232	Accounts payable	51,716	48,667
233	Notes payable to associate companies (Schedule XIII)	5,500	-
234	Accounts payable to associate companies (Schedule XIII)	12,801	2,089
236	Taxes accrued	10,442	11,534
237	Interest accrued	-	-
238	Dividends declared	-	-
241	Tax collections payable	(5)	975
242	Miscellaneous current and accrued liabilities (Schedule XIII)	110,536	103,345
	Total Current and Accrued Liabilities	190,990	166,610
	DEFERRED CREDITS		
253	Other deferred credits	25,290	17,330
255	Accumulated deferred investment tax credits	1,045	1,111
	Total Deferred Credits	26,335	18,441
282	ACCUMULATED DEFERRED INCOME TAXES	-	-
	TOTAL LIABILITES AND PROPRIETARY CAPITAL	\$ 239,255	\$ 213,240

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE II - SERVICE COMPANY PROPERTY

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIREMENTS OR SALES	OTHER CHANGES (1)	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)					
SERVICE COMPANY PROPERTY					

Account					

301 ORGANIZATION					
303 MISCELLANEOUS INTANGIBLE PLANT					
304 LAND AND LAND RIGHTS					
305 STRUCTURES AND IMPROVEMENTS					
306 LEASEHOLD IMPROVEMENTS					
307 EQUIPMENT (2)					
308 OFFICE FURNITURE AND EQUIPMENT					
309 AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE EQUIPMENT					
310 AIRCRAFT AND AIRPORT EQUIPMENT					
311 OTHER SERVICE COMPANY PROPERTY (3)					
321 STRUCTURES AND IMPROVEMENTS	\$33,282	\$50	\$7		\$33,325
322 REACTOR PLANT EQUIPMENT					
324 ACCESSORY ELECTRIC EQUIPMENT	27				27
325 MISCELLANEOUS POWER PLANT EQUIPMENT	4,575		1,640		2,935
391 OFFICE FURNITURE AND EQUIPMENT	1,268				1,268
SUB-TOTAL	39,152	50	1,647	0	37,555
107 CONSTRUCTION WORK IN PROGRESS (4)	6,199	(5,644)			555
TOTAL	\$45,351	(\$5,594)	\$1,647	\$0	\$38,110

(1) PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

NONE

SCHEDULE II - CONTINUED

(2) SUBACCOUNTS ARE REQUIRED FOR EACH CLASS OF EQUIPMENT OWNED. THE SERVICE COMPANY SHALL PROVIDE A LISTING BY SUBACCOUNT OF EQUIPMENT ADDITIONS DURING THE YEAR AND THE BALANCE AT THE CLOSE OF THE YEAR:

SUBACCOUNT DESCRIPTION	ADDITIONS	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)		

NONE

(3) DESCRIBE OTHER SERVICE COMPANY PROPERTY:

(4) DESCRIBE CONSTRUCTION WORK IN PROGRESS:

This account includes simulator upgrade, tools and general plant items.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE III

ACCUMULATED PROVISION FOR DEPRECIATION AND
AMORTIZATION OF SERVICE COMPANY PROPERTY

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO ACCT 403	RETIREMENTS	OTHER CHANGES ADD (DEDUCT) 1/	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)					
Account					
301 ORGANIZATION					
303 MISCELLANEOUS INTANGIBLE PLANT					
304 LAND AND LAND RIGHTS					
305 STRUCTURES AND IMPROVEMENTS					
306 LEASEHOLD IMPROVEMENTS					
307 EQUIPMENT					
308 OFFICE FURNITURE AND FIXTURES					
309 AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE EQUIPMENT					
310 AIRCRAFT AND AIRPORT EQUIPMENT					
311 OTHER SERVICE COMPANY PROPERTY					
321 STRUCTURES AND IMPROVEMENTS	\$10,562	\$1,416	\$0	\$0	\$11,978
322 REACTOR PLANT EQUIPMENT	0	0	0	0	0
324 ACCESSORY ELECTRIC EQUIPMENT	14	0	0	0	14
325 MISCELLANEOUS POWER PLANT EQUIPMENT	3,182	332	1,647	511	2,378
391 OFFICE FURNITURE AND FIXTURES	769	43	0	0	812
TOTAL	\$14,527	\$1,791	\$1,647	\$511	\$15,182

1/ PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

Depreciation charged to clearing account	\$74
Removal costs charged to reserve	437

	\$511
	=====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE IV - INVESTMENTS

INSTRUCTIONS: Complete the following schedule concerning investments.

Under Account 124, "Other Investments," state each investment separately, with description, including the name of issuing company, number of shares or principal amount, etc.

Under Account 136, "Temporary Cash Investments," list each investment separately.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 123 - INVESTMENT IN ASSOCIATE COMPANIES		
NONE		
ACCOUNT 124 - OTHER INVESTMENTS		
NONE		
ACCOUNT 136 - TEMPORARY CASH INVESTMENTS		
NONE		
TOTAL	\$-	\$-

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
	(Thousands of Dollars)	
ACCOUNT 146 - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES		
Northeast Utilities System Money Pool	\$25,900	\$-
Northeast Utilities (Parent)	-	3
Northeast Generation Services Company	-	2
The Connecticut Light and Power Company	36,559	33,490
Western Massachusetts Electric Company	8,572	7,856
Northeast Utilities Service Company	540	32,781
North Atlantic Energy Service Corporation	92	18
Public Service Company of New Hampshire	25	26
TOTAL	\$71,688	\$74,176

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:

See page 10A for details.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

DESCRIPTION	TOTAL PAYMENTS
	(Thousands of Dollars)
ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:	
The Connecticut Light and Power Company	\$8,589
Western Massachusetts Electric Company	2,001
Public Service Company of New Hampshire	4
North Atlantic Energy Service Corporation	275
Northeast Generation Services Company	1
Northeast Utilities Service Company	845
TOTAL	\$11,715

Convenience payments result primarily from the following items:

Engineering Services	\$209
Consulting Services	287
Nuclear Fuel	5,516
Temporary Personnel Services	195
Donations	1,650
Legal Settlement	3,358
Miscellaneous (126 items)	500
TOTAL	\$11,715

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE VI - FUEL STOCK EXPENSES UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company. Under the section headed "Summary" listed below, give an overall report of the fuel functions performed by the service company.

DESCRIPTION	LABOR	EXPENSES	TOTAL
	(Thousands of Dollars)		
ACCOUNT 152 - FUEL STOCK EXPENSES UNDISTRIBUTED	\$ - =====	\$ - =====	\$ - =====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE VII - STORES EXPENSE UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

DESCRIPTION	LABOR	EXPENSES	TOTAL
(Thousands of Dollars)			
ACCOUNT 163 - STORES EXPENSE UNDISTRIBUTED			
Beginning Balance as of January 1, 1999			(\$6)
Activity for the year:			
Stores expense undistributed	\$3,230	\$3,660	6,890
The above stores expenses are billed back to each of the companies listed below:			
The Connecticut Light & Power Company	(2,314)	(2,622)	(4,936)
Western Massachusetts Electric Company	(541)	(613)	(1,154)
Public Service Company of New Hampshire	(31)	(35)	(66)
Nonassociate Companies (see page 22 for list of the companies)	(344)	(390)	(734)
Stores expense distributed	(3,230)	(3,660)	(6,890)
Net Activity for year	\$0	\$0	0
Ending Balance as of December 31, 1999			(\$6)

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE VIII

MISCELLANEOUS CURRENT AND ACCRUED ASSETS

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)		
ACCOUNT 174 - MISCELLANEOUS CURRENT AND ACCRUED ASSETS	\$ -	\$ -
		NONE
TOTAL	\$ -	\$ -

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE IX

MISCELLANEOUS DEFERRED DEBITS

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)		
ACCOUNT 186 - MISCELLANEOUS DEFERRED DEBITS		
Long term receivable from Rocky River Realty Company (associated company)	\$6,236	\$5,896
Contractual retainage	634	-
Financial system development costs	1,032	-
RABBI Trust funding	952	952
Connecticut sales tax under protest	99	72
Employee performance payments	-	131
External audit - Millstone Unit No. 3	53	-
Unfunded supplemental executive retirement plan	1,061	987
Decommissioning costs - Millstone Unit No. 1	231	14,099
Restricted stock - unearned compensation	11	11
Costs billed to Pilgrim Station for transfer of spare station transformer	-	869
Stores expense clearing	-	203
Other deferred debits (4 items in 1999 and 3 items in 1998)	9	(8)
TOTAL	\$10,318	\$23,212

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE X

RESEARCH, DEVELOPMENT, OR DEMONSTRATION EXPENDITURES

INSTRUCTIONS: Provide a description of each material research, development, or demonstration project which incurred costs by the service corporation during the year.

DESCRIPTION	AMOUNT
	(Thousands of Dollars)
ACCOUNT 188 - RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES	
EPRI Research Dues	\$1,075
Services Billed from Northeast Utilities	
Service Company (Associated Company)	42
EPRI - CE RPS/PPS Obsolescence and Maintainability	16
Miscellaneous Projects	6
The above expenses are billed back to each of the associated companies listed below:	
The Connecticut Light and Power Company	(794)
Western Massachusetts Electric Company	(185)
Public Service Company of New Hampshire	(13)
Nonassociate Companies (see page 22 for list of the companies)	(147)
TOTAL	----- \$0 =====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE XI

PROPRIETARY CAPITAL

ACCOUNT NUMBER	CLASS OF STOCK	NUMBER OF SHARES AUTHORIZED	PAR OR STATED VALUE PER SHARE	OUTSTANDING NO. OF SHARES	CLOSE OF PERIOD TOTAL AMOUNT
201	COMMON STOCK ISSUED	60,000	\$10.00	1,500	\$15

(Thousands of Dollars)

INSTRUCTIONS: Classify amounts in each account with brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.

DESCRIPTION	AMOUNT
ACCOUNT 211 - MISCELLANEOUS PAID-IN-CAPITAL	\$15,229
ACCOUNT 215 - APPROPRIATED RETAINED EARNINGS	-
TOTAL	\$15,229

(Thousands of Dollars)

INSTRUCTIONS: Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociated per the General Instructions of the Uniform Systems of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	NET INCOME OR (LOSS)	DIVIDENDS PAID	BALANCE AT CLOSE OF YEAR
ACCOUNT 216-UNAPPROPRIATED RETAINED EARNINGS	\$923	\$1,752	\$2,000	\$675
TOTAL	\$923	\$1,752	\$2,000	\$675

(Thousands of Dollars)

The net income is all compensation for use of capital.

The dividends are paid as follows:

Rate Percentage Per Share	Amount of Dividend	Date Declared	Date Paid
\$1,333.33	\$1,999,995	11/12/99	11/17/99

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE XII

LONG-TERM DEBT

INSTRUCTIONS: Advances from associate companies should be reported separately for advances on notes, and advances on open account. Names of associate companies from which advances were received shall be shown under the class and series of obligation column. For Account 224 -- Other long-term debt provide the name of creditor company or organization, terms of obligation, date of maturity, interest rate, and the amount authorized and outstanding.

NAME OF CREDITOR	TERMS OF OBLIG. CLASS & SERIES OF OBLIGATION	DATE OF MATURITY	INTEREST RATE	AMOUNT AUTHORIZED	BALANCE	DEDUCTIONS (1)	BALANCE	
					AT BEGINNING OF YEAR		AT CLOSE OF YEAR	
(Thousands of Dollars)								
ACCOUNT 223-ADVANCES FROM ASSOCIATE COMPANIES:					NONE			
ACCOUNT 224-OTHER LONG-TERM DEBT:								
Prudential Insurance Company of America	Senior Unsecured Note	5/2000	7.67%	\$25,000	\$12,022	\$0	\$6,011	
TOTAL OTHER LONG-TERM DEBT					\$25,000	\$12,022	\$0	\$6,011

(1) GIVE AN EXPLANATION OF DEDUCTIONS:

Principal payment.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE XIII - CURRENT AND ACCRUED LIABILITIES

INSTRUCTIONS: Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilities. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)		
ACCOUNT 233 - NOTES PAYABLE TO ASSOCIATE COMPANIES		
Northeast Utilities System Money Pool	\$ -	\$5,500
TOTAL	\$ -	\$5,500
ACCOUNT 234 - ACCOUNTS PAYABLE TO ASSOCIATE COMPANIES		
The Connecticut Light and Power Company	\$1,092	(\$350)
Western Massachusetts Electric Company	47	75
Northeast Utilities Service Company	750	11,674
Northeast Utilities	195	249
Public Service Company of New Hampshire	-	2
North Atlantic Energy Service Corporation	5	5
Northeast Generation Services Company	-	1,146
TOTAL	\$2,089	\$12,801
ACCOUNT 242 - MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES		
Millstone 3 Funding Liability	\$51,304	\$27,249
Pension Cost	42,075	68,070
Employee Stock Option Plan Accrual	-	1,008
Performance Reward Program	6,310	11,893
Payroll Accrual	3,819	3,119
Severance Accrual	(158)	(817)
Miscellaneous (7 items)	(5)	14
TOTAL	\$103,345	\$110,536

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

INSTRUCTIONS: The space below is provided for important notes regarding the financial statements or any account thereof. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

Northeast Nuclear Energy Company (NNECO or the company) is a wholly owned subsidiary of Northeast Utilities (NU). The Connecticut Light and Power Company (CL&P), Public Service Company of New Hampshire (PSNH), Western Massachusetts Electric Company (WMECO), Holyoke Water Power Company, and North Atlantic Energy Corporation are the operating companies comprising the Northeast Utilities system (NU system) and are wholly owned by NU. NNECO acts as agent for the NU system companies and other New England utilities in operating the Millstone nuclear units. Millstone 1 and 2 are wholly owned by CL&P and WMECO. Millstone 3 is owned by CL&P, PSNH, WMECO, and other nonaffiliated utilities. The costs of the nuclear units are recorded on the books of CL&P, PSNH, WMECO, and the nonaffiliated utilities in their proportionate ownership shares.

Other wholly owned subsidiaries of NU provide support services for the NU system companies and, in some cases, for other New England utilities. Northeast Utilities Service Company (NUSCO) provides centralized accounting, administrative, data processing, engineering, financial, legal, operational, planning, purchasing, and other services to the NU system companies. North Atlantic Energy Service Corporation has operational responsibility of the Seabrook nuclear power plant.

All transactions among affiliated companies are on a recovery of cost basis which may include amounts representing a return on equity and are subject to approval of various federal and state regulatory agencies.

Public Utility Regulation

NU is registered with the Securities and Exchange Commission as a holding company under the Public Utility Holding Company Act of 1935 (the 1935 Act). NU and its subsidiaries, including NNECO, are subject to the provisions of the 1935 Act.

Revenues

The company provides services to the affiliated utility companies on the basis of recovery of cost plus return on capital, as defined under the terms of agreements, which have been approved by various federal and state regulatory commissions having jurisdiction over operations of the company and the affiliated utility companies.

Depreciation

The provision for depreciation is calculated using the straight-line method based on estimated remaining lives of depreciable utility plant-in-service, adjusted for salvage value and removal costs, as approved by the appropriate regulatory agency.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Except for major facilities, depreciation rates are applied to the average plant-in-service during the period. Major facilities are depreciated from the time they are placed in service. When plant is retired from service, the original cost of plant, including costs of removal, less salvage, is charged to the accumulated provision for depreciation. The depreciation rates for the several classes of utility plant-in-service are equivalent to a composite rate of 5 percent in 1999 and 4.6 percent in 1998.

2. LEASES

The company has entered into lease agreements with two unaffiliated third parties for the use of nuclear control room simulators for Millstone 2 and CL&P's and WMECO's share of the Millstone 3 simulator. In addition, the company's affiliates have entered into lease agreements for the use of data processing equipment, office equipment, vehicles, and office space. NNECO is billed for its proportionate share of these leases through the intercompany billing system. The provisions of these lease agreements generally provide for renewal options.

Capital lease rental payments charged to operating expenses amounted to \$6.6 million in 1999 and \$4.8 million in 1998 and 1997. Operating lease rental payments charged to operating expenses amounted to \$1.2 million in 1999, \$5.1 million in 1998 and \$6.1 million in 1997.

Interest included in capital lease rental payments for 1999, 1998, and 1997 was \$0.7 million, \$1.2 million, and \$1.6 million, respectively.

Future minimum rental payments, excluding executory costs such as property taxes, state use taxes, insurance, and maintenance, under long-term noncancelable leases as of December 31, 1999, are approximately:

<u>Period</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
	(Thousands of Dollars)	
2000	\$3,400	\$147
2001	900	59
2002	-	32
2003	-	18
2004	-	11
After 2004	<u>-</u>	<u>14</u>
Future minimum lease payments	4,300	<u>\$281</u>
Less amount representing interest.....	<u>1,400</u>	
Present value of future minimum lease payments	<u>\$2,900</u>	

3. SHORT-TERM DEBT

Certain subsidiaries of NU, including NNECO, are members of the NU System Money Pool (Pool). The Pool provides a more efficient use of the cash resources of the NU system, and reduces outside short-term borrowings. NUSCO administers the Pool as agent for the member companies. Short-term borrowing needs of the member companies are first met with available funds of other member companies, including funds borrowed by NU parent. NU parent may lend to the Pool, but may not borrow. Funds may

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

be withdrawn from or repaid to the Pool at any time without prior notice. Investing and borrowing subsidiaries receive and pay interest based on the average daily federal funds rate. Borrowings based on loans from NU parent, however, bear interest at NU parent's cost and must be repaid based upon the terms of NU parent's original borrowing. At December 31, 1999 and 1998, NNECO had \$5.5 million and no borrowings, respectively, outstanding from the Pool. The interest rate on borrowings from the Pool at December 31, 1999, was 4.88 percent.

4. LONG-TERM DEBT

Detail of long-term debt outstanding is:

<u>December 31,</u>	<u>1999</u>	<u>1998</u>
	(Millions of Dollars)	
7.67% Senior Notes, due 2000	\$6.0	\$12.0
Less: Amounts due within one year	<u>6.0</u>	<u>6.0</u>
Long-term debt, net	<u>\$ 0</u>	<u>\$ 6.0</u>

Cash sinking-fund requirements on debt outstanding at December 31, 1999 are \$6.0 million for 2000. There are no cash sinking-fund requirements after 2000.

5. PENSION BENEFITS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The NU system subsidiaries, including NNECO, participate in a uniform noncontributory defined benefit retirement plan covering all regular NU system employees. Benefits are based on years of service and the employees' highest eligible compensation during 60 consecutive months of employment. NNECO's direct portion of the NU system's pension cost, part of which was charged to utility plant, was \$10.9 million in 1999 and \$6.2 million in 1998.

Currently, NNECO funds annually an amount at least equal to that which will satisfy the requirements of the Employee Retirement Income Security Act and the Internal Revenue Code (the Code).

The NU system subsidiaries, including NNECO, also provide certain health care benefits, primarily medical and dental, and life insurance benefits through a benefit plan to retired employees. These benefits are available for employees retiring from the NU system who have met specified service requirements. For current employees and certain retirees, the total benefit is limited to two times the 1993 per-retiree health care cost. These costs are charged to expense over the future estimated worklife of the employee. The NU system companies, including NNECO, fund postretirement costs through external trusts with amounts that have been rate-recovered and which also are tax deductible under the Code.

Pension and trust assets are invested primarily in domestic and international equity securities and bonds.

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For the Year Ended December 31, 1999

SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following table represents information on the plans' beginning benefit obligation, fair value of plan assets and respective plans' funded status.

The components of net cost are:

	At December 31,			
	Pension Benefits		Postretirement Benefits	
	1999	1998	1999	1998
<i>(Millions of Dollars)</i>				
Change in benefit obligation				
Benefit obligation at beginning				
of year	\$(140.0)	\$(111.4)	\$(19.3)	\$(15.2)
Service cost.....	(10.1)	(7.2)	(1.5)	(1.0)
Interest cost.....	(11.8)	(8.6)	(1.6)	(1.3)
Transfers	(13.2)	(5.4)	-	-
Plan amendment	(7.4)	-	-	-
Actuarial (loss)/gain.....	4.6	(10.2)	(1.2)	(2.8)
Benefits paid.....	3.0	2.8	1.2	1.0
Curtailments and settlements.....	(15.1)	-	-	-
Benefit obligation at end of year.....	\$(190.0)	\$(140.0)	\$(22.4)	\$(19.3)
Change in plan assets				
Fair value of plan assets at				
beginning of year.....	\$121.0	\$ 103.9	\$ 11.9	\$ 10.0
Actual return on plan assets.....	47.3	14.5	1.5	1.3
Employer contribution.....	-	-	2.3	1.6
Benefits paid.....	(3.0)	(2.8)	(1.2)	(1.0)
Transfers	(13.1)	5.4	-	-
Fair value of plan assets at end				
of year	152.2	\$ 121.0	\$ 14.5	\$ 11.9
Funded status at December 31.....	(37.8)	\$ (19.0)	(7.9)	\$ (7.3)
Unrecognized transition amount.....	(1.3)	(1.4)	3.6	3.9
Unrecognized prior service cost.....	10.1	3.5	-	-
Unrecognized net gain	(39.1)	(25.2)	4.3	3.4
Accrued benefit cost.....	\$ (68.1)	\$ (42.1)	\$ -	\$ -

The following actuarial assumptions were used in calculating the plans' year-end funded status:

	At December 31,			
	Pension Benefits		Postretirement Benefits	
	1999	1998	1999	1998
Discount rate	7.75%	7.00%	7.75%	7.00%
Compensation/progression rate	4.75%	4.25%	4.75%	4.25%
Health care cost trend rate (a)	N/A	N/A	5.57%	5.22%

(a) The annual growth in per capita cost of covered health care benefits was assumed to decrease to 4.90 percent by 2001.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The components of net periodic benefit cost are:

	For the Years Ended December 31,			
	Pension Benefits		Postretirement Benefits	
	1999	1998	1999	1998
<i>(Millions of Dollars)</i>				
Service cost.....	\$ 10.1	\$ 7.2	\$ 1.5	\$ 1.0
Interest cost.....	11.8	8.6	1.6	1.3
Expected return on plan assets.....	(11.4)	(8.8)	(0.9)	(0.7)
Amortization of unrecognized transition (asset)/obligation	(0.2)	(0.2)	0.3	0.2
Amortization of prior service cost.....	0.8	0.2	-	-
Amortization of actuarial gain	(0.2)	(0.8)	-	-
Other amortization, net.....	-	-	(0.2)	(0.2)
Net periodic benefit cost	\$ 10.9	\$ 6.2	\$ 2.3	\$ 1.6

For calculating pension and postretirement benefit costs, the following assumptions were used:

	For the Years Ended December 31,			
	Pension Benefits		Postretirement Benefits	
	1999	1998	1999	1998
Discount rate	7.00%	7.25%	7.00%	7.25%
Expected long-term rate of return.....	9.50%	9.50%	N/A	N/A
Compensation/ progression rate	4.25%	4.25%	4.25%	4.25%
Long-term rate of return- Health assets, net of tax.....	N/A	N/A	7.50%	7.75%
Life assets	N/A	N/A	9.50%	9.50%

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The effect of changing the assumed health care cost trend rate by one percentage point in each year would have the following effects:

<i>(Millions of Dollars)</i>	One Percentage Point Increase	One Percentage Point Decrease
Effect on total service and interest cost components	\$0.1	\$(0.1)
Effect on postretirement benefit obligation	\$0.8	\$(0.9)

The trust holding the health plan assets is subject to federal income taxes.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. NUCLEAR GENERATION ASSETS

Millstone 3 received the appropriate Nuclear Regulatory Commission (NRC) approvals and resumed operation in July 1998. Millstone 2 received similar NRC approvals and resumed operation in May 1999. Millstone 1 is currently in decommissioning status.

An auction of the NU system's ownership interests in the Millstone units is expected in 2000 with a closing in 2001. Based on regulatory decisions received in 1999, management expects to recover all of its remaining nuclear stranded costs from retail customers.

7. MERGER AGREEMENT WITH CONSOLIDATED EDISON, INC.

On October 13, 1999, NU and Consolidated Edison, Inc. (Con Edison) announced that they have agreed to a merger to combine the two companies. The shareholders of NU will receive \$25 per share in combination of cash and Con Edison common stock.

NU shareholders also have the right to receive an additional \$1 per share if a definitive agreement to sell its interests (other than that now held by PSNH) in Millstone 2 and 3 is entered into and recommended by the Utility and Management Unit of the Connecticut Department of Public Utility Control on or prior to the later of December 31, 2000, or the closing of the merger. Further, the value of the amount of cash or common stock to be received by NU shareholders is subject to increase by an amount of \$0.0034 per share per day for each day that the transaction does not close after August 5, 2000.

Upon completion of the merger, NU will become a wholly owned subsidiary of Con Edison. The purchase is subject to the approval of the shareholders of both companies and several regulatory agencies. The companies anticipate that these regulatory procedures can be completed by July 2000.

8. MERGER AGREEMENT WITH YANKEE ENERGY SYSTEM, INC.

In June 1999, NU and the Yankee Energy System, Inc. (Yankee) announced an agreement to merge. On October 12, 1999, Yankee shareholders approved the proposed merger with NU. On December 20, 1999, the Connecticut Department of Public Utility Control (DPUC) issued its final decision approving the merger. In January 2000, the Securities and Exchange Commission granted final approval of the merger. On March 1, 2000, the merger was consummated and Yankee became a wholly owned subsidiary of NU. Yankee is the parent company of the Yankee Gas Service Company, the largest natural gas distribution company in Connecticut. NU paid \$45 per share or \$478 million in cash and stock for all Yankee shares. In addition, NU assumed \$164 million of Yankee's outstanding long-term debt and all of its short-term debt which totaled \$70 million in closing.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

FOR THE YEAR ENDED DECEMBER 31, 1999

SCHEDULE XV

COMPARATIVE INCOME STATEMENT

ACCOUNT	DESCRIPTION	1999	1998
(Thousands of Dollars)			
INCOME			
457	Services rendered to associate companies	\$403,527	\$470,221
458	Services rendered to nonassociate companies	67,461	61,445
421	Miscellaneous income or loss	1,567	2,848
Total Income		472,555	534,514
EXPENSE			
Nuclear Power Expenses			
517	Operation Supervision and Engineering	72,106	94,451
519	Coolants and Water	5,304	4,743
520	Steam Expenses	33,160	27,362
523	Electric Expenses	10,196	10,540
524	Miscellaneous Nuclear Power Expenses	66,980	78,377
525	Rents	5,469	5,725
528	Maintenance Supervision and Engineering	51,102	69,036
529	Maintenance of Structures	18,432	14,332
530	Maintenance of Reactor Plant Equipment	54,784	88,581
531	Maintenance of Electric Plant	40,791	51,885
532	Maintenance of Miscellaneous Nuclear Plant	567	500
Transmission Expenses			
560	Operation Supervision and Engineering	1	0
562	Station Expenses	1,367	1,468
566	Miscellaneous Transmission Expenses	0	0
568	Maintenance Supervision and Engineering	0	0
569	Maintenance of Structures	0	0
570	Maintenance of Station Equipment	0	0
Administrative and General Expenses			
920	Salaries and wages	15,751	12,469
921	Office supplies and expenses	4,115	6,969
922	Administrative expense transferred-credit		
923	Outside services employed	16,544	16,469
924	Property insurance	(1,406)	1,098
925	Injuries and damages	5,225	4,462
926	Employee pensions and benefits	44,348	20,758
928	Regulatory commission expense	163	15
930.1	General advertising expenses	0	0
930.2	Miscellaneous general expenses	946	398
931	Rents	3,728	3,002
932	Maintenance of structures and equipment	553	601
All other expenses			
403	Depreciation and amortization expense	1,791	1,768
408	Taxes other than income taxes	12,739	12,860
409	Income taxes	14,423	1,798
410	Provision for deferred income taxes	688	1,467
411	Provision for deferred income taxes-credit	(14,304)	(5,509)
411.5	Investment tax credit	(65)	(65)
426.1	Donations	94	32
426.5	Other deductions	2,146	4,195
427	Interest on long-term debt	1,360	1,907
430	Interest on debt to associate companies	652	14
431	Other interest expense	1,053	747
Total Expense		470,803	532,455
Net Income		\$1,752	\$2,059

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

ANALYSIS OF BILLING

ASSOCIATE COMPANIES
ACCOUNT 457

NAME OF ASSOCIATE COMPANY	DIRECT	INDIRECT	COMPENSATION	TOTAL
	COSTS CHARGED	COSTS CHARGED	FOR USE OF CAPITAL	AMOUNT BILLED
	(Thousands of Dollars)			
	457-1	457-2	457-3	
The Connecticut Light and Power Company	\$318,725		\$3,600	\$322,325
Western Massachusetts Electric Company	74,376		843	75,219
Public Service Company of New Hampshire	5,953		30	5,983

TOTAL	\$399,054	\$0	\$4,473	\$403,527
	=====	=====	=====	=====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

ANALYSIS OF BILLING

NONASSOCIATE COMPANIES
ACCOUNT 458

NAME OF NONASSOCIATE COMPANY	DIRECT	INDIRECT	COMPENSATION	TOTAL	EXCESS	TOTAL
	COSTS CHARGED	COSTS CHARGED	FOR USE OF CAPITAL	COSTS	OR DEFICIENCY	AMOUNT BILLED
(Thousands of Dollars)						
	458-1	458-2	458-3		458-4	
Connecticut Yankee Atomic Power Company	\$ 0		\$ 0	\$ 0		\$ 0
Central Maine Power Company	5,230		26	5,256		5,256
Central Vermont Public Service	3,623		18	3,641		3,641
Montaup Electric Co.	8,376		42	8,418		8,418
New England Power Co.	25,632		127	25,759		25,759
United Illuminating Company	7,694		37	7,731		7,731
Fitchburg Gas & Electric Co.	455		2	457		457
Chicopee Municipal Electric Massachusetts Municipal Wholesale	2,854		14	2,868		2,868
Lyndonville Electric Department	10,125		50	10,175		10,175
Connecticut Municipal Electric Coop	103		1	104		104
Vermont Electric Gen & Trans.	2,284		11	2,295		2,295
	753		4	757		757
	\$ 67,129	\$ 0	\$ 332	\$ 67,461	\$ 0	\$ 67,461

INSTRUCTIONS: Provide a brief description of the services rendered to each nonassociate company:

The Company acts as agent in operating Millstone Unit 3 for the nonassociate companies.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY
For the Year Ended December 31, 1999

SCHEDULE XVI
ANALYSIS OF CHARGES FOR SERVICE
ASSOCIATE AND NONASSOCIATE COMPANIES

ACCOUNT NUMBER	DESCRIPTION OF ITEMS	ASSOCIATE COMPANY CHARGES			NONASSOCIATE COMPANY CHARGES			TOTAL CHARGES FOR SERVICE		
		DIRECT COST	INDIRECT COST	TOTAL	DIRECT COST	INDIRECT COST	TOTAL	DIRECT COST	INDIRECT COST	TOTAL
(Thousands of Dollars)										
Nuclear Power Expenses										
517	OPERATION SUPERVISION AND ENGINEERING	\$62,414	\$0	\$62,414	\$9,692	\$0	\$9,692	\$72,106	\$0	\$72,106
519	COOLANTS AND WATER	4,514	0	4,514	790	0	790	5,304	0	5,304
520	STEAM EXPENSES	27,979	0	27,979	5,181	0	5,181	33,160	0	33,160
523	ELECTRIC EXPENSES	8,778	0	8,778	1,418	0	1,418	10,196	0	10,196
524	MISCELLANEOUS NUCLEAR POWER EXPENSES	58,214	0	58,214	8,766	0	8,766	66,980	0	66,980
525	RENTS	4,397	0	4,397	31	0	31	4,428	0	4,428
528	MAINTENANCE SUPERVISION AND ENGINEERING	41,995	0	41,995	9,107	0	9,107	51,102	0	51,102
529	MAINTENANCE OF STRUCTURES	16,249	0	16,249	2,183	0	2,183	18,432	0	18,432
530	MAINTENANCE OF REACTOR PLANT EQUIPMENT	45,569	0	45,569	9,215	0	9,215	54,784	0	54,784
531	MAINTENANCE OF ELECTRIC PLANT	34,284	0	34,284	6,507	0	6,507	40,791	0	40,791
532	MAINTENANCE OF MISCELLANEOUS NUCLEAR PLANT	527	0	527	40	0	40	567	0	567
Transmission Expenses										
560	OPERATION SUPERVISION AND ENGINEERING	1	0	1	0	0	0	1	0	1
562	STATION EXPENSES	112	0	112	1,255	0	1,255	1,367	0	1,367
566	MISCELLANEOUS TRANSMISSION EXPENSES	0	0	0	0	0	0	0	0	0
568	MAINTENANCE SUPERVISION AND ENGINEERING	0	0	0	0	0	0	0	0	0
569	MAINTENANCE OF STRUCTURES	0	0	0	0	0	0	0	0	0
570	MAINTENANCE OF STATION EQUIPMENT	0	0	0	0	0	0	0	0	0
Administrative and General Expenses										
920	SALARIES AND WAGES	13,716	0	13,716	2,035	0	2,035	15,751	0	15,751
921	OFFICE SUPPLIES AND EXPENSES	3,595	0	3,595	520	0	520	4,115	0	4,115
922	ADMINISTRATIVE EXPENSE TRANSFERRED-CREDIT	0	0	0	0	0	0	0	0	0
923	OUTSIDE SERVICES EMPLOYED	15,232	0	15,232	1,312	0	1,312	16,544	0	16,544
924	PROPERTY INSURANCE	(1,389)	0	(1,389)	(17)	0	(17)	(1,406)	0	(1,406)
925	INJURIES AND DAMAGES	4,528	0	4,528	697	0	697	5,225	0	5,225
926	EMPLOYEE PENSIONS AND BENEFITS	38,541	0	38,541	5,807	0	5,807	44,348	0	44,348
928	REGULATORY COMMISSION EXPENSE	146	0	146	17	0	17	163	0	163
930.1	GENERAL ADVERTISING EXPENSES	0	0	0	0	0	0	0	0	0
930.2	MISCELLANEOUS GENERAL EXPENSES	830	0	830	116	0	116	946	0	946
931	RENTS	3,208	0	3,208	520	0	520	3,728	0	3,728
932	MAINTENANCE OF STRUCTURES AND EQUIPMENT	481	0	481	72	0	72	553	0	553
All other expenses										
403	DEPRECIATION AND AMORTIZATION EXPENSES	1,681	0	1,681	110	0	110	1,791	0	1,791
408	TAXES OTHER THAN INCOME TAXES	11,140	0	11,140	1,599	0	1,599	12,739	0	12,739
409	INCOME TAXES	14,452	0	14,452	(29)	0	(29)	14,423	0	14,423
410	PROVISION FOR DEFERRED INCOME TAXES	688	0	688	0	0	0	688	0	688
411	PROVISION FOR DEFERRED INCOME TAXES-CREDIT	(14,304)	0	(14,304)	0	0	0	(14,304)	0	(14,304)
411.5	INVESTMENT TAX CREDIT	(65)	0	(65)	0	0	0	(65)	0	(65)
426.1	DONATIONS	85	0	85	9	0	9	94	0	94
426.5	OTHER DEDUCTIONS	1,885	0	1,885	261	0	261	2,146	0	2,146
427	INTEREST ON LONG-TERM DEBTS	0	0	0	0	0	0	0	0	0
430	INTEREST ON DEBT TO ASSOCIATE COMPANIES	0	0	0	0	0	0	0	0	0
431	OTHER INTEREST EXPENSE	1,053	0	1,053	0	0	0	1,053	0	1,053
SUBTOTAL EXPENSES -		400,536	0	400,536	67,214	0	67,214	467,750	0	467,750
COMPENSATION FOR USE OF CAPITAL-										
427	INTEREST ON LONG-TERM DEBTS			1,360			0			1,360
430	INTEREST ON DEBT TO ASSOCIATE COMPANIES			652			0			652
431	OTHER INTEREST EXPENSE			0			0			0
525	RENTS			708			333			1,041
TOTAL EXPENSES -				403,256			67,547			470,803
421	MISCELLANEOUS INCOME - CREDIT	(1,481)	0	(1,481)	(86)	0	(86)	(1,567)	0	(1,567)
NET INCOME				1,752			0			1,752
TOTAL COST OF SERVICE -		\$399,055	\$0	\$403,527	\$67,128	\$0	\$67,461	\$466,183	\$0	\$470,988

INSTRUCTION: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

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SCHEDULE XVII
SCHEDULE OF EXPENSE DISTRIBUTION BY
DEPARTMENT OR SERVICE FUNCTION

ACCOUNT NUMBER	DESCRIPTION OF ITEMS	TOTAL AMOUNT	OVERHEAD	DEPARTMENT OR SERVICE FUNCTION		
				MILLSTONE UNIT #1	MILLSTONE UNIT #2	MILLSTONE UNIT #3
(Thousands of Dollars)						
Nuclear Power Expenses						
517	OPERATION SUPERVISION AND ENGINEERING	\$72,106	\$0	\$9,047	\$32,772	\$30,287
519	COOLANTS AND WATER	5,304	0	597	2,238	2,469
520	STEAM EXPENSES	33,160	0	4,628	12,331	16,201
523	ELECTRIC EXPENSES	10,196	0	1,676	4,085	4,435
524	MISCELLANEOUS NUCLEAR POWER EXPENSES	66,980	0	11,897	28,889	26,194
525	RENTS	5,469	1,041	1,093	1,873	1,462
528	MAINTENANCE SUPERVISION AND ENGINEERING	51,102	0	2,558	20,085	28,459
529	MAINTENANCE OF STRUCTURES	18,432	0	1,127	10,479	6,826
530	MAINTENANCE OF REACTOR PLANT EQUIPMENT	54,784	0	4,056	21,915	28,813
531	MAINTENANCE OF ELECTRIC PLANT	40,791	0	1,947	18,497	20,347
532	MAINTENANCE OF MISCELLANEOUS NUCLEAR PLANT	567	0	168	275	124
Transmission Expenses						
560	OPERATION SUPERVISION AND ENGINEERING	1	0	1	0	0
562	STATION EXPENSES	1,367	0	0	0	1,367
566	MISCELLANEOUS TRANSMISSION EXPENSES	0	0	0	0	0
568	MAINTENANCE SUPERVISION AND ENGINEERING	0	0	0	0	0
569	MAINTENANCE OF STRUCTURES	0	0	0	0	0
570	MAINTENANCE OF STATION EQUIPMENT	0	0	0	0	0
Administrative and General Expenses						
920	SALARIES AND WAGES	15,751	0	3,460	5,648	6,643
921	OFFICE SUPPLIES AND EXPENSES	4,115	0	918	1,538	1,659
922	ADMINISTRATIVE EXPENSE TRANSFERRED-CREDIT	0	0	0	0	0
923	OUTSIDE SERVICES EMPLOYED	16,544	0	2,051	3,516	10,977
924	PROPERTY INSURANCE	(1,406)	0	(978)	(373)	(55)
925	INJURIES AND DAMAGES	5,225	0	902	2,143	2,180
926	EMPLOYEE PENSIONS AND BENEFITS	44,348	0	8,683	17,507	18,158
928	REGULATORY COMMISSION EXPENSE	163	0	33	70	60
930.1	GENERAL ADVERTISING EXPENSES	0	0	0	0	0
930.2	MISCELLANEOUS GENERAL EXPENSES	946	0	206	355	385
931	RENTS	3,728	0	734	1,367	1,627
932	MAINTENANCE OF STRUCTURES AND EQUIPMENT	553	0	130	198	225
All other expenses						
403	DEPRECIATION AND AMORTIZATION EXPENSES	1,791	0	773	530	488
408	TAXES OTHER THAN INCOME TAXES	12,739	0	3,539	4,201	4,999
409	INCOME TAXES	14,423	0	7,277	7,236	(90)
410	PROVISION FOR DEFERRED INCOME TAXES	688	0	344	344	0
411	PROVISION FOR DEFERRED INCOME TAXES-CREDIT	(14,304)	0	(7,152)	(7,152)	0
411.5	INVESTMENT TAX CREDIT	(65)	0	(32)	(33)	0
426.1	DONATIONS	94	0	28	38	28
426.5	OTHER DEDUCTIONS	2,146	0	543	787	816
427	INTEREST ON LONG-TERM DEBTS	1,360	1,360	0	0	0
430	INTEREST ON DEBT TO ASSOCIATE COMPANIES	652	652	0	0	0
431	OTHER INTEREST EXPENSE	1,053	0	526	526	1
TOTAL EXPENSES =		\$470,803	\$3,053	\$60,780	\$191,885	\$215,085

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3
General Structure of Accounting System: Uniform System of Accounts)

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SCHEDULE XVII

KEYS FOR SERVICE FUNCTIONS

KEYS

SERVICE FUNCTION

The individual unit for which NNECO provides service is listed separately on Page 24.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY
 For the Year Ended December 31, 1999
 DEPARTMENTAL ANALYSIS OF SALARIES

NAME OF DEPARTMENT ----- Indicate each dept. or service function. -----	DEPARTMENTAL SALARY EXPENSE INCLUDED IN AMOUNTS BILLED TO				NUMBER OF PERSONNEL END OF YEAR
	TOTAL AMOUNT	PARENT COMPANY	OTHER ASSOCIATES	NON ASSOCIATES	
	(Thousands of Dollars)				
MILLSTONE UNIT #1	\$22,062	\$0	\$22,062	\$0	234
MILLSTONE UNIT #2	57,617	0	57,617	0	676
MILLSTONE UNIT #3	61,137	0	41,575	19,562	941
	-----	-----	-----	-----	-----
	\$140,816	\$0	\$121,254	\$19,562	1,851
	=====	=====	=====	=====	=====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED

INSTRUCTIONS: Provide a breakdown by subaccount of outside services employed. If the aggregate amounts paid to any one payee and included within one subaccount is less than \$100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	ADDRESS	RELATIONSHIP "A"-ASSOCIATE "NA"-NON ASSOCIATE	AMOUNT
			(Thousands of Dollars)
ENGINEERING SERVICES			

ABB CE		NA	\$1,038
BARTLETT NUCLEAR INC		NA	511
BLUE RIDGE TECHNOLOGIES INC		NA	153
CATARACT INC		NA	1,870
CONTINGENCY MANAGEMENT ASSOC		NA	1,727
DUKE ENG & SERVICES INC		NA	649
ENTOR CORP		NA	277
JANUS MANAGEMENT ASSOCIATES		NA	229
LITTLE HARBOR CONSULTANTS INC		NA	120
ONSITE		NA	1,059
PARSONS POWER GROUP INC		NA	380
PECO NUCLEAR		NA	159
RCM TECHNOLOGIES INC		NA	161
SECORE L L C		NA	208
STONE & WEBSTER ENGINEERING		NA	467
TATHAM PROCESS ENGINEERING		NA	155
TEKTON RESOURCES		NA	943
TELEDYNE ENGINEERING SERVICES		NA	151
VIRGINIA POWER		NA	1,209
W D ASSOCIATES INC		NA	157
MISCELLANEOUS (13 PAYEES)		NA	118
TOTAL ENGINEERING SERVICES			----- \$11,741 =====
LEGAL SERVICES			

ADAMS NASH & HASKELL INC		NA	\$157
DAY BERRY & HOWARD		NA	408
HAGLER BAILLY CONSULTING		NA	308
KILLIAN & GEPHART		NA	116
MORGAN LEWIS & BOCKIUS LLP		NA	3,726
PRENTICE H MARSHALL		NA	110
RALPH G BIRD		NA	353
THE NIELSON WURSTER GROUP		NA	399
UPDIKE KELLY & SPELLACY		NA	797
WINSTON & STRAWN		NA	110
MISCELLANEOUS (1 PAYEE)		NA	40
TOTAL LEGAL SERVICES			----- \$6,524 =====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED

INSTRUCTIONS: Provide a breakdown by subaccount of outside services employed. If the aggregate amounts paid to any one payee and included within one subaccount is less than \$100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	ADDRESS	RELATIONSHIP "A" - ASSOCIATE "NA" - NON ASSOCIATE	AMOUNT
			(Thousands of Dollars)
SECURITY SERVICES			

BURNS INTL SECURITY SERVICES		NA	\$7,088
MISCELLANEOUS (1 PAYEE)		NA	10
TOTAL SECURITY SERVICES			<u>\$7,098</u>
TELECOMMUNICATION SERVICES			

SNET		NA	\$545
MISCELLANEOUS (2 PAYEES)		NA	31
TOTAL TELECOMMUNICATION SERVICES			<u>\$576</u>
TEMPORARY EMPLOYMENT SERVICES			

MANPOWER, INC.		NA	\$228
NEW ENGLAND MECH SVC INC		NA	259
NUCON		NA	959
TOTAL TEMPORARY EMPLOYMENT SERVICES			<u>\$1,446</u>
WATER TREATMENT SERVICES			

ECOLOCHEM		NA	\$979
TOTAL WATER TREATMENT SERVICES			<u>\$979</u>
COMPUTERS SERVICES			

INTERGRAPH CORP		NA	\$192
SCIENTECH INC		NA	767
SMS SYSTEMS MAINTENANCE SERV		NA	227
MISCELLANEOUS (1 PAYEE)		NA	18
TOTAL COMPUTER SERVICES			<u>\$1,204</u>

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED

INSTRUCTIONS: Provide a breakdown by subaccount of outside services employed. If the aggregate amounts paid to any one payee and included within one subaccount is less than \$100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	ADDRESS	RELATIONSHIP "A" - ASSOCIATE "NA" - NON ASSOCIATE	AMOUNT
			(Thousands of Dollars)
OTHER SERVICES			
DDI CUSTOMER SERVICE INC		NA	\$134
EXECUTIVE CONSULTING INC		NA	488
HORACE COFER ASSOCIATES INC		NA	268
MEGAN CORP		NA	316
NILSSON & ASSOCIATES		NA	916
PRICEWATERHOUSECOOPERS LLP		NA	404
THAMES RECORDS MANAGEMENT INC		NA	177
THE PACIFIC INSTITUTE		NA	278
VPA CORPORATION		NA	137
MISCELLANEOUS (301 PAYEES)		NA	3,856
TOTAL OTHER SERVICES			<u>\$6,974</u>
NORTHEAST UTILITIES SERVICE COMPANY			
(Supplies centralized accounting, administrative, data processing, engineering, financial, legal, operational, planning, purchasing and other services)		A	<u>\$5,249</u>
GRAND TOTAL			<u>\$41,791</u>

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY
For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED FOR PAYEES GREATER THAN \$100,000

PAYEE NAME	DESCRIPTION OF SERVICES RENDERED
ENGINEERING SERVICES	
ABB CE	COMBUSTION ENGINEERING RELATED SERVICES
BARTLETT NUCLEAR INC	PROVIDE HEALTH PHYSICS AND DECONTAMINATION SERVICES
BLUE RIDGE TECHNOLOGIES INC	CONSULTING SERVICES TO PROVIDE MILLSTONE ACCREDITATION ASSISTANCE
CATARACT INC	ENGINEERING TECHNICAL SUPPORT SERVICES
CONTINGENCY MANAGEMENT ASSOC	FURNISH FIRE PROTECTION SERVICES - MILLSTONE FACILITY
DUKE ENG & SERVICES INC	ENGINEERING SUPPORT FOR THE MILLSTONE DESIGN ENGINEERING GROUP
ENTOR CORP	ENGINEERING TECHNICAL SUPPORT SERVICES
JANUS MANAGEMENT ASSOCIATES	FURNISH CONSULTING SERVICES IN CONNECTION WITH ARBITRATION ISSUES
LITTLE HARBOR CONSULTANTS INC	INDEPENDENT THIRD PARTY OVERSIGHT OF EMPLOYEE SAFETY CONCERNS PROGRAM AT MILLSTONE
ONSITE	ENGINEERING SERVICES RELATED TO OPERATION AND MAINTENANCE
PARSONS POWER GROUP INC	CONSULTING SERVICES TO PROVIDE AN INDEPENDENT CORRECTIVE ACTION VERIFICATION PROGRAM (ICAVP)
PECO NUCLEAR	MANAGEMENT AND ENGINEERING CONSULTING SERVICES AT MILLSTONE ACTIVITIES
RCM TECHNOLOGIES INC	ENGINEERING CONSULTING SERVICES AT MILLSTONE
SECORE L L C	PROVIDE SCHEDULING SERVICES TO MILLSTONE
STONE & WEBSTER ENGINEERING	ENGINEERING TECHNICAL SUPPORT SERVICES
TATHAM PROCESS ENGINEERING	ENGINEERING SERVICES RELATED TO CONTINUOUS PROCESS IMPROVEMENT
TEKTON RESOURCES	ENGINEERING TECHNICAL SUPPORT SERVICES
TELEDYNE ENGINEERING SERVICES	ENGINEERING TECHNICAL SUPPORT SERVICES
VIRGINIA POWER	MANAGEMENT AND ENGINEERING CONSULTING SERVICES AT MILLSTONE
W D ASSOCIATES INC	OPERATIONS, PROCESS, REGULATORY LICENSING & ENGINEERING CONSULTING SERVICES FOR MILLSTONE RESTART EFFORTS
LEGAL SERVICES	
ADAMS NASH & HASKELL INC	FURNISH LEGAL SERVICES ON AN AS REQUESTED BASIS
DAY BERRY & HOWARD	FURNISH LEGAL SERVICES ON AN AS REQUESTED BASIS
HAGLER BAILLY CONSULTING	LEGAL AND CONSULTING SERVICES TO SUPPORT CALCULATION OF STRANDED COSTS
KILLIAN & GEPHART	FURNISH LEGAL SERVICES ON AN AS REQUESTED BASIS
MORGAN LEWIS & BOCKIUS LLP	FURNISH LEGAL SERVICES ON AN AS REQUESTED BASIS
PRENTICE H MARSHALL	PROVIDE ARBITRATION SERVICES
RALPH G BIRD	CONSULTING SERVICES TO SUPPORT LEGAL PROCEEDINGS FOR MILLSTONE OUTAGES
THE NIELSON WURSTER GROUP	FURNISH LEGAL SERVICES ON AN AS REQUESTED BASIS
UPDIKE KELLY & SPELLACY	FURNISH LEGAL SERVICES ON AN AS REQUESTED BASIS
WINSTON & STRAWN	FURNISH LEGAL SERVICES ON AN AS REQUESTED BASIS
SECURITY SERVICES	
BURNS INTL SECURITY SERVICES	FURNISH SECURITY SERVICES AND EQUIPMENT FOR BASELINE SECURITY SUPPORT
TELECOMMUNICATION SERVICES	
SNET	PROVIDE TELEPHONE SERVICES

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY
For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED FOR PAYEES GREATER THAN \$100,000

PAYEE NAME	DESCRIPTION OF SERVICES RENDERED

TEMPORARY EMPLOYMENT SERVICES	

MANPOWER, INC.	FURNISH TEMPORARY LABOR SERVICES
NEW ENGLAND MECH SVC INC	FURNISH TEMPORARY LABOR SERVICES
NUCON	FURNISH TEMPORARY LABOR SERVICES
WATER TREATMENT SERVICES	

ECOLOCHEM	PROVIDE WATER TREATMENT PURIFICATION SERVICES
COMPUTER SERVICES	

INTERGRAPH CORP	PROVIDE COMPUTER EQUIPMENT AND SUPPLIES
SCIENTECH INC	CONSULTING SERVICES; DATA INTERFACE AND OTHER SOFTWARE WORK
SMS SYSTEMS MAINTENANCE SERV	PROVIDE COMPUTER HARDWARE MAINTENANCE
OTHER SERVICES	

DDI CUSTOMER SERVICE INC	PROVIDE CONSULTING SERVICES FOR LEADERSHIP ASSESSMENTS
EXECUTIVE CONSULTING INC	PROVIDE CONSULTING SERVICES FOR TRAINING
HORACE COFER ASSOCIATES INC	PROVIDE CONSULTING SERVICES FOR TRAINING
MEGAN CORP	PROVIDE CONSULTING SERVICES FOR MILLSTONE
NILSSON & ASSOCIATES	PROVIDE CONSULTING SERVICES FOR MILLSTONE
PRICE WATERHOUSE COOPERS LLP	PROVIDE CONSULTING SERVICES FOR NORTHEAST UTILITIES' STRATEGIC ENVIRONMENTAL PLAN
THAMES RECORDS MANAGEMENT INC	PROVIDE RECORD MANAGEMENT SERVICES
THE PACIFIC INSTITUTE	PROVIDE CONSULTING SERVICES FOR MILLSTONE
VPA CORPORATION	PROVIDE CONSULTING SERVICES FOR MILLSTONE

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

EMPLOYEE PENSIONS AND BENEFITS
ACCOUNT 926

INSTRUCTIONS: Provide a listing of each pension plan and benefit program provided by the service company. Such listing should be limited to \$25,000.

DESCRIPTION	AMOUNT
	(Thousands of Dollars)
Pension Plan	\$9,244
Supplemental Retirement and Savings Plan	4,222
Post Retirement Medical Benefit - FAS 106	2,902
Early Retirement Program	16,080
Group Life, Long-term Disability, Hospital and Medical Insurance Expenses	11,803
Other Employee Benefits Expenses	97

TOTAL	\$44,348
	=====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

GENERAL ADVERTISING EXPENSES
ACCOUNT 930.1

INSTRUCTIONS: Provide a listing of the amount included in Account 930.1, "General Advertising Expenses," classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

DESCRIPTION	NAME OF PAYEE	AMOUNT
-------------	---------------	--------

(Thousands of Dollars)

TOTAL

\$ -
=====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

MISCELLANEOUS GENERAL EXPENSES
ACCOUNT 930.2

INSTRUCTIONS: Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses," classifying such expenses according to their nature. Payments and expenses permitted by Sections 321(b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. §441(b)(2)) shall be separately classified.

DESCRIPTION	AMOUNT
	(Thousands of Dollars)
Services billed from Northeast Utilities Service Company (an associate company)	\$896
Research and development	50
Other miscellaneous expenses	-
TOTAL	\$946

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

RENTS

INSTRUCTIONS: Provide a listing of the amount included in "Rents," classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts.

TYPE OF PROPERTY	AMOUNT
	(Thousands of Dollars)
Buildings/office space	\$91
Computer/office equipment	535
Vehicles	1,587
Simulator	5,035
Services billed from Northeast Utilities Service Company (an associate company)	3,551
TOTAL	----- \$10,799 =====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

TAXES OTHER THAN INCOME TAXES
ACCOUNT 408

INSTRUCTIONS: Provide an analysis of Account 408, "Taxes Other Than Income Taxes." Separate the analysis into two groups: (1) Other than U.S. Government taxes, and (2) U.S. Government taxes. Specify each of the various kinds of taxes and show the amounts thereof. Provide a subtotal for each class of tax.

KIND OF TAX	AMOUNT
	(Thousands of Dollars)
 (1) Other Than U.S. Government Taxes:	
Connecticut Unemployment	\$374
Connecticut Insurance Premium Excise Tax	15
Massachusetts Unemployment	1
New Hampshire Business Enterprise Tax	1
Local property	1,254
Connecticut Sales Tax	45
Connecticut Corporate Business Tax	127
Connecticut Transportation Tax of Hazardous Waste	2
Sub-Total	1,819
 (2) U.S. Government Taxes:	
Federal Insurance Contribution Act	8,681
Medicare Tax	2,359
Federal Excise	(245)
Federal Unemployment	125
Sub-Total	10,920
TOTAL	\$12,739

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

DONATIONS
ACCOUNT 426.1

INSTRUCTIONS: Provide a listing of the amount included in Account 426.1, "Donations," classifying such expenses by its purpose. The aggregate number and amount of all items of less than \$3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT (Thousands of Dollars)
Services billed from Northeast Utilities Service Company (an associate company)		\$20
OpSail New London 2000		10
Salvation Army		6
Southeastern Connecticut Enterprise Region		4
Submarine Force Library and Museum Association, Inc.		12
Summer Music at Harkness 2000		25
Miscellaneous (9 payees)		17
	TOTAL	----- \$94 =====

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

OTHER DEDUCTIONS
ACCOUNT 426.5

INSTRUCTIONS: Provide a listing of the amount included in Account 426.5, "Other Deductions," classifying such expenses according to their nature.

DESCRIPTION	NAME OF PAYEE	AMOUNT
Executive incentive compensation plan	Various Officers	\$1,192
Services billed from Northeast Utilities Service Company (an associate company)		829
Civil Penalties	United States Nuclear Regulatory Commission	88
Communication services	Miscellaneous (29 payees)	37
	TOTAL	\$2,146

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

For the Year Ended December 31, 1999

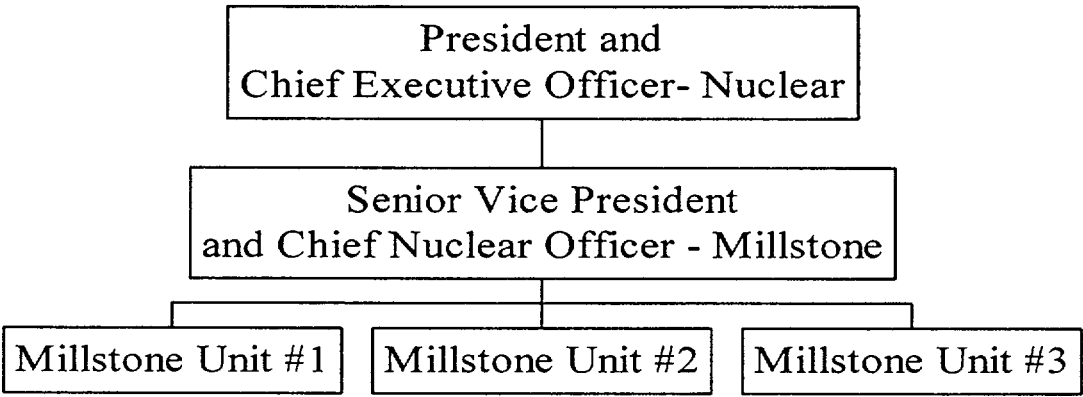
SCHEDULE XVIII

NOTES TO STATEMENTS OF INCOME

INSTRUCTIONS: The space below is provided for important notes regarding the financial statements of income or any account thereof. Furnish particulars as to any significant increases in services rendered or expenses incurred during the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

See Notes to Financial Statements on pages 19 through 19E.

**Annual Report of Northeast Nuclear Energy Company
Organization Chart (As of December 31, 1999)**



NORTHEAST NUCLEAR ENERGY COMPANY

METHODS OF ALLOCATION

For the year ended December 31, 1999

During 1999, Millstone Unit 1 was being decommissioned. However, the costs associated with the three Millstone units were billed directly or allocated using one of three methods. The allocation methods are as follows:

1. One-third to each unit;
2. Number of employees;
3. Net capacity of each unit.

If either Millstone Unit 1 or Millstone Unit 3 was not part of the allocation, then the costs to the remaining two units would be billed directly or allocated using one of the following three methods:

1. One-half to each unit;
2. Number of employees;
3. Net capacity of each unit.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY

ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

The following annual statement was supplied to each associate company in support of the amount of compensation for use of capital billed during 1999:

In accordance with Instruction 01-12 of the Securities and Exchange Commission's Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, Northeast Nuclear Energy Company submits the following information on the billing of interest on borrowed funds and a return on equity capital to associated companies for the year 1999:

- (A) Amount of compensation for use of capital billed to (See Note)
- (B) The basis for billing of interest and return on equity capital to the associated companies is based on the percentage ownership of the individual units.

NOTE: For the associate companies and amounts, see "Analysis of Billing - Associate Companies" on page 21.

ANNUAL REPORT OF NORTHEAST NUCLEAR ENERGY COMPANY


SIGNATURE CLAUSE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations of the Securities and Exchange Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned office thereunto duly authorized.

NORTHEAST NUCLEAR ENERGY COMPANY

(Name of Reporting Company)

By:



(Signature of Signing Officer)

John J. Roman - Vice President and Controller

(Printed Name and Title of Signing Officer)

Date:

Form U-13-60
Mutual and Subsidiary Service Companies
Revised February 7, 1980

ANNUAL REPORT

FOR THE PERIOD

Beginning January 1, 1999 and ending December 31, 1999

TO THE

U.S. SECURITIES AND EXCHANGE COMMISSION

OF

North Atlantic Energy Service Corporation

A Subsidiary Service Company

Date of Incorporation: April 1, 1992

State or Sovereign Power under which Incorporated or Organized: New Hampshire

Location of Principal Executive Offices of Reporting Company:

Route 1, Lafayette Rd., Seabrook, NH, 03874

Name, title and address of officer to whom correspondence concerning this report should be addressed:

John J. Roman V.P. & Controller P.O. Box 270, Hartford, Ct. 06141-0270

Name of Principal Holding Company Whose Subsidiaries are served by Reporting Company:

Northeast Utilities

INSTRUCTIONS FOR USE OF FORM U-13-60

1. Time of Filing. Rule 94 provides that on or before the first day of May in each calendar year, each mutual service company and each subsidiary service company as to which the Commission shall have made a favorable finding pursuant to Rule 88, and every service company whose application for approval or declaration pursuant to Rule 88 is pending shall file with the Commission an annual report on Form U-13-60 and in accordance with the Instructions for that form.
2. Number of Copies. Each annual report shall be filed in duplicate. The company should prepare and retain at least one extra copy for itself in case correspondence with reference to the report becomes necessary.
3. Period Covered by Report. The first report filed by any company shall cover the period from the date the Uniform System of Accounts was required to be made effective as to that company under Rules 82 and 93 to the end of that calendar year. Subsequent reports should cover a calendar year.
4. Report Format. Reports shall be submitted on the forms prepared by the Commission. If the space provided on any sheet of such form is inadequate, additional sheets may be inserted of the same size as a sheet of the form or folded to such size.
5. Money Amounts Displayed. All money amounts required to be shown in financial statements may be expressed in whole dollars, in thousands of dollars or in hundred thousands of dollars, as appropriate and subject to provisions of Regulation S-X ('210.3-01(b)).
6. Deficits Displayed. Deficits and other like entries shall be indicated by the use of either brackets or a parenthesis with corresponding reference in footnotes. (Regulation S-X. '210.3-01(c))
7. Major Amendments or Corrections. Any company desiring to amend or correct a major omission or error in a report after it has been filed with the Commission shall submit an amended report including only those pages, schedules, and entries that are to be amended or corrected. A cover letter shall be submitted requesting the Commission to incorporate the amended report changes and shall be signed by a duly authorized officer of the company.
8. Definitions. Definitions contained in Instruction 01-8 to the Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, Public Utility Holding Company Act of 1935, as amended February 2, 1979 shall be applicable to words or terms used specifically within this Form U-13-60.
9. Organization Chart. The service company shall submit with each annual report a copy of its current organization chart.
10. Methods of Allocation. The service company shall submit with each annual report a listing of the currently effective methods of allocation being used by the service company and on file with the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935.
11. Annual Statement of Compensation for Use of Capital Billed. The service company shall submit with each annual report a copy of the annual statement supplied to each associate company in support of the amount of compensation for use of capital billed during the calendar year.

LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

<u>Description of Schedules and Accounts</u>	<u>Schedule or Acct. No.</u>	<u>Page No.</u>
Comparative Balance Sheet	Schedule I	4 - 5
Service Company Property	Schedule II	6 - 7
Accumulated Provision for Depreciation and Amortization of Service Company Property	Schedule III	8
Investments	Schedule IV	9
Accounts Receivable from Associate Companies	Schedule V	10
Fuel Stock Expenses Undistributed	Schedule VI	11
Stores Expense Undistributed	Schedule VII	12
Miscellaneous Current and Accrued Assets	Schedule VIII	13
Miscellaneous Deferred Debits	Schedule IX	14
Research, Development, or Demonstration Expenditures	Schedule X	15
Proprietary Capital	Schedule XI	16
Long Term Debt	Schedule XII	17
Current and Accrued Liabilities	Schedule XIII	18
Notes to Financial Statements	Schedule XIV	19
Comparative Income Statement	Schedule XV	20
Analysis of Billing - Associate Companies	Account 457	21
Analysis of Billing - Non-Associate Companies	Account 458	22
Analysis of Charges for Service - Associate and Non-Associate Companies	Schedule XVI	23
Schedule of Expense by Department or Service Function	Schedule XVII	24 - 25
Departmental Analysis of Salaries	Account 920	26
Outside Services Employed	Account 923	27

<u>Description of Schedules and Accounts (cont.)</u>	<u>Schedule or Acct. No.</u>	<u>Page No.</u>
Employee Pensions and Benefits	Account 926	28
General Advertising Expenses	Account 930.1	29
Miscellaneous General Expenses	Account 930.2	30
Rents	Account 931	31
Taxes Other Than Income Taxes	Account 408	32
Donations	Account 426.1	33
Other Deductions	Account 426.5	34
Notes to Statement of Income	Schedule XVIII	35
<u>Description of Reports or Statements</u>		
Organization Chart		36
Methods of Allocation		37
Annual Statement of Compensation for Use of Capital Billed		38
Signature Page		39

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

SCHEDULE I - COMPARATIVE BALANCE SHEET

Give balance sheet of the Company as of December 31 of the current and prior year.

ACCT	ASSETS AND OTHER DEBITS	AS OF DECEMBER 31	
		1999 (Thousands of Dollars)	1998
SERVICE COMPANY PROPERTY			
101	Service company property (Schedule II)	\$ 0	\$ 0
107	Construction work in progress (Schedule II)	0	0
	Total Service Company Property	0	0
108	Less accumulated provision for depreciation and amortization of service company property (Schedule III)	0	0
	Net Service Company Property	0	0
INVESTMENTS			
123	Investments in associate companies (Schedule IV)	0	0
124	Other investments (Schedule IV)	0	680
	Total Investments	0	680
CURRENT AND ACCRUED ASSETS			
131	Cash	1,924	1,799
134	Special deposits	0	0
135	Working funds	0	0
136	Temporary cash investments (Schedule IV)	16	16
141	Notes receivable	0	0
143	Accounts receivable	16,604	14,160
144	Accumulated provision of uncollectible accounts	0	0
146	Accounts receivable from associate companies (Schedule V)	18	12
152	Fuel stock expenses undistributed (Schedule VI)	0	0
154	Materials and supplies	0	0
163	Stores expense undistributed (Schedule VII)	98	24
165	Prepayments	1,342	1,221
174	Miscellaneous current and accrued assets (Schedule VIII)	0	0
	Total Current and Accrued Assets	20,002	17,232
DEFERRED DEBITS			
181	Unamortized Debt Expense	0	0
184	Clearing accounts	0	0
186	Miscellaneous deferred debits (Schedule IX)	31,980	26,769
188	Research, development, or demonstration expenditures (Schedule X)	0	0
190	Accumulated deferred income taxes	0	0
	Total Deferred Debits	31,980	26,769
	TOTAL ASSETS AND OTHER DEBITS	\$ 51,982	\$ 44,681

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

SCHEDULE I - COMPARATIVE BALANCE SHEET

Give balance sheet of the Company as of December 31 of the current and prior year.

ACCT	LIABILITIES AND PROPRIETARY CAPITAL	AS OF DECEMBER 31	
		1999 (Thousands of Dollars)	1998 (Thousands of Dollars)
PROPRIETARY CAPITAL			
201	Common stock issued (Schedule XI)	\$ 1	\$ 1
211	Miscellaneous paid-in-capital (Schedule XI)	9	9
215	Appropriated retained earnings (Schedule XI)	0	0
216	Unappropriated retained earnings (Schedule XI)	2	2
	Total Proprietary Capital	12	12
LONG-TERM DEBT			
223	Advances from associate companies (Schedule XII)	0	0
224	Other long-term debt (Schedule XII)	0	0
225	Unamortized premium on long-term debt	0	0
226	Unamortized discount on long-term debt	0	0
	Total Long-Term Debt	0	0
CURRENT AND ACCRUED LIABILITIES			
231	Notes payable	0	0
232	Accounts payable	7,736	9,523
233	Notes payable to associate companies (Schedule XIII)	0	0
234	Accounts payable to associate companies (Schedule XIII)	2,342	1,894
236	Taxes accrued	366	594
237	Interest accrued	0	0
238	Dividends declared	0	0
241	Tax collections payable	0	0
242	Miscellaneous current and accrued liabilities (Schedule XIII)	37,523	28,088
	Total Current and Accrued Liabilities	47,967	40,099
DEFERRED CREDITS			
253	Other deferred credits	3,846	4,371
255	Accumulated deferred investment tax credits	0	0
	Total Deferred Credits	3,846	4,371
282	ACCUMULATED DEFERRED INCOME TAXES	157	199
	TOTAL LIABILITIES AND PROPRIETARY CAPITAL	\$ 51,982	\$ 44,681

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

SCHEDULE II - SERVICE COMPANY PROPERTY

ACCT DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIREMENTS OR SALES	OTHER CHANGES (1)	BALANCE AT CLOSE OF YEAR
------------------	------------------------------------	-----------	----------------------------	----------------------	--------------------------------

(Thousands of Dollars)

SERVICE COMPANY PROPERTY

301 ORGANIZATION					
303 MISCELLANEOUS INTANGIBLE PLANT					
304 LAND AND LAND RIGHTS					
305 STRUCTURES AND IMPROVEMENTS					
306 LEASEHOLD IMPROVEMENTS					
307 EQUIPMENT (2)			NONE		
308 OFFICE FURNITURE AND EQUIPMENT					
309 AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE EQUIPMENT					
310 AIRCRAFT AND AIRPORT EQUIPMENT					
311 OTHER SERVICE COMPANY PROPERTY (3)					

(1) PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

NONE

SCHEDULE II - CONTINUED

(2) SUBACCOUNTS ARE REQUIRED FOR EACH CLASS OF EQUIPMENT OWNED. THE SERVICE COMPANY SHALL PROVIDE A LISTING BY SUBACCOUNT OF EQUIPMENT ADDITIONS DURING THE YEAR AND THE BALANCE AT THE CLOSE OF THE YEAR:

SUBACCOUNT DESCRIPTION	ADDITIONS	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)		

NONE

(3) DESCRIBE OTHER SERVICE COMPANY PROPERTY:

NONE

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SCHEDULE III

ACCUMULATED PROVISION FOR DEPRECIATION AND
AMORTIZATION OF SERVICE COMPANY PROPERTY

DESCRIPTION	ADDITIONS		OTHER CHANGES ADD/ RETIREMENT (DEDUCT) (1)	BALANCE AT CLOSE OF YEAR
	BALANCE AT CHARGED BEGINNING OF YEAR	TO ACCT 403		

(Thousands of Dollars)

Account

 301 ORGANIZATION
 303 MISCELLANEOUS INTANGIBLE PLANT
 304 LAND AND LAND RIGHTS
 305 STRUCTURES AND IMPROVEMENTS
 306 LEASEHOLD IMPROVEMENTS
 307 EQUIPMENT
 308 OFFICE FURNITURE AND FIXTURES
 309 AUTOMOBILES, OTHER VEHICLES
 AND RELATED GARAGE EQUIPMENT
 310 AIRCRAFT AND AIRPORT EQUIPMENT
 311 OTHER SERVICE COMPANY
 PROPERTY

NONE

AMORTIZATION OF SERVICE COMPANY
PROPERTY

(1) PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

NONE.

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SCHEDULE IV - INVESTMENTS

INSTRUCTIONS: Complete the following schedule concerning investments.

Under Account 124, "Other Investments," state each investment separately, with description, including the name of issuing company, number of shares or principal amount, etc.

Under Account 136, "Temporary Cash Investments," list each investment separately.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)		
ACCOUNT 123 - INVESTMENT IN ASSOCIATE COMPANIES	\$ 0	\$ 0
ACCOUNT 124 - OTHER INVESTMENTS		
Reliance Assurance - Workmen's Compensation Bond	680	0
ACCOUNT 136 - TEMPORARY CASH INVESTMENTS		
Fidelity Institute Tax Exempt Cash Portfolio	13	13
Citizens Bank Certificate of Deposit	3	3
	16	16
TOTAL	\$ 696	\$ 16
	=====	=====

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SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
-------------	------------------------------------	--------------------------------

(Thousands of Dollars)

ACCOUNT 146 - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES

Northeast Utilities Service Company	\$ 5	\$ 2
Northeast Nuclear Energy Company	5	5
North Atlantic Energy Corporation	1	5
Public Service Company of New Hampshire	1	6

TOTAL	\$ 12	\$ 18
-------	-------	-------

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:

NONE

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SCHEDULE VI - FUEL STOCK EXPENSES UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company. Under the section headed "Summary" listed below, give an overall report of the fuel functions performed by the service company.

DESCRIPTION	LABOR	EXPENSES	TOTAL
	(Thousands of Dollars)		
ACCOUNT 152 - FUEL STOCK EXPENSES UNDISTRIBUTED		NONE	

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SCHEDULE VII - STORES EXPENSE UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

DESCRIPTION	LABOR	EXPENSES	TOTAL
(Thousands of Dollars)			
ACCOUNT 163 - STORES EXPENSE UNDISTRIBUTED			
Balance at prior year end	\$ 22	\$ 2	\$ 24
Amount incurred during the year	2,830	359	3,189
The above stores expenses are billed back to each of the companies listed below:			
Associate Companies:			
The Connecticut Light and Power Company	(113)	(14)	(127)
North Atlantic Energy Corporation	(997)	(123)	(1,120)
Non-Associate Companies	(1,662)	(206)	(1,868)
TOTAL	\$ 80	\$ 18	\$ 98

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SCHEDULE VIII

MISCELLANEOUS CURRENT AND ACCRUED ASSETS

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 174 - MISCELLANEOUS CURRENT AND ACCRUED ASSETS	NONE	

(Thousands of Dollars)

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SCHEDULE IX

MISCELLANEOUS DEFERRED DEBITS

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
(Thousands of Dollars)		
ACCOUNT 186 - MISCELLANEOUS DEFERRED DEBITS		
Noncurrent receivable from Joint Owner funding	\$ 25,900	\$ 31,111
Westinghouse Reactor Coolant Pump Settlement	600	555
Accounting Treatment Change for Payroll	299	269
Miscellaneous (>100 items)	(64)	14
Preliminary Engineering for:		
Steam generator blowdown	30	30
Miscellaneous (3 items)	4	1
TOTAL	\$ 26,769	\$ 31,980
	=====	=====

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SCHEDULE X

RESEARCH, DEVELOPMENT, OR DEMONSTRATION EXPENDITURES

INSTRUCTIONS: Provide a description of each material research, development, or demonstration project which incurred costs by the service corporation during the year.

DESCRIPTION	AMOUNT
	(Thousands of Dollars)
ACCOUNT 188 - RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES	NONE

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SCHEDULE XI

PROPRIETARY CAPITAL

ACCOUNT NUMBER	CLASS OF STOCK	NUMBER OF SHARES	PAR OR STATED VALUE	OUTSTANDING CLOSE OF PERIOD	
		AUTHORIZED	PER SHARE	NO. OF SHARES	TOTAL AMOUNT
201	COMMON STOCK ISSUED	1,000	\$ 1.00	1,000	\$ 1

(Thousands of Dollars)

INSTRUCTIONS: Classify amounts in each account with brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.

DESCRIPTION	AMOUNT
ACCOUNT 211 - MISCELLANEOUS PAID-IN-CAPITAL	\$ 9
ACCOUNT 215 - APPROPRIATED RETAINED EARNINGS	0
TOTAL	\$ 9

(Thousands of Dollars)

INSTRUCTIONS: Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociated per the General Instructions of the Uniform Systems of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	NET INCOME OR (LOSS)	DIVIDENDS PAID	BALANCE AT CLOSE OF YEAR
ACCOUNT 216-UNAPPROPRIATED RETAINED EARNINGS	\$ 2	\$ 0	\$ 0	\$ 2

(Thousands of Dollars)

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SCHEDULE XII

LONG-TERM DEBT

INSTRUCTIONS: Advances from associate companies should be reported separately for advances on notes, and advances on open account. Names of associate companies from which advances were received shall be shown under the class and series of obligation column. For Account 224 -- Other long-term debt provide the name of creditor company or organization, terms of obligation, date of maturity, interest rate, and the amount authorized and outstanding.

NAME OF CREDITOR	TERMS OF OBLIG. CLASS & SERIES OF OBLIGATION	DATE OF MATURITY	INTEREST RATE	AMOUNT AUTHORIZED	BALANCE AT BEGINNING OF YEAR	ADDITIONS	BALANCE AT	
							DEDUCTIONS (1)	CLOSE OF YEAR
(Thousands of Dollars)								

ACCOUNT 223-ADVANCES FROM
ASSOCIATE COMPANIES

TOTAL ADVANCES FROM ASSOCIATES NONE

ACCOUNT 224-OTHER
LONG-TERM DEBT

TOTAL OTHER LONG-TERM DEBT NONE

(1) GIVE AN EXPLANATION OF DEDUCTIONS:

NONE

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SCHEDULE XIII - CURRENT AND ACCRUED LIABILITIES

INSTRUCTIONS: Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilities. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
-------------	------------------------------------	--------------------------------

(Thousands of Dollars)

ACCOUNT 233 - NOTES PAYABLE TO ASSOCIATE COMPANIES

NONE

ACCOUNT 234 - ACCOUNTS PAYABLE TO ASSOCIATE COMPANIES

Northeast Utilities Service Company	\$ 1,767	\$ 2,288
Northeast Nuclear Electric Company	92	18
Public Service Company of New Hampshire	34	36
Miscellaneous (1 item)	1	0
TOTAL	\$ 1,894	\$ 2,342

ACCOUNT 242 - MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES

Accrued payroll and other employee payables	\$ 2,149	\$ 5,817
Accrued Pension Cost	23,144	29,362
On-hand operations funding from associate companies:		
North Atlantic Energy Corporation	1,006	843
The Connecticut Light & Power Company	113	95
On-hand operations funding from non-associate companies	1,676	1,406
TOTAL	\$ 28,088	\$ 37,523

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SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

INSTRUCTIONS: The space below is provided for important notes regarding the financial statements or any account thereof. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: North Atlantic Energy Service Corporation (the Company or NAESCO) is a wholly owned subsidiary of Northeast Utilities (NU). The Connecticut Light and Power Company (CL&P), Public Service Company of New Hampshire (PSNH), Western Massachusetts Electric Company (WMECO), North Atlantic Energy Corporation (NAEC), and Holyoke Water Power Company (HWP) are operating subsidiaries which comprise, in part, the Northeast Utilities System (the NU system) and are wholly owned by NU.

The NU system furnishes franchised retail electric service in Connecticut, New Hampshire, and western Massachusetts through three wholly owned subsidiaries: CL&P, PSNH, and WMECO. NAEC sells all of its entitlement to the capacity and output of the Seabrook Nuclear Power Project (the Project or Seabrook) to PSNH under two life-of-unit, full cost recovery contracts. In addition to its retail service, the NU system furnishes firm and other wholesale electric services to various municipalities and other utilities, and participates in limited retail access programs, which provide off-system retail electric service. The NU system serves in excess of 30 percent of New England's electric needs and is one of the 24 largest electric utility systems in the country as measured by revenues.

The Company acts as agent in operating the Project pursuant to the Seabrook Project Managing Agent Operating Agreement (the Managing Agent Agreement) and the Seabrook Project Disbursing Agent Agreement (the Disbursing Agent Agreement). The Project is owned jointly by NAEC, CL&P and nine non-affiliated New England utility companies as tenants in common with undivided interests (the Seabrook Joint Owners). The cost of the Project is recorded on the books of the Seabrook Joint Owners based upon their proportionate ownership share of the Project. The Company does not have an ownership interest in the Project. The Company is only liable for payroll related expenditures and liabilities. The Seabrook Joint Owners are severally responsible for their respective share of the costs of operating and maintaining the Project.

Ownership percentages of the Project as of December 31, 1999 were as follows:

<u>PARTICIPANTS</u>	<u>OWNERSHIP SHARE</u>
Canal Electric Company	3.52317%
Great Bay Power Corporation	12.13240
Hudson Light & Power Department	.07737
Little Bay Power Corporation	2.89989
Massachusetts Municipal Wholesale Electric Company	11.59340
New England Power Company	9.95766
New Hampshire Electric Cooperative, Inc.	2.17391
North Atlantic Energy Corporation	35.98201
Taunton Municipal Lighting Plant	.10034
The Connecticut Light and Power Company	4.05985
The United Illuminating Company	<u>17.50000</u>
	<u>100.00000%</u>

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION
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SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other wholly owned subsidiaries of NU provide support services to the Company. Northeast Utilities Service Company (NUSCO) provides certain administrative support to the Company, pursuant to the Service Agreement between NUSCO and NAESCO acting as agent for the Seabrook Joint Owners, as amended, and to other NU system companies. Billings from NUSCO recorded by the Company approximated \$6,034,000 and \$6,281,000 in 1999 and 1998, respectively. PSNH provides certain services to the Company pursuant to the Service Agreement between PSNH and NAESCO acting as agent for the Seabrook Joint Owners, as amended. Billings from PSNH recorded by the Company were approximately \$587,000 and \$358,000 in 1999 and 1998, respectively.

All transactions among affiliated companies are on a recovery of cost basis, which may include amounts representing a return on equity, and are subject to approval of various Federal and state regulatory agencies.

Method of Accounting: The accompanying financial statements were prepared in accordance with the Uniform System of Accounts for Mutual and Subsidiary Service Companies, promulgated pursuant to the Public Utility Holding Company Act of 1935, as modified (1935 Act). This system of accounts follows, with modifications, the Federal Energy Regulatory Commission's (the FERC) Uniform System of Accounts and the Managing Agent Agreement. The financial statements reflect expenses associated with managing, operating, and maintaining the Project, excluding decommissioning costs, property taxes, amortization of nuclear fuel, reserves, and book depreciation. These expenses are recorded by the Joint Owners. Pursuant to the Managing Agent Agreement, NAESCO does not earn a return on capital; therefore, revenues represent the sum of the Company's operating expenses.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Public Utility Regulation: NU and its subsidiaries, including the Company, are registered with the Securities and Exchange Commission as a holding company under the 1935 Act, and it and its subsidiaries, including the Company, are subject to the provisions of the 1935 Act. The Company is a registered utility company in the State of New Hampshire and is subject to appropriate regulation by the New Hampshire Public Utilities Commission (NHPUC). The Seabrook Joint Owners, whom the Company represents as agent, are subject to further regulation by the FERC. The Company, therefore, follows the accounting policies prescribed by the FERC.

2. PENSION AND POSTRETIREMENT BENEFITS

Pension: Employees of NAESCO are covered by the NU system's uniform noncontributory defined benefit plan covering all of its regular employees. Benefits are based on years of service and the employees' highest compensation during 60 consecutive months of employment. The Company's allocated portion of the NU system's pension cost for 1999 and 1998, part of which was capitalized and billed as utility plant, approximated \$6,239,000 and \$3,003,000, respectively.

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SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

2. PENSION AND POSTRETIREMENT BENEFITS (Continued)

Currently, the NU system funds annually an amount at least equal to that which will satisfy the requirements of the Employee Retirement Income Security Act and the Internal Revenue Code. Pension costs are determined using market-related values of pension assets.

Postretirement Benefits: The Company also provides certain health care benefits, primarily medical and dental, and life insurance benefits through a benefit plan to retired employees (referred to as SFAS 106 benefits). These benefits are available for employees retiring from the Company who have met specified service requirements. For current employees and certain retirees, the total postretirement benefit is limited to two times the 1993 per-retiree health care cost. The postretirement benefit obligation has been calculated based on this assumption. The expected cost of postretirement benefits, primarily health and life insurance benefits are charged to expense during the years that eligible employees render service. The Company is funding its postretirement benefit costs through external trusts. The annually funded amounts are tax deductible under the Internal Revenue Code. Actuarially determined total postretirement benefits, part of which were capitalized and billed as utility plant, approximated \$804,000 in 1999 and \$704,000 in 1998.

Pension and postretirement benefit assets are invested primarily in domestic and international equity securities and bonds.

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION
For the Year Ended December 31, 1999

SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

2. PENSION AND POSTRETIREMENT BENEFITS (Continued)

The components of net cost for the Company (in thousands) are:

	As of December 31,			
	Pension Benefits		Postretirement Benefits	
	1999	1998	1999	1998
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ (72,762)	\$ (59,416)	\$ (8,746)	\$ (7,599)
Service cost	(4,619)	(3,888)	(642)	(551)
Interest cost	(5,280)	(4,438)	(674)	(582)
Plan Amendment	(3,157)	-	-	-
Transfers	(23)	(437)	-	-
Special Termination Benefits	(2,318)	-	-	-
Actuarial gain/(loss)	6,442	(5,307)	95	(318)
Benefits paid	834	724	580	304
Benefit obligation at end of year	<u>(80,883)</u>	<u>(72,762)</u>	<u>(9,387)</u>	<u>(8,746)</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	65,263	57,396	7,574	6,447
Actual return on plan assets	9,917	8,154	932	825
Employer contribution	-	-	804	606
Transfers	(23)	437	-	-
Benefits Paid	(834)	(724)	(580)	(304)
Fair value of plan assets at end of year	<u>74,323</u>	<u>65,263</u>	<u>8,730</u>	<u>7,574</u>
Funded status at year end	(6,560)	(7,499)	(657)	(1,172)
Unrecognized net gain	(31,366)	(21,724)	(1,394)	(1,037)
Unrecognized prior service cost	7,934	5,386	-	-
Unrecognized net transition obligation	630	693	2,051	2,209
(Accrued) benefit cost	<u>\$ (29,362)</u>	<u>\$ (23,144)</u>	<u>\$ -</u>	<u>\$ -</u>

The following actuarial assumptions were used in calculating the plan's year-end funded status:

	As of December 31,			
	Pension Benefits		Postretirement Benefits	
	1999	1998	1999	1998
Discount rate	7.75%	7.00%	7.75%	7.00%
Compensation/progression rate	4.75	4.25	4.75	4.25
Health care cost trend rate (a)	N/A	N/A	5.57	5.22

(a) The annual growth in per capita cost of covered health care benefits was assumed to decrease to 4.90 percent by 2001.

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SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

2. PENSION AND POSTRETIREMENT BENEFITS (Continued)

The components of net periodic benefit cost (in thousands) are:

	For the Years Ended December 31,			
	Pension Benefits		Postretirement Benefits	
	1999	1998	1999	1998
Service cost	\$ 4,619	\$ 3,888	\$ 642	\$ 551
Interest cost	5,280	4,438	674	582
Expected return on plan assets	(5,540)	(4,721)	(574)	(478)
Amortization of unrecognized net gain	(1,110)	(1,045)	-	-
Amortization of prior service cost	609	380	-	-
Amortization of unrecognized net transition obligation	63	63	158	158
Special termination benefits	2,318	-	-	-
Other amortization, net	-	-	(96)	(109)
Net periodic cost	<u>\$ 6,239</u>	<u>\$ 3,003</u>	<u>\$ 804</u>	<u>\$ 704</u>

For calculating pension and postretirement benefit costs, the following assumptions were used:

	For the Years Ended December 31,			
	Pension Benefits		Postretirement Benefits	
	1999	1998	1999	1998
Discount rate	7.00%	7.25%	7.00%	7.25%
Expected long-term rate of return	9.50	9.50	N/A	N/A
Compensation/progression rate	4.25	4.25	4.25	4.25
Long term rate of return				
Health assets, net of tax	N/A	N/A	7.50	7.75
Life assets	N/A	N/A	9.50	9.50

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The effect of changing the assumed health care cost trend rate by one percentage point in each year would have the following effects (in thousands):

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total service and interest cost components	\$ 40	\$ (42)
Effect on postretirement benefit obligation	308	(329)

The trust holding the health plan assets is subject to Federal income taxes at a 39.6 percent tax rate.

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SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

3. LEASES

The Company, on behalf of the Seabrook Joint Owners, has entered into operating lease agreements for certain data processing equipment, office equipment, vehicles and offsite facilities. The Company does not enter into capital leases. Operating lease costs charged to expense approximated \$1,508,000 and \$1,753,000 in 1999 and 1998, respectively.

The provisions of these lease agreements generally provide for renewal options. The Company has no noncancelable leases.

4. FINANCING

Each of the Seabrook Joint Owners is responsible for financing its cost of participation in the Project in proportion to its respective ownership share. Such financing is provided to the Project in advance of such costs being incurred. The Company, therefore, has no long or short-term debt obligations.

5. OTHER INVESTMENTS

In order to be self-insured for basic worker's compensation coverage in the State of New Hampshire, financial assurance was required. Funds had been set aside in an interest bearing collateral account for such purpose. The balance at December 31, 1998 was approximately \$680,000. The assurance is no longer required and the funds were returned to NAESCO on October 15, 1999.

6. INCOME TAX EXPENSE

The components of the Federal and state income tax provisions (in thousands) are:

	For the Years Ended December 31,	
	1999	1998
Current income taxes:		
Federal	\$ 151	\$ 357
State	(313)	-
Total current	(162)	357
Deferred income taxes, net:		
Federal	(55)	103
State	13	(13)
Total deferred	(42)	90
Total income tax expense	\$ (204)	\$ 447

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SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

6. INCOME TAX EXPENSE (Continued)

All income taxes were charged to operating expenses in both 1999 and 1998.

Deferred income taxes (in thousands) are comprised of the tax effects of temporary differences as follows:

	For the Years Ended December 31,	
	1999	1998
Software amortization	\$ 108	\$ 216
Injuries and damages reserve	(101)	(51)
Accrued vacation	(8)	11
Other	(41)	(86)
Deferred income taxes, net	\$ (42)	\$ 90

A reconciliation between income tax expense and the expected tax expense at the applicable statutory rate (in thousands) is as follows:

	For the Years Ended December 31,	
	1999	1998
Expected Federal income tax at 35 percent of pretax income	\$ (71)	\$ 157
Tax effect of differences:		
Adjustment for prior years taxes	(51)	266
Other, net	(82)	24
Total income tax expense	\$ (204)	\$ 447

The Company, as a wholly-owned subsidiary of NU, is included in NU's consolidated tax return. Income tax expense is determined on a separate company basis.

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For the Year Ended December 31, 1999

SCHEDULE XV
COMPARATIVE INCOME STATEMENT

ACCT	DESCRIPTION	1999	1998
(Thousands of Dollars)			
INCOME			
457	Services Rendered to Associate Companies	\$ 68,558	\$ 57,982
458	Services Rendered to Nonassociate Companies	102,657	86,821
421	Miscellaneous Income or Loss	112	39
Total Income		171,327	144,842
EXPENSE			
Nuclear Power Expenses			
517	Operation Supervision and Engineering	23,451	24,572
518	Nuclear Fuel Expense	8,209	7,927
519	Coolants and Water	2,180	2,011
520	Steam Expenses	16,999	12,385
523	Electric Expenses	4,520	4,138
524	Miscellaneous Nuclear Power Expenses	28,092	26,858
528	Maintenance Supervision and Engineering	10,994	10,098
529	Maintenance of Structures	3,328	7,899
530	Maintenance of Reactor Plant Equipment	21,160	9,704
531	Maintenance of Electric Plant	16,674	10,920
532	Maintenance of Miscellaneous Nuclear Plant	499	590
Transmission Expenses			
570	Maintenance of Station Equipment	135	15
Administrative and General Expenses			
920	Salaries and Wages	4,368	3,609
921	Office Supplies and Expenses	828	1,100
922	Administrative Expense Transferred-Credit	0	0
923	Outside Services Employed	2,221	2,495
924	Property Insurance	1,739	1,886
925	Injuries and Damages	1,768	1,504
926	Employee Pensions and Benefits	17,950	10,861
928	Regulatory Commission Expense	6	1
930.1	General Advertising Expenses	99	186
930.2	Miscellaneous General Expenses	247	275
931	Rents	809	456
935	Maintenance of General Plant	97	15
All Other Expenses			
408	Taxes Other Than Income Taxes	4,740	4,412
409	Income Taxes	(162)	358
410	Provision for Deferred Income Taxes	171	435
411	Provision for Deferred Income Taxes	(213)	(345)
426.1	Donations	98	75
426.5	Other Deductions	269	319
431	Other Interest Expense	51	83
Total Expense		171,327	144,842
Net Income or (Loss)		\$ 0	\$ 0

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For the Year Ended December 31, 1999

ANALYSIS OF BILLING

ASSOCIATE COMPANIES
ACCOUNT 457

NAME OF ASSOCIATE COMPANY	DIRECT	INDIRECT	COMPENSATION	TOTAL
	COSTS CHARGED	COSTS CHARGED	FOR USE OF CAPITAL	AMOUNT BILLED
	(Thousands of Dollars)			
	457-1	457-2	457-3	
The Connecticut Light and Power Company	\$ 6,951	\$	\$	\$ 6,951
North Atlantic Energy Corporation	61,607	-----	-----	61,607
	-----	-----	-----	-----
TOTAL	\$ 68,558 =====	\$ 0 =====	\$ 0 =====	\$ 68,558 =====

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For the Year Ended December 31, 1999

ANALYSIS OF BILLING

NONASSOCIATE COMPANIES
ACCOUNT 458

NAME OF NONASSOCIATE COMPANY	DIRECT	INDIRECT	COMPENSATION	TOTAL	EXCESS	TOTAL
	COSTS CHARGED	COSTS CHARGED	FOR USE OF CAPITAL	COSTS	OR DEFICIENCY	AMOUNT BILLED
	(Thousands of Dollars)					
	458-1	458-2	458-3		458-4	
Canal Electric Company	\$ 6,032	\$ 0	\$ 0	\$ 6,032	\$ 0	\$ 6,032
Great Bay Power Corporation	20,773			20,773		20,773
Hudson Light & Power Dept.	132			132		132
Little Bay Power Corporation	457			457		457
Massachusetts Municipal Wholesale Electric Company	19,850			19,850		19,850
Montaup Electric Company	4,508			4,508		4,508
New England Power Company	17,049			17,049		17,049
New Hampshire Electric Coop.	3,722			3,722		3,722
Taunton Municipal Lighting Plant	172			172		172
United Illuminating Company	29,962			29,962		29,962
	-----	-----	-----	-----	-----	-----
	\$ 102,657	\$ 0	\$ 0	\$ 102,657	\$ 0	\$ 102,657
	=====	=====	=====	=====	=====	=====

INSTRUCTIONS: Provide a brief description of the services rendered to each nonassociate company:

The Company acts as agent in operating Seabrook Station for the nonassociate companies.

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION
For the Year Ended December 31, 1999

SCHEDULE XVI
ANALYSIS OF CHARGES FOR SERVICE
ASSOCIATE AND NONASSOCIATE COMPANIES

ACCOUNT NUMBER	DESCRIPTION OF ITEMS	ASSOCIATE COMPANY CHARGES			NONASSOCIATE COMPANY CHARGES			TOTAL CHARGES FOR SERVICE		
		DIRECT COST	INDIRECT COST	TOTAL	DIRECT COST	INDIRECT COST	TOTAL	DIRECT COST	INDIRECT COST	TOTAL
Nuclear Power Expenses										
517	Operation Supervision and Engineering	\$ 9,390	\$	\$ 9,390	\$ 14,061	\$	\$ 14,061	\$ 23,451	\$	\$ 23,451
518	Nuclear Fuel Disposal	3,287		3,287	4,922		4,922	8,209		8,209
519	Coolants and Water	873		873	1,307		1,307	2,180		2,180
520	Steam Expenses	6,807		6,807	10,192		10,192	16,999		16,999
523	Electric Expenses	1,810		1,810	2,710		2,710	4,520		4,520
524	Miscellaneous Nuclear Power Expenses	11,248		11,248	16,844		16,844	28,092		28,092
528	Maintenance Supervision and Engineering	4,402		4,402	6,592		6,592	10,994		10,994
529	Maintenance of Structures	1,333		1,333	1,995		1,995	3,328		3,328
530	Maintenance of Reactor Plant Equipment	8,473		8,473	12,687		12,687	21,160		21,160
531	Maintenance of Electric Plant	6,677		6,677	9,997		9,997	16,674		16,674
532	Maintenance of Miscellaneous Nuclear Plant	200		200	299		299	499		499
Transmission Expenses										
570	Maintenance of Station Equipment	54		54	81		81	135		135
Administrative and General Expenses										
920	Salaries and Wages	1,749		1,749	2,619		2,619	4,368		4,368
921	Office Supplies and Expenses	332		332	496		496	828		828
922	Administrative Expense Transferred-Credit	0		0	0		0	0		0
923	Outside Services Employed	889		889	1,332		1,332	2,221		2,221
924	Property Insurance	696		696	1,043		1,043	1,739		1,739
925	Injuries and Damages	708		708	1,060		1,060	1,768		1,768
926	Employee Pensions and Benefits	7,188		7,188	10,762		10,762	17,950		17,950
928	Regulatory Commission Expense	2		2	4		4	6		6
930.1	General Advertising Expenses	40		40	59		59	99		99
930.2	Miscellaneous General Expenses	99		99	148		148	247		247
931	Rents	324		324	486		486	810		810
935	Maintenance of General Plant	39		39	58		58	97		97
All Other Expenses										
408	Taxes Other Than Income Taxes	1,898		1,898	2,842		2,842	4,740		4,740
409	Income Taxes	(65)		(65)	(97)		(97)	(162)		(162)
410	Provision for Deferred Income Tax	68		68	103		103	171		171
411	Provision for Deferred Income Tax	(85)		(85)	(128)		(128)	(213)		(213)
426.1	Donations	39		39	59		59	98		98
426.5	Other Deductions	108		108	160		160	268		268
431	Other Interest Expense	20		20	31		31	51		51
	TOTAL EXPENSES =	68,603	0	68,603	102,724	0	102,724	171,327	0	171,327
421	Miscellaneous Non-Operating Income	(45)		(45)	(67)		(67)	(112)		(112)
	Net Income	0		0	0		0	0		0
	TOTAL COST OF SERVICE =	\$ 68,558	\$	\$ 68,558	\$ 102,657	\$	\$ 102,657	\$ 171,215	\$	\$ 171,215

INSTRUCTION: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION
For the Year Ended December 31, 1999

SCHEDULE XVII
SCHEDULE OF EXPENSE DISTRIBUTION BY
DEPARTMENT OR SERVICE FUNCTION

ACCOUNT				SERVICE FUNCTION
NUMBER	DESCRIPTION OF ITEMS	TOTAL AMOUNT	OVERHEAD	SEABROOK STATION
(Thousands of Dollars)				
Nuclear Power Expenses				
517	Operation Supervision and Engineering	\$ 23,451	\$	\$ 23,451
518	Nuclear Fuel Disposal	8,209		8,209
519	Coolants and Water	2,180		2,180
520	Steam Expenses	16,999		16,999
523	Electric Expenses	4,520		4,520
524	Miscellaneous Nuclear Power Expenses	28,092		28,092
528	Maintenance Supervision and Engineering	10,994		10,994
529	Maintenance of Structures	3,328		3,328
530	Maintenance of Reactor Plant Equipment	21,160		21,160
531	Maintenance of Electric Plant	16,674		16,674
532	Maintenance of Miscellaneous Nuclear Plant	499		499
Transmission Expenses				
570	Maintenance of Station Equipment	135		135
Administrative and General Expenses				
920	Salaries and Wages	4,368		4,368
921	Office Supplies and Expenses	828		828
922	Administrative Expense Transferred Credit	0		0
923	Outside Services Employed	2,221		2,221
924	Property Insurance	1,739		1,739
925	Injuries and Damages	1,768		1,768
926	Employee Pensions and Benefits	17,950		17,950
928	Regulatory Commission Expense	6		6
930.1	General Advertising Expenses	99		99
930.2	Miscellaneous General Expenses	247		247
931	Rents	809		809
935	Maintenance of General Plant	97		97
All Other Expenses				
408	Taxes Other Than Income Taxes	4,740		4,740
409	Income Taxes	(162)		(162)
410	Provision for Deferred Taxes	171		171
411	Provision for Deferred Taxes	(213)		(213)
426.1	Donations	98		98
426.5	Other Deductions	269		269
431	Other Interest Expense	51		51
TOTAL EXPENSES		\$ 171,327	\$ 0	\$ 171,327
		=====	=====	=====

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3, General Structure of Accounting System: Uniform System of Accounts)

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

SCHEDULE XVII

KEYS FOR SERVICE FUNCTIONS

KEYS

SERVICE FUNCTION

The individual unit for which NAESCO provides service is listed separately on Page 24.

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION
 For the Year Ended December 31, 1999
 DEPARTMENTAL ANALYSIS OF SALARIES

NAME OF DEPARTMENT -----	DEPARTMENTAL SALARY EXPENSE INCLUDED IN AMOUNTS BILLED TO			NUMBER OF -----PERSONNEL	
Indicate each department or service function.	TOTAL AMOUNT	PARENT COMPANY	OTHER ASSOCIATES	NON ASSOCIATES	END OF YEAR

(Thousands of Dollars)

Seabrook Station	\$ 62,020	\$	\$ 24,834	\$ 37,186	797
------------------	-----------	----	-----------	-----------	-----

----- \$ 62,020	----- \$	----- 0	----- \$ 24,834	----- \$ 37,186	----- 797
=====	=====	=====	=====	=====	=====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED

INSTRUCTIONS:

Provide a breakdown by subaccount of outside services employed. If the aggregate amounts paid to any one payee and included within one subaccount is less than \$100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	RELATIONSHIP "A"-ASSOCIATE "NA"-NON ASSOCIATE	AMOUNT
(Thousands of Dollars)		
COMPUTER AND COMMUNICATION SERVICES		
Bell Atlantic	NA	\$ 348
Northeast Utilities Service Company	A	2,635
Miscellaneous (66 payees)	NA	1,110

TOTAL COMPUTER SERVICES		\$ 4,093 =====
ENGINEERING SERVICES		
ABB, CE	NA	\$ 148
Altran Corp.	NA	136
Corestar International	NA	162
NES, Inc.	NA	175
Northeast Utilities Service Company	A	334
NUCON Engineering Associates, Inc.	NA	235
Proto Power Corp.	NA	116
Raytheon Nuclear Inc.	NA	605
Sequoia Consulting Group, Inc.	NA	143
Tekton Resources	NA	624
Westinghouse Electric Co.	NA	479
Miscellaneous (25 payees)	NA	390

TOTAL ENGINEERING SERVICES		\$ 3,547 =====
LEGAL SERVICES		
Morgan, Lewis, & Bokius, LLP	NA	\$ 131
Northeast Utilities Service Company	A	63
Miscellaneous (12 payees)	NA	156

TOTAL LEGAL SERVICES		\$ 350 =====

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For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED

SECURITY SERVICES

Green Mountain Security Service of NH	NA	\$	4,079

TOTAL SECURITY SERVICES		\$	4,079
			=====

OTHER SERVICES

Adecco / TAD	NA	\$	417
Bartlett Nuclear, Inc.	NA		1,268
Food With a Flair	NA		120
Ibex Corporation	NA		115
Normandeau Associates, Inc.	NA		1,030
Northeast Utilities Service Company	A		3,002
NUCON Engineering Associates, Inc.	NA		351
NUMANCO L.L.P.	NA		1,485
Public Service Company of New Hampshire	A		518
Scudder Kemper Investments, Inc.	NA		144
Spec Group Holdings, Inc.	NA		261
The Pacific Institute	NA		150
Miscellaneous (827 payees)	NA		3,259

TOTAL OTHER SERVICES		\$	12,120
			=====
GRAND TOTAL OUTSIDE SERVICES EMPLOYED		\$	24,189
			=====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED

FROM WHOM PURCHASED	DESCRIPTION OF SERVICES
------------------------	-------------------------

COMPUTER AND COMMUNICATION SERVICES

Bell Atlantic	Provides communication services.
Northeast Utilities Service Company	See note below

ENGINEERING SERVICES

ABB, CE	Provides technical inspection and analysis services.
Altran Corp.	Provides engineering services as requested.
Corestar International	Provides technical inspection and analysis services.
NES, Inc.	Provides technical inspection and analysis services.
Northeast Utilities Service Company	See note below
NUCON Engineering Associates, Inc.	Provide temporary, technical manpower as needed.
Proto Power Corp.	Provides technical inspection and analysis services.
Raytheon Nuclear Inc.	Provides engineering services as requested.
Sequoia Consulting Group, Inc.	Provide temporary, technical manpower as needed.
Tekton Resources	Provides engineering services as requested.
Westinghouse Electric Co.	Provides engineering, technical, and site services as requested.

LEGAL SERVICES

Morgan, Lewis, & Bokius, LLP	Provides legal services as requested.
Northeast Utilities Service Company	See note below

SECURITY SERVICES

Green Mountain Security Service of NH	Provides security services for baseline security support.
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ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

OUTSIDE SERVICES EMPLOYED

OTHER SERVICES

Adecco / TAD	Provide temporary, technical manpower as needed.
Bartlett Nuclear, Inc.	Provide temporary, technical manpower and waste services as needed.
Food With a Flair	Provide food service for site meetings.
Ibex Corporation	Provides consulting and improvement services as requested.
Normandeu Associates, Inc.	Provides environmental monitoring services as requested.
Northeast Utilities Service Company	See note below
NUCON Engineering Associates, Inc.	Provide temporary, technical manpower as needed.
NUMANCO L.L.P.	Provide temporary, technical manpower as needed. services as requested.
Public Service Company of New Hampshire	Provides worker's compensation administration, facilities and miscellaneous service.
Scudder Kemper Investments, Inc.	Provide Decommissioning Fund management.
Spec Group Holdings, Inc.	Provide temporary, technical manpower as needed.
The Pacific Institute	Provides performance monitoring, trending, and improvement services as requested.

Note: Northeast Utilities Service Company provides centralized accounting, administrative, data processing, engineering, financial, legal, operational, planning, purchasing and other services.

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

EMPLOYEE PENSIONS AND BENEFITS
ACCOUNT 926

INSTRUCTIONS: Provide a listing of each pension plan and benefit program provided by the service company. Such listing should be limited to \$25,000.

DESCRIPTION	AMOUNT
	(Thousands of Dollars)
Pension Plan	\$ 5,810
Incentive Goals Plan	4,484
Group Life, Long-term Disability, Hospital and Medical Insurance Expenses	5,074
FAS 106 VEBA Funding	764
Supplemental and Early Retirement Plans	643
Employee Stock Option Plan	992
Educational Activities	93
Other Employee Benefits Expenses	90

TOTAL	\$ 17,950 =====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

GENERAL ADVERTISING EXPENSES
ACCOUNT 930.1

INSTRUCTIONS: Provide a listing of the amount included in Account 930.1, "General Advertising Expenses," classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

DESCRIPTION		AMOUNT
		(Thousands of Dollars)
Science & Nature Center	ADECCO/TAD	\$ 12
	Barker Specialty	4
	Floyd, James L.	13
	New England Aquarium Services	14
	Stone Signs & Designs	7
	Various (27 items)	49

	TOTAL	\$ 99
		=====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

MISCELLANEOUS GENERAL EXPENSES
ACCOUNT 930.2

INSTRUCTIONS: Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses," classifying such expenses according to their nature. Payments and expenses permitted by Sections 321 (b) (2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b) (2)) shall be separately classified.

DESCRIPTION	AMOUNT
	(Thousands of Dollars)
Information Technology / Communication Services	\$ 90
Medical Services	70
Research and Development	63
Various (36 items)	24

TOTAL	\$ 247
	=====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

RENTS

INSTRUCTIONS: Provide a listing of the amount included in accounts entitled "Rents," classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts.

TYPE OF PROPERTY	AMOUNT
	(Thousands of Dollars)
Computers/Data processing equipment	\$ 394
Communications equipment	104
Vehicles	18
Buildings	238
Equipment and other	754

TOTAL	\$ 1,508 =====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

TAXES OTHER THAN INCOME TAXES
ACCOUNT 408

INSTRUCTIONS: Provide an analysis of Account 408, "Taxes Other Than Income Taxes." Separate the analysis into two groups: (1) Other than U.S. Government taxes, and (2) U.S. Government taxes. Specify each of the various kinds of taxes and show the amounts thereof. Provide a subtotal for each class of tax.

KIND OF TAX	AMOUNT
(Thousands of Dollars)	
(1) Other Than U.S. Government Taxes:	
Insurance Premium Excise Tax	\$ 27
Property Tax	20
State Unemployment Tax	22
State Business Tax	152

Sub-Total	221

(2) U.S. Government Taxes:	
Federal Unemployment Tax	50
Federal Insurance Contribution Act	4,469

Sub-Total	4,519

TOTAL	\$ 4,740
	=====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

DONATIONS
ACCOUNT 426.1

INSTRUCTIONS: Provide a listing of the amount included in Account 426.1, "Donations," classifying such expenses by its purpose. The aggregate number and amount of all items of less than \$3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
		(Thousands of Dollars)
New Hampshire Seacoast United Way	Charitable Contributions	\$ 62
New Hampshire Estuaries Project	Charitable Contributions	10
Miscellaneous (71 items)	Charitable Contributions	26

	TOTAL	\$ 98
		=====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

OTHER DEDUCTIONS
ACCOUNT 426.5

INSTRUCTIONS: Provide a listing of the amount included in Account 426.5, "Other Deductions," classifying such expenses according to their nature.

DESCRIPTION	NAME OF PAYEE	AMOUNT
		(Thousands of Dollars)
Penalties	NRC	\$ 55
Political activities	Murphy, S&H Employees	41 36
Executive Incentive Compensation	Various	137

	TOTAL	\$ 269 =====

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

SCHEDULE XVIII

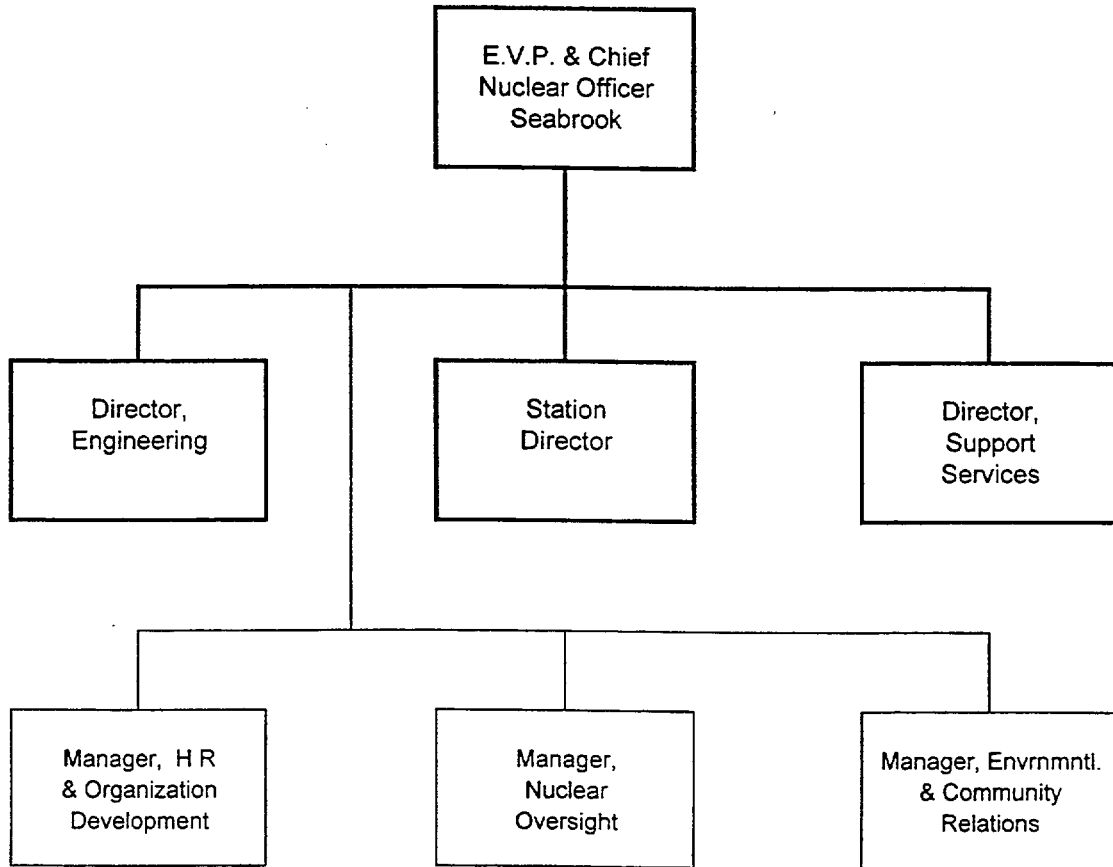
NOTES TO STATEMENTS OF INCOME

INSTRUCTIONS: The space below is provided for important notes regarding the financial statements of income or any account thereof. Furnish particulars as to any significant increases in services rendered or expenses incurred during the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

See Notes to Financial Statements on pages 19A through 19G.

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

ORGANIZATION CHART AS OF DECEMBER 31, 1999



ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

For the Year Ended December 31, 1999

Methods of Allocation

All costs are specific to Seabrook Station and are direct charged.

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

For the Year Ended December 31, 1999

Expenses of Seabrook Station are funded in advance therefore there are no charges for use of capital.

ANNUAL REPORT OF NORTH ATLANTIC ENERGY SERVICE CORPORATION

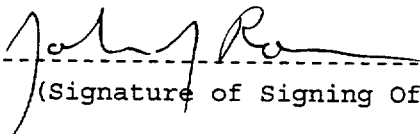
SIGNATURE CLAUSE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations of the Securities and Exchange Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned office thereunto duly authorized.

NORTH ATLANTIC ENERGY SERVICE CORPORATION

(Name of Reporting Company)

By:



(Signature of Signing Officer)

John J. Roman - Vice President and Controller

(Printed Name and Title of Signing Officer)

Date:
