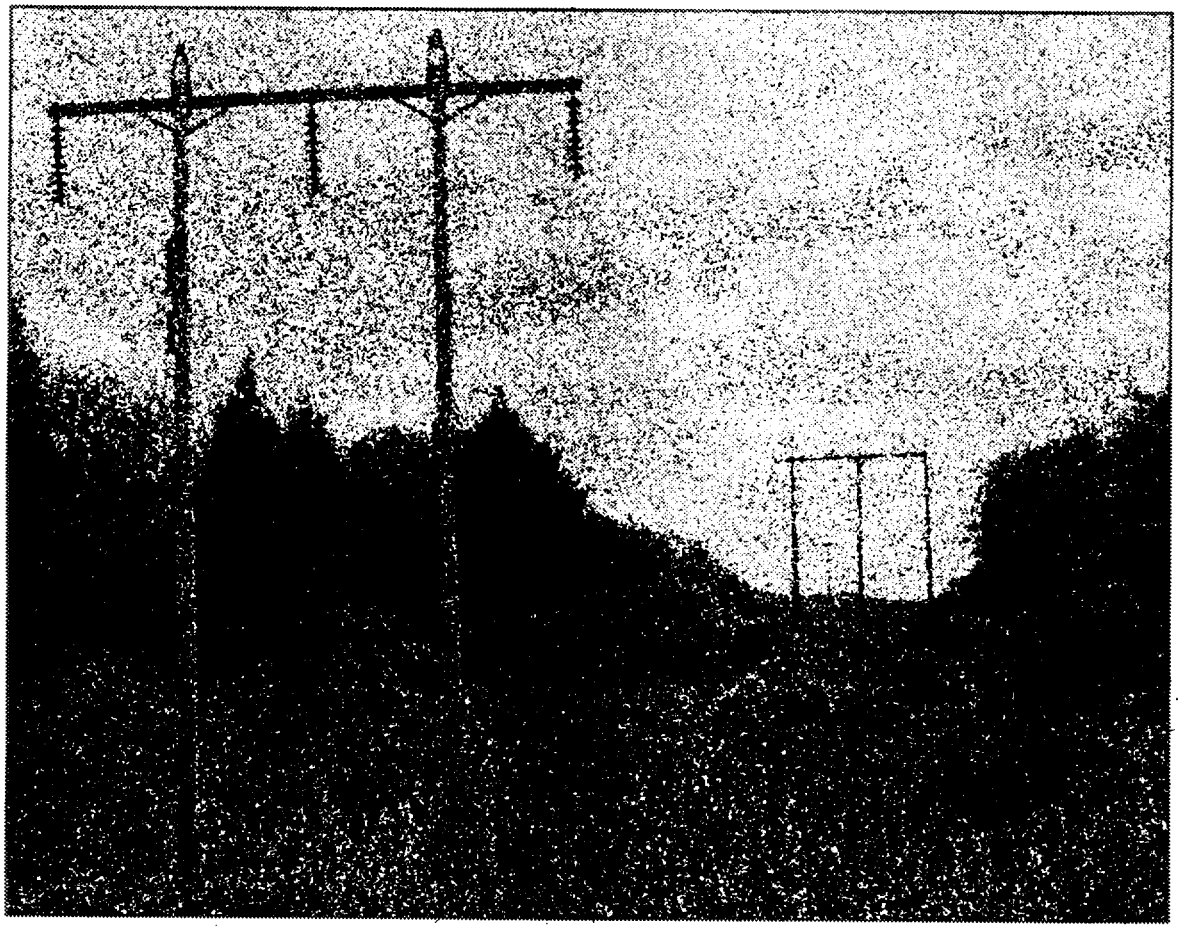
2000 Annual Report



Public Service of New Hampshire

The Northeast Utilities System

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Vice President—Energy Delivery
Public Service Company of New Hampshire

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Chief Executive Officer
Dartmouth—Hitchcock Clinic

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Executive Vice President and Chief Financial Officer
Northeast Utilities

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Diamond Casting & Machine Co., Inc.

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President and Chief Operating Officer
Public Service Company of New Hampshire

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Northeast Utilities

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Assistant Treasurer—Finance

March 1, 2001

2000 Annual Report

Public Service Company of New Hampshire

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Preferred Stockholder and Bondholder Information ..... Back Cover

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Public Service Company of New Hampshire

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

Overview

Public Service Company of New Hampshire (PSNH or the company) is a wholly owned operating subsidiary of Northeast Utilities (NU) and is part of the Northeast Utilities system (NU system). PSNH earned $67.6 million before extraordinary charges in 2000. Earnings before extraordinary charges declined $16.6 million from 1999, primarily as a result of a rate decrease on October 1, 2000, and lower wholesale-revenues. Because of extraordinary charges totaling $214.2 million, PSNH had a net loss of $146.7 million in 2000, compared with $84.2 million in 1999 and $91.7 million in 1998. These extraordinary charges are a result of the "Agreement to Settle PSNH Restructuring" (Settlement Agreement) with the State of New Hampshire and the discontinuation of Statement of Financial Accounting Standard (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation."

During 2000, PSNH and the State of New Hampshire were able to reach a settlement regarding restructuring in the state. This agreement ended several years of uncertainty related to restructuring for PSNH and the State of New Hampshire. PSNH expects to implement the settlement agreement in 2001.

Increases in sales pushed total PSNH revenues to $1.29 billion in 2000, up 11.2 percent from $1.16 billion in 1999. The growth in competitive energy revenues more than offset a 5 percent rate reduction on October 1, 2000 for PSNH retail customers. Revenues were $1.09 billion in 1998. Operating earnings at PSNH are expected to decline significantly after the first quarter of 2001, as a result of the retail rate reductions that will accompany the introduction of industry restructuring in New Hampshire.

Consolidated Edison, Inc. Merger

In 2000, NU and Consolidated Edison, Inc. (Con Edison) received most of the approvals needed to complete the merger announced in October 1999. Shareholders from both companies approved the merger in April 2000, and all state regulatory approvals were granted by the end of the year. Additionally, the Federal Energy Regulatory Commission (FERC) approved the merger in May 2000, the Nuclear Regulatory Commission approved the transaction in August 2000, and the United States Department of Justice approved the merger in February 2001. Necessary approval from the Securities and Exchange Commission (SEC) was expected to be received in mid-March 2001.

On February 28, 2001, NU's Board of Trustees requested that Con Edison provide reasonable assurance, in writing, that it intended to comply with the terms of the definitive merger agreement between the two companies. This included assurances that Con Edison would consummate the pending merger at the price set forth in the agreement promptly following the receipt of SEC approval. The original request for assurance was to be received by March 2, 2001, however that date

was later extended to March 5, 2001. On March 5, 2001, Con Edison advised NU that it was not willing to close the merger on the agreed terms. NU notified Con Edison that it was treating its refusal to proceed on the terms set forth in the merger agreement as a repudiation and breach of the merger agreement, and that NU would file suit to obtain the benefits of the transaction as negotiated for NU shareholders. On March 6, 2001, Con Edison filed suit in the U.S. District Court for the Southern District of New York (Southern District), seeking a declaratory judgment that NU failed to satisfy conditions precedent under the merger agreement. On March 12, 2001, NU filed suit against Con Edison in the Southern District seeking damages in excess of $1 billion arising from Con Edison's breach of the merger agreement. NU cannot predict the outcome of this matter nor its effect on NU.

Liquidity

During 2000, net cash flows provided by PSNH's operations were $190.3 million, compared to $199.1 million in 1999 and $217.6 million in 1998. The decrease in 2000 is primarily related to a decrease in net income and an increase in amortization of recoverable energy costs.

Net cash flows used in financing activities were $188.9 million in 2000, compared to $31.6 million in 1999 and $204.3 million in 1998. This included approximately $135 million paid in 2000 to retire long-term debt and preferred stock, compared to $25 million in 1999 and $195 million in 1998. Payments made for preferred stock dividends were $4 million, $6.6 million and $9.3 million for 2000, 1999 and 1998, respectively. For the first time since March 1997, PSNH paid a cash dividend on common shares. In October 2000, a cash dividend of $50 million was paid in 2000.

Including construction expenditures and investments in nuclear decommissioning trusts, net cash flows used in investing activities were $68.9 million in 2000, compared to $45.8 million in 1999 and $46.9 million in 1998. PSNH currently forecasts construction expenditures of $78.7 million for the year 2001.

In April 2000, Moody's Investors Service (Moody's) upgraded its credit ratings for PSNH, and in October 2000, Fitch IBCA (Fitch) upgraded its credit ratings for PSNH. In January 2001, Moody's and Standard and Poor's upgraded their credit ratings for PSNH, primarily as a result of the New Hampshire Supreme Court's decision to uphold the state's restructuring plan, the anticipated sale of Millstone and NU's general financial recovery. These upgrades return NU and PSNH to investment grade ratings for the first time in five years and will save the NU system in excess of $4.7 million annually in financing costs.

PSNH terminated its $75 million revolving credit agreement in April 1999 and continues to fund its operations and capital program with cash on hand and operating cash flows. In August and September 2000, PSNH repaid $109.2 million of variable-rate taxable pollution control bonds from cash on hand. PSNH also paid a $50 million common dividend to NU on October 2, 2000, PSNH's first common dividend to NU since February 1997. Despite those cash outflows, PSNH maintained $115.1 million of cash on hand as of December 31, 2000.

PSNH expects to receive gross proceeds of $26 million as a result of the sale of their ownership interest in the Millstone units to Dominion Resources, Inc. (Dominion). This sale is expected to close as early as the end of March 2001. The cash proceeds, in addition to those anticipated from securitization and the future sale of the Seabrook Station nuclear unit (Seabrook), are expected to be used to repay subsidiary debt and capital lease obligations and to return equity capital to the parent company.

By the end of 2002, PSNH expects to complete the auction of approximately 1,200 MW of fossil and hydroelectric generation assets, as well as CL&P's and NAEC's share of Seabrook. PSNH's restructuring settlement was predicated upon receiving approximately $400 million of net proceeds from those sales. Cash proceeds will be used to retire debt and to return equity capital to the parent company.

In September 2000, the New Hampshire Public Utilities Commission (NHPUC) approved a comprehensive restructuring settlement that allows PSNH to securitize up to $670 million of stranded costs. In January 2001, the New Hampshire Supreme Court upheld this restructuring order on appeal. However, one of the appellants indicated publicly it would request a review of the New Hampshire Supreme Court decision by the United States Supreme Court. Such a request must be filed by May 1, 2001. Management believes that such an appeal would have a low probability of success, but cannot determine what effect it might have on the timing of the issuance of securitization bonds and the implementation of customer choice in New Hampshire. PSNH currently expects to work with the State of New Hampshire to issue securitization bonds early in the second quarter of 2001. Cash proceeds would be combined with cash on hand and used primarily to buydown the power contract between PSNH and NAEC, retire debt at the two companies of approximately $300 million and to return equity capital to the parent company from PSNH and NAEC of another $375 million.

Restructuring

Because of delays in implementing restructuring, PSNH remained a vertically integrated utility in 2000 with a fuel and purchased-power adjustment charge. For the first nine months following restructuring, PSNH will meet the load requirements of those customers who do not choose an alternative supplier (transition service or standard offer service) through its own generation assets and purchased-power obligations. Because PSNH's generation assets are heavily weighted toward coal and nuclear generation, PSNH is somewhat insulated from rising oil and natural gas prices. Following that initial nine-month period, PSNH expects to sell its generation assets and acquire power for up to two years from third-party suppliers for customers who remain on transition service. Under the restructuring statute and the conforming Settlement Agreement, PSNH will utilize its own generation capability to provide Transition Service and Default Service for the Initial Transition Service Period (ITSP, the first nine months after competition day) as defined in the agreement. At the conclusion of the ITSP, PSNH will be required to contract for Transition Service for the remaining 24-month Transition Service period with third-party

suppliers through a competitive bidding process administered by the NHPUC. As part of its negotiation with the state legislature, PSNH has agreed to absorb the first $7 million of costs for the first 12-month period following the ITSP, if the cost of acquiring Transition Service exceeds the rate charged to customers. PSNH will be permitted to defer and recover, as unsecuritized stranded costs, all Transition Service costs in excess of the initial $7 million.

Provisions for Transition Service are but one element of the Settlement Agreement which during 2000 was approved by the New Hampshire House and Senate, signed into law by the Governor of New Hampshire and approved by the NHPUC. Other provisions allow for issuing rate reduction bonds to securitize stranded costs; implementing a rate decrease of approximately 15.5 percent, 5 percent of which was implemented on a temporary basis on October 1, 2000; an after-tax write-off of stranded costs in excess of $200 million, which was recorded in the fourth quarter; selling NAEC's share of Seabrook no later than December 31, 2003, and; fixing PSNH's delivery rates at $0.028 per kilowatt-hour for the first 33 months after the Settlement Agreement takes effect. PSNH and NAEC will also terminate the Seabrook Power Contracts upon the sale of Seabrook. Restructuring is expected to take effect the first day of the month after PSNH issues rate reduction bonds, which is anticipated to be May 1, 2001.

For further information regarding commitments and contingencies related to restructuring, see Note 9A, "Commitments and Contingencies – Restructuring," to the financial statements.

Regional Transmission Organization

Pursuant to FERC Order 888 (issued in April 1996), the NU system companies, including PSNH, operate their transmission system under an open access, nondiscriminatory transmission tariff.

In December 1999, the FERC issued an order calling on all transmission owners to voluntarily join Regional Transmission Organizations (RTOs) in order to boost competition in electric markets. In general, each of these organizations would be an independent operator over all transmission facilities, and would perform, among other functions, tariff administration, construction planning and reliability management for the particular regional transmission system. NU's active voting interest in such an organization would be limited to 5 percent under the proposal.

The NU system companies, including PSNH, and other parties have appealed this order. Of primary concern to NU is the ratemaking authority granted to RTOs and its impact on the ability of transmission owners to earn appropriate returns on their transmission investment under the organizational structure and the minimum functions proposed in the order. The NU system companies were required to participate in a collaborative process established by the FERC beginning in March of 2000. On January 16, 2001, NU along with the Independent System Operator and five other New England transmission owning utilities filed a proposal to establish a New England RTO.

Nuclear Plant Performance and Divestiture

Seabrook
North Atlantic Energy Corporation (NAEC) 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 nuclear unit (Seabrook) under the terms of two life-of-unit, full cost recovery contracts (Seabrook Power Contracts). Seabrook operated at a capacity factor of 78 percent in 2000. The unit began a scheduled refueling outage on October 21, 2000. The outage was extended by approximately two months as a result of the need to repair extensive problems with a back-up diesel generator. Seabrook returned to service on January 29, 2001.

On December 15, 2000, PSNH filed its divestiture plan for Seabrook with the NHPUC and DPUC. PSNH hopes to complete the sale in 2002.

Millstone 3
PSNH has a 2.85 percent ownership of the Millstone 3 unit. Millstone 3 operated at virtually a 100 percent capacity factor in 2000 and ran for 585 consecutive days before beginning a scheduled refueling outage on February 3, 2001. Millstone 3 is expected to return to service by the end of the first quarter 2001.

On August 7, 2000, CL&P, WMECO and certain other joint owners including PSNH reached an agreement to sell substantially all of the Millstone units, located in Waterford, Connecticut, to Dominion, for approximately $1.3 billion, including approximately $105 million for nuclear fuel. Dominion has also agreed to assume responsibility for decommissioning the three units and NU will transfer to Dominion all funds in the Millstone decommissioning trust. Additionally, NU is obligated to top-off the decommissioning trust if its value does not equal an agreed upon amount at closing. That amount is pursuant to the purchase and sale agreement (PSA) with Dominion, subject to adjustment for delays in the closing of the sale and Millstone 1 not meeting the "cold and dark" condition specified in the PSA.

If the transaction is consummated as proposed, PSNH will receive $26 million on a pretax basis, which will be reflected as a gain in accordance with the Settlement Agreement.

NU currently expects to close on the sale of Millstone as early as the end of March 2001.

Yankee Companies
PSNH is a 4 percent shareholder and sponsor company of the Vermont Yankee Nuclear Power Corporation (VYNPC). In 1999, VYNPC agreed to sell its nuclear generating unit for $22 million to an unaffiliated company. Among other commitments, the acquiring company agreed to assume the obligation to decommission the unit after it is taken out of service, and the owners of VYNPC (including PSNH) agreed to fund their shares of the decommissioning costs up to a negotiated amount. Subsequent to the time that the agreement was executed, the original proposed acquiring company increased its purchase price and three other unaffiliated companies have indicated their interest in buying VYNPC's generating unit on terms that have not been disclosed. On

February 14, 2001, the Vermont Public Service Board dismissed the acquiring company's petition for approval and VYNPC agreed to work with the Vermont regulators to develop an auction process for the sale of the unit. At present, PSNH expects that the unit will be sold, but the identity of the owner and the terms of sale, including price, future decommissioning obligations and future power purchase obligations, are not known.

Nuclear Decommissioning
In connection with the aforementioned sale of the Millstone units, Dominion has agreed to assume responsibility for decommissioning the Millstone units.

For further information regarding nuclear decommissioning, see Note 10, "Nuclear Decommissioning and Plant Closure Costs," to the 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. PSNH has the primary responsibility for the interim storage of its share of spent nuclear fuel prior to the divestiture of Millstone 3.

For further information regarding spent nuclear fuel disposal costs, see Note 9D, "Commitments and Contingencies - Spent Nuclear Fuel Disposal Costs," to the financial statements.

Other Matters

Environmental Matters
PSNH 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 9C, "Commitments and Contingencies - Environmental Matters," to the financial statements.

Other Commitments and Contingencies
For further information regarding other commitments and contingencies, see Note 9, "Commitments and Contingencies," to the financial statements.

Forward Looking Statements
This discussion and analysis includes forward looking statements, which are statements of future expectations and not facts including, but not limited to, statements regarding future earnings, refinancing, the use of proceeds from restructuring, and the recovery of operating costs. 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)

	2000 over/(under) 1999		1999 over/(under) 1998	
	Amount	Percent	Amount	Percent
Operating Revenues	$131	11%	$73	7%
Operating Expenses:				
Fuel, purchased and net interchange power	162	23	86	14
Other operation and maintenance	(11)	(6)	11	7
Depreciation	(4)	(8)	2	5
Amortization of regulatory assets, net	11	31	8	30
Federal and state income taxes	8	22	(28)	(43)
Taxes other than income taxes	(1)	(3)	-	1
Total operating expenses	165	16	80	8
Operating Income:	(35)	(28)	(7)	(5)
Equity in earnings of regional nuclear generating companies	1	71	(2)	(58)
Other, net	8	(a)	(4)	(38)
Other income taxes	4	(a)	4	(a)
Net other income	12	(a)	(2)	(35)
Interest charges	(6)	(13)	(1)	(1)
Income before extraordinary items	(17)	(20)	(7)	(8)
Extraordinary loss	(214)	(a)	-	-
Net Income/(Loss)	$(231)	(a)	$(7)	(8)

(a) Percent greater than 100.

Operating Revenues
Operating revenues increased by $131 million or 11 percent in 2000, primarily due to higher wholesale and retail revenues. Wholesale revenues increased by $128 million primarily due to higher wholesale energy and capacity sales. Retail revenues were higher primarily due to higher retail sales ($12 million), partially offset by a rate decrease as part of PSNH restructuring ($8 million). Retail kilowatt-hour sales increased by 2.1 percent.

Operating revenues increased by $73 million or 7 percent in 1999, primarily due to higher retail revenues ($43 million), higher wholesale energy and capacity sales and transmission revenues ($30 million). Retail kilowatt-hour sales increased by 5.3 percent.

Fuel, Purchased and Interchange Power, Net
Fuel, purchased and net interchange power expense increased in 2000, primarily due to higher wholesale energy sales.

Fuel, purchased and net interchange power expense increased in 1999, primarily due to higher purchased-power expenses ($48 million)and higher deferred expenses ($25 million) associated with the company's fuel clause and higher capacity costs for Seabrook ($8 million). Seabrook's capacity costs are higher due to costs associated with the refueling outage in 1999 and the amortization of the deferred return that was deferred by PSNH through November 1998.

Other Operation and Maintenance Expense
Other operation and maintenance (O&M) expense increased in 2000, primarily due to lower transmission and distribution expense ($6 million) and lower fossil maintenance expenses($5 million).

Other O&M expense increased in 1999, primarily due to the recognition of environmental insurance proceeds which reduced O&M expense in 1998 ($12 million), higher fossil maintenance expenses ($3 million) and higher transmission expense ($2 million), partially offset by lower storm cost in 1999 ($6 million).

Amortization of Regulatory Assets
Amortization of regulatory assets net increased in 2000, primarily due to the completion of, in 1999, the amortization of regulatory obligations related to net operating loss carryforwards as a result of the Global Settlement.

Amortization of regulatory assets, net increased in 1999, primarily due to an increase in the amortization of the Seabrook deferred return which began in June 1998. The reduction of the acquisition premium amortization ($21 million) was offset by the completion in 1999, of the amortization of a regulatory obligation related to net operating loss carryforwards ($21 million) as a result of the Global Settlement.

Federal and State Income Taxes
Federal and state income taxes increased in 2000, primarily due to the 1999 utilization of net operating loss carryforwards.

Federal and state income taxes decreased in 1999, primarily due to the utilization of net operating loss carryforwards.

Equity Earnings of Regional Nuclear Generating Companies
Equity in earnings of regional nuclear generating and transmission companies was relatively unchanged in 2000.

Equity in earnings of regional nuclear generating and transmission companies decreased in 1999, primarily due to lower earnings from Connecticut Yankee.

Other, Net
Other, net increased in 2000, primarily due to the 1999 settlement with the New Hampshire Electric Cooperative (NHEC) which was recognized in a $6.2 million write-off in 1999.

Other, net decreased in 1999, primarily due to the settlement with the NHEC which required a $6.2 million write-off.

Interest Charges, Net
Interest charges, net decreased in 2000, primarily due to the redemption of long-term debt bonds in 2000.

The change in interest charges, net in 1999, was not significant compared to 1998.

Extraordinary Loss
The extraordinary loss is due to an after-tax write-off by PSNH of approximately $225 million of stranded costs under an industry restructuring settlement with the state of New Hampshire, combined with other positive effects relating to the discontinuation of SFAS 71 ($11 million).

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
of Public Service Company of New Hampshire:

We have audited the accompanying balance sheets of Public Service Company of New Hampshire (a New Hampshire corporation and a wholly owned subsidiary of Northeast Utilities) as of December 31, 2000 and 1999, and the related statements of income, comprehensive income, common stockholder's equity and cash flows for each of the three years in the period ended December 31, 2000. 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 auditing standards generally accepted in the United States. 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 Public Service Company of New Hampshire as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP
ARTHUR ANDERSEN LLP

Hartford, Connecticut
January 23, 2001 (except with respect to the matter discussed in Note 14, as to which the date is March 13, 2001)

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31,	2000	1999	1998
	(Thousands of Dollars)		
Operating Revenues	$1,291,280	$1,160,572	$1,087,247
Operating Expenses:			
Operation -			
Fuel, purchased and net interchange power	853,563	691,743	605,518
Other	123,337	129,041	118,565
Maintenance	47,429	52,481	51,734
Depreciation	43,873	47,695	45,342
Amortization of regulatory assets, net	45,874	34,915	26,758
Federal and state income taxes	45,080	36,810	65,079
Taxes other than income taxes	42,194	43,282	43,052
Total operating expenses	1,201,350	1,035,967	956,048
Operating Income	89,930	124,605	131,199
Other Income/(Loss):			
Equity in earnings of regional nuclear generating companies and subsidiary company	1,896	1,112	2,649
Other, net	13,214	5,681	9,222
Income taxes	68	(3,914)	(7,473)
Other income, net	15,178	2,879	4,398
Income before interest charges	105,108	127,484	135,597
Interest Charges:			
Interest on long-term debt	37,510	42,728	43,317
Other interest	47	547	594
Interest charges, net	37,557	43,275	43,911
Income before extraordinary loss, net of tax benefit	67,551	84,209	91,686
Extraordinary loss, net of tax benefit of $155,783	(214,217)	-	-
Net (Loss)/Income	$ (146,666)	$ 84,209	$ 91,686
STATEMENTS OF COMPREHENSIVE INCOME			
Net (Loss)/Income	$ (146,666)	$ 84,209	$ 91,686
Other comprehensive income, net of tax:			
Unrealized gains on securities	133	70	1,198
Minimum pension liability adjustments	-	-	(194)
Other comprehensive income, net of tax	133	70	1,004
Comprehensive (Loss)/Income	$ (146,533)	$ 84,279	$ 92,690

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

BALANCE SHEETS

AT DECEMBER 31,	2000	1999
	(Thousands of Dollars)	
ASSETS		
Utility Plant, at cost:		
Electric	$ 1,505,967	$ 1,939,856
Less: Accumulated provision for depreciation	711,340	674,155
	794,627	1,265,701
Unamortized acquisition costs	-	324,437
Construction work in progress	27,251	17,160
Nuclear fuel, net	1,924	1,734
Total net utility plant	823,802	1,609,032
Other Property and Investments:		
Nuclear decommissioning trusts, at market	7,362	6,880
Investments in regional nuclear generating companies and subsidiary company, at equity	16,293	18,855
Other, at cost	3,225	3,149
	26,880	28,884
Current Assets:		
Cash and cash equivalents	115,135	182,588
Receivables, less the accumulated provision for uncollectible accounts of $1,869 in 2000 and $1,359 in 1999	71,992	79,290
Accounts receivable from affiliated companies	2,798	9,091
Taxes receivable from affiliated companies	9,983	11,661
Accrued utility revenues	41,844	48,822
Fuel, materials and supplies, at average cost	28,760	38,076
Recoverable energy costs - current portion	-	73,721
Prepayments and other	14,750	18,121
	285,262	461,370
Deferred Charges:		
Regulatory assets	924,847	490,921
Deferred receivable from affiliated company	3,240	12,984
Unamortized debt expense	9,067	11,896
Other	9,096	7,346
	946,250	523,147
Total Assets	$ 2,082,194	$ 2,622,433

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

BALANCE SHEETS

AT DECEMBER 31,	2000	1999
	(Thousands of Dollars)	
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $1 par value - authorized 100,000,000 shares; 1,000 shares outstanding in 2000 and 1999	$ 1	$ 1
Capital surplus, paid in	424,909	424,654
Retained earnings	123,177	319,938
Accumulated other comprehensive income	1,207	1,074
Total common stockholder's equity	549,294	745,667
Preferred stock subject to mandatory redemption	-	25,000
Long-term debt	407,285	516,485
Total capitalization	956,579	1,287,152
Obligations Under Seabrook Power Contracts and Other Capital Leases	91,702	624,477
Current Liabilities:		
Preferred stock - current portion	24,268	25,000
Obligations under Seabrook Power Contracts and other capital leases - current portion	537,528	101,676
Accounts payable	45,847	38,685
Accounts payable to affiliated companies	54,157	38,229
Accrued taxes	656	33,443
Accrued interest	4,962	6,294
Other	13,112	10,184
	680,530	253,511
Deferred Credits and Other Long-term Liabilities:		
Accumulated deferred income taxes	179,723	266,644
Accumulated deferred investment tax credits	27,348	12,532
Deferred contractual obligations	41,499	56,544
Deferred revenue from affiliated company	3,240	12,984
Deferred pension costs	41,216	45,504
Other	60,357	63,085
	353,383	457,293
Commitments and Contingencies (Note 9)		
Total Capitalization and Liabilities	$ 2,082,194	$ 2,622,433

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Common Stock	Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Income	Total
			(Thousands of Dollars)		
Balance at January 1, 1998	$ 1	$423,713	$ 170,501	$ -	$ 594,215
Net income for 1998			91,686		91,686
Cash dividends on preferred stock			(9,275)		(9,275)
Capital stock expenses, net		537			537
Other comprehensive income				1,004	1,004
Balance at December 31, 1998	1	424,250	252,912	1,004	678,167
Net income for 1999			84,209		84,209
Cash dividends on preferred stock			(6,625)		(6,625)
Capital stock expenses, net		404			404
Allocation of benefits - ESOP			(10,558)		(10,558)
Other comprehensive income				70	70
Balance at December 31, 1999	1	424,654	319,938	1,074	745,667
Net loss for 2000			(146,666)		(146,666)
Cash dividends on preferred stock			(3,962)		(3,962)
Cash dividends on common stock			(50,000)		(50,000)
Capital stock expenses, net		255			255
Tax benefit for 1993-1999 from reduction of NU parent losses (a)			3,952		3,952
Allocation of benefits - ESOP			(85)		(85)
Other comprehensive income				133	133
Balance at December 31, 2000	$ 1	$424,909	$ 123,177	$ 1,207	$ 549,294

(a) In June 1999, PSNH paid NU parent $10.6 million for NU shares issued from 1992 through 1998 on behalf of its employees in accordance with NU's 401(k) plan. This transaction resulted in a reduction of the NU parent loss and a tax benefit to PSNH. The amount in 2000 represents the remaining previously allocated 1993 through 1999 NU parent losses.

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31, 2000	1999	1998
Operating Activities:			
Net income before extraordinary loss	$ 67,551	$ 84,209	$ 91,686
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation	43,873	47,695	45,342
Deferred income taxes and investment tax credits, net	(512)	(5,297)	78,366
Net (deferral)/amortization of recoverable energy costs	(35,886)	27,065	2,065
Amortization of regulatory assets, net	45,874	34,915	26,758
Tax benefit for 1993-1999 from reduction of NU parent losses	3,952	-	-
Allocation of ESOP benefits	(85)	(10,558)	-
Net other sources/(uses) of cash	38,694	48,537	(52,004)
Changes in working capital:			
Receivables and accrued utility revenues	20,569	6,004	21,536
Fuel, materials and supplies	9,316	(1,434)	3,519
Accounts payable	23,090	22,277	729
Accrued taxes	(32,787)	(49,300)	13,298
Other working capital (excludes cash)	6,645	(4,994)	(13,653)
Net cash flows provided by operating activities	190,294	199,119	217,642
Investing Activities:			
Investments in plant:			
Electric utility plant	(69,500)	(46,096)	(43,780)
Nuclear fuel	(1,153)	(1,168)	(307)
Net cash flows used for investments in plant	(70,653)	(47,264)	(44,087)
Investment in nuclear decommissioning trusts	(686)	(678)	(641)
Other investment activities, net	2,486	2,151	(2,213)
Net cash flows used in investing activities	(68,853)	(45,791)	(46,941)
Financing Activities:			
Reacquisitions and retirements of long-term debt	(109,200)	-	(170,000)
Reacquisitions and retirements of preferred stock	(25,732)	(25,000)	(25,000)
Cash dividends on preferred stock	(3,962)	(6,625)	(9,275)
Cash dividends on common stock	(50,000)	-	-
Net cash flows used in financing activities	(188,894)	(31,625)	(204,275)
Net (decrease)/increase in cash for the period	(67,453)	121,703	(33,574)
Cash and cash equivalents - beginning of period	182,588	60,885	94,459
Cash and cash equivalents - end of period	$ 115,135	$ 182,588	$ 60,885
Supplemental Cash Flow Information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 38,819	$ 39,895	$ 42,677
Income taxes	$ 22,070	$ 38,511	$ 18,948
(Decrease)/increase in obligations:			
Seabrook Power Contracts	$ (96,208)	$ (115,065)	$ (78,939)

</Table>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. About Public Service Company of New Hampshire

Public Service Company of New Hampshire (PSNH or the company) along with The Connecticut Light and Power Company (CL&P), Western Massachusetts Electric Company (WMECO), North Atlantic Energy Corporation (NAEC), 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 25 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 sells all of its entitlement to the capacity and output of Seabrook Station nuclear unit (Seabrook) to PSNH under the terms of two life-of-unit, full cost recovery contracts (Seabrook Power Contacts). 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 PSNH, 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. PSNH 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 including PSNH, 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, including PSNH. 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 has operational responsibility for Seabrook.

B. Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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

Derivative Instruments: Effective January 1, 2001, PSNH adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. SFAS No. 133 requires that derivative instruments be recorded as an asset or liability measured at its fair value and that changes in the fair value of derivative instruments be recognized currently in earnings unless specific hedge accounting criteria be met.

In order to implement SFAS No. 133 by January 1, 2001, NU established a cross-functional project team to identify all derivative instruments, measure the fair value of those derivative instruments, designate and document various hedge relationships, and evaluate the effectiveness of those hedge relationships. NU has completed the process of identifying all derivative instruments and has established appropriate fair value measurements of those derivative instruments in place at January 1, 2001. In addition, for those derivative instruments which are hedging an identified risk, NU has designated and documented all hedging relationships anew.

Management believes the adoption of this new standard will not have a material impact on PSNH's financial position or results of operations.

Revenue Recognition: In December 1999, the SEC issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition." The adoption of SAB No. 101, as amended, did not have a material impact on PSNH's financial statements.

D. Investments and Jointly Owned Electric Utility Plant

Regional Nuclear Generating Companies: PSNH owns common stock in four regional nuclear companies (Yankee Companies). PSNH's ownership interests in the Yankee Companies at December 31, 2000 and 1999, which are accounted for on the equity method due to PSNH's ability to exercise significant influence over their operating and financial policies are 5 percent of the Connecticut Yankee Atomic Power Company (CYAPC), 7 percent of the Yankee Atomic Electric Company (YAEC), 5 percent of Maine Yankee Atomic Power Company (MYAPC), and 4 percent of Vermont Yankee Nuclear Power Corporation (VYNPC). PSNH's total equity investment in the Yankee Companies at December 31, 2000 and 1999 is $10 million and $12.3 million, respectively. Each Yankee Company owns a single nuclear generating unit. However, VYNPC is the only unit still in operation at December 31, 2000.

Millstone: PSNH has a 2.85 percent joint ownership interest in Millstone 3, a 1,154 megawatt (MW) nuclear generating unit. At December 31, 2000 and 1999, plant-in-service included $119.8 million and $119.3 million, respectively, and the accumulated provision for depreciation included $42 million and $39 million, respectively, related to PSNH's share of Millstone 3.

Wyman Unit 4: PSNH has a 3.14 percent ownership interest in Wyman Unit 4, a 632 MW oil-fired generating unit. At December 31, 2000 and 1999, plant-in-service included $6.1 million in each year and the accumulated provision for depreciation included $4.3 million and $4.2 million, respectively.

E. Depreciation

The provision for depreciation is calculated using the straight-line method based on estimated remaining useful lives of depreciable utility plant-in-service, adjusted for salvage value and removal costs, as approved by the appropriate regulatory agency where applicable. 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 3.2 percent in 2000, 3.7 percent in 1999 and 3.6 percent in 1998.

F. Revenues

Revenues are based on authorized rates applied to each customer's use of electricity. In general, rates can be changed only through a formal proceeding before the New Hampshire Public Utility Commission (NHPUC). Regulatory commissions also have authority over the terms and conditions of nontraditional rate-making arrangements. At the end of each accounting period, PSNH accrues a revenue estimate for the amount of energy delivered but unbilled.

G. PSNH Acquisition Costs

PSNH acquisition costs represent the aggregate value placed by the 1989 rate agreement with the state of New Hampshire (Rate Agreement) on PSNH's assets in excess of the net book value of PSNH's non-Seabrook assets, plus the $700 million value assigned to Seabrook by the Rate Agreement as part of the bankruptcy resolution on June 5, 1992. The Rate Agreement provided for the recovery through rates, with a return, of the PSNH acquisition costs. In connection with the Settlement Agreement approximately $219.4 million was written off and the balance of $76.6 million has been reclassified as a regulatory asset.

H. Regulatory Accounting and Assets

The accounting policies of PSNH and the accompanying financial statements conform to accounting principles generally accepted in the United States applicable to rate-regulated enterprises and historically reflect the effects of the rate-making process in accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of regulation." During the fourth quarter of 2000, the "Agreement to Settle PSNH Restructuring," (Settlement Agreement) became probable of implementation, therefore, PSNH discontinued the application of SFAS No. 71 for the generation portion of its business.

PSNH's transmission and distribution business will continue to be cost-based and management believes the application of SFAS No. 71 continues to be appropriate. Management continues to believe it is probable that PSNH will recover their investments in long-lived assets, including regulatory assets through charges to their transmission and distribution customers. PSNH will recover securitized assets over a 12-year period. Nuclear decommissioning and IPP costs will be recovered over the period PSNH is responsible for these costs. The third type of PSNH stranded costs are non-securitized regulatory assets (type three regulatory assets). Any type three regulatory assets not collected by the recovery end date will be written off. Based on current projections, PSNH expects to fully recover all of its type three regulatory assets by the recovery end date stipulated in the Settlement Agreement. In addition, all material regulatory assets are earning a return. The components of PSNH's regulatory assets are as follows:

	At December 31, 2000	1999
	(Millions of Dollars)	
Recoverable nuclear costs	$484.7	$ -
Income taxes, net	68.1	166.2
Unrecovered contractual obligations ...	41.5	56.5
Recoverable energy costs, net	230.3	120.7
Other	100.2	147.5
	$924.8	$490.9

As a result of discontinuing the application of SFAS No. 71 in 2000 for PSNH's generation business, PSNH recorded an after-tax charge of $214.2 million in the fourth quarter of 2000. In addition, a regulatory asset was created for the Seabrook over market generation in the amount of $484.7 million, which is classified as recoverable nuclear costs. It is anticipated this regulatory asset will be securitized.

I. 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.

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

At December 31,	2000	1999
	(Millions of Dollars)	
Accelerated depreciation and other plant-related differences	$93.8	$102.4
Regulatory assets - income tax gross up	25.1	62.0
Other	60.8	102.2
	$179.7	$266.6

PSNH had an Investment Tax Credit (ITC) carryforward of $23 million which expires in 2004. It is anticipated that this carryforward will be fully utilized when filing the 2000 income tax return.

J. Recoverable Energy Costs

Under the Energy Policy Act of 1992 (Energy Act), PSNH is assessed for its proportionate share 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. PSNH is currently recovering these costs through rates. As of December 31, 2000 and 1999, PSNH's total D&D deferrals were approximately $.2 million in each year.

The Rate Agreement includes a fuel and purchased-power adjustment clause (FPPAC) permitting PSNH to pass through to retail customers, for a 10-year period that began in May 1991, the retail portion of differences between the fuel and purchased-power costs assumed in the Rate Agreement and PSNH's actual costs, which include the costs related to the Seabrook Power Contracts and the Clean Air Act Amendment. The cost components of the FPPAC are subject to a prudence review by the NHPUC. At December 31, 2000 and 1999, PSNH had $230.1 million and $120.5 million, respectively, of recoverable energy costs deferred under the FPPAC. Under the Settlement Agreement, the FPPAC will be recovered as a type three regulatory asset through a transition charge.

In addition, under the Rate Agreement, charges made by NAEC through the Seabrook Power Contracts, including the deferred Seabrook capital expenses, are to be collected by PSNH through the FPPAC. Beginning on June 1, 1998, the Seabrook deferred capital expenses began to be recovered over a 36-month period. Included within the restructuring settlement write-off is the write-off of any deferred capital expenses.

K. Unrecovered Contractual Obligations

Under the terms of contracts with the Yankee companies, the shareholder-sponsor companies, including PSNH, are each responsible for their proportionate share of the remaining costs of the units, including decommissioning. The Settlement Agreement allows for recovery of these costs, therefore, PSNH has recorded a regulatory asset, with a corresponding obligation on its balance sheet.

L. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and short-term cash investments which are highly liquid in nature and have original maturities of three months or less.

2. SEABROOK POWER CONTRACTS

PSNH and NAEC have entered into two power contracts that obligate PSNH to purchase NAEC's 35.98 percent ownership of the capacity and output of Seabrook for the term of Seabrook's operating license. Under these 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 (O&M) expenses, fuel expense, income and property tax expense, depreciation expense, certain overhead and other costs, and a return on its allowed investment.

With the implementation of the Settlement Agreement, PSNH and NAEC will restructure the power contracts to provide for the buydown of the value of the Seabrook asset to $100 million. 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 between PSNH and NAEC will be terminated.

PSNH has included its right to buy power from NAEC on its balance sheet as part of utility plant and regulatory assets with a corresponding obligation. At December 31, 2000, this right to buy power was valued at $626.9 million.

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 power contracts, and the 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).

Contract payments charged to operating expenses in 2000, 1999 and 1998 were $268 million, $280 million and $272 million, respectively. Interest included in the contract payments in 2000, 1999 and 1998 was $44 million, $49 million and $54 million, respectively.

Future minimum payments, excluding executory costs, such as property taxes, state use taxes, insurance and maintenance, under the terms of the contracts, as of December 31, 2000, were approximately:

Year	Seabrook Power Contracts (Millions of Dollars)
2001	$ 116.8
2002	77.5
2003	75.2
2004	72.9
2005	70.5
After 2005	936.2
Future minimum payments	1,349.1
Less amount representing interest	722.2
Present value of Seabrook Power Contracts payments	$ 626.9

3. SHORT-TERM DEBT

Limits: The amount of short-term borrowings that may be incurred by NU and the NU system operating companies, including PSNH, is subject to periodic approval by either the SEC under the 1935 Act or by the respective state regulators. PSNH is authorized by the NHPUC to incur short-term borrowings up to a maximum of $71.3 million.

Money Pool: Certain subsidiaries of NU, including PSNH, 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, 2000 and 1999, PSNH had no outstanding borrowings from the Pool in 2000. Due to the conditions placed on PSNH by the NHPUC during March 2000, PSNH was restricted from lending money to the Pool until the restructuring write-off was recorded. Maturities of short-term debt obligations were for periods of three months or less.

4. LEASES

PSNH has entered into lease agreements, some of which are capital leases, for the use of data processing and office equipment, vehicles and office space. The provisions of these lease agreements generally provide for renewal options.

Capital lease rental payments charged to operating expense were $1 million in 2000, $1.5 million in 1999 and $1.6 million in 1998. Interest included in capital lease rental payments was $0.3 million in 2000, $0.4 million in 1999 and $0.2 million in 1998. Operating lease rental payments charged to expense were $3.5 million in 2000, $3.1 million in 1999 and $5.4 million in 1998.

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, 2000, are:

Year	Capital Leases	Operating Leases
	(Millions of Dollars)	
2001	$1.2	$ 8.3
2002	0.4	5.4
2003	0.4	3.7
2004	0.4	2.9
2005	0.4	2.3
After 2005	0.7	5.1
Future minimum lease payments	3.5	$27.7
Less amount representing interest	1.2	
Present value of future minimum lease payments	$2.3	

5. EMPLOYEE BENEFITS

Pension Benefits and Postretirement Benefits Other Than Pensions

The NU system's subsidiaries, including PSNH, participate in a uniform noncontributory defined benefit retirement plan covering substantially all regular NU system employees. Benefits are based on years of service and employees' highest eligible compensation during 60 consecutive months of employment. PSNH's portion of the NU system's pension credit, part of which was credited to utility plant,

was $4.3 million in 2000, $0.5 million in 1999 and $0.1 million in 1998.

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

The NU system companies, including PSNH, 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 PSNH 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 estimated work life of the employee. PSNH annually funds postretirement costs through external trusts with amounts that have been rate-recovered and which also are tax deductible.

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

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

	At December 31,			
	Pension Benefits		Postretirement Benefits	
(Millions of Dollars)	2000	1999	2000	1999
Change in benefit obligation				
Benefit obligation at beginning of year	$(201.5)	$(201.0)	$(51.2)	$(50.1)
Service cost	(4.8)	(4.9)	(0.9)	(1.0)
Interest Cost	(15.0)	(14.3)	(3.9)	(3.6)
Plan amendment	-	(11.2)	-	-
Transfers	0.1	0.5	-	-
Actuarial gain/(loss)	(1.0)	19.1	(1.1)	(1.5)
Benefits paid	11.1	10.3	4.2	5.0
Benefit obligation at end of year	$(211.1)	$(201.5)	$(52.9)	$(51.2)
Change in plan assets				
Fair value of plan assets at beginning of year	$ 233.8	$ 213.2	$ 30.6	$ 27.3
Actual return on plan assets	(0.8)	30.4	1.5	3.4
Employer contribution	-	-	4.5	4.9
Benefits paid	(11.1)	(10.3)	(4.2)	(5.0)
Transfers	(0.1)	0.5	-	-
Fair value of plan assets at end of year	$ 221.8	$ 233.8	$ 32.4	$ 30.6
Funded status at December 31	$ 10.7	$ 32.3	$(20.5)	$(20.6)
Unrecognized transition obligation	3.0	3.3	35.3	38.2
Unrecognized prior service cost	15.5	16.9	-	-
Unrecognized net gain	(70.4)	(98.0)	(14.8)	(17.6)
Deferred benefit cost	$ (41.2)	(45.5)	$ -	$ -

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

	At December 31,			
	Pension Benefits		Postretirement Benefits	
	2000	1999	2000	1999
Discount rate	7.50%	7.75%	7.50%	7.75%
Compensation/progression rate	4.50	4.75	4.50	4.75
Health care cost trend rate (a)	N/A	N/A	5.26	5.57

(a) The annual per capita cost of covered health care benefits was assumed to decrease to 4.91 percent by 2001.

The components of net periodic benefit (credit)/cost are:

	For the Years Ended December 31,					
	Pension Benefits			Postretirement Benefits		
(Millions of Dollars)	2000	1999	1998	2000	1999	1998
Service cost.....	$ 4.8	$ 4.9	$ 4.3	$ 0.9	$ 1.0	$ 0.9
Interest cost.....	15.0	14.3	13.2	3.9	3.6	3.4
Expected return on plan assets.....	(19.7)	(17.7)	(15.6)	(2.6)	(2.1)	(1.8)
Amortization of unrecognized transition obligation.....	0.3	0.3	0.3	2.9	2.9	2.9
Amortization of prior service cost.....	1.3	1.3	0.5	-	-	-
Amortization of actuarial gain	(6.0)	(3.6)	(2.8)	-	-	-
Other amortization, net.....	-	-	-	(0.6)	(0.5)	(0.5)
Net periodic benefit (credit)/cost.....	$ (4.3)	$ (0.5)	$ (0.1)	$ 4.5	$ 4.9	$ 4.9

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

	For the Years Ended December 31,					
	Pension Benefits			Postretirement Benefits		
	2000	1999	1998	2000	1999	1998
Discount rate.....	7.75%	7.00%	7.25%	7.75%	7.00%	7.25%
Expected long-term rate of return.....	9.50	9.50	9.50	N/A	N/A	N/A
Compensation/ progression rate.....	4.75	4.25	4.25	4.75	4.25	4.25
Long-term rate of return - Health assets, net of tax.....	N/A	N/A	N/A	7.50	7.50	7.75
Life assets.....	N/A	N/A	N/A	9.50	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:

(Millions of Dollars)	One Percentage Point Increase	One Percentage Point Decrease
Effect on total service and interest cost components.....	$0.2	$(0.2)
Effect on postretirement benefit obligation.....	$2.9	$(2.6)

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

6. PREFERRED STOCK SUBJECT TO MANDATORY REDEMPTION

Details of preferred stock subject to mandatory redemption are:

Description	Shares Outstanding December 31, 2000	December 31, 2000	1999
		(Millions of Dollars)	
10.60% Series A of 1991	970,722	$24.3	$50.0
Less preferred stock to be redeemed within one year	970,722	24.3	25.0
		$ -	$25.0

The Series A preferred stock is not subject to optional redemption by PSNH. It is subject to an annual sinking fund requirement of $25 million each year, which began on June 30, 1997, sufficient to retire annually 1,000,000 shares at $25 per share. In case of default on dividends or sinking fund payments, no payments may be made on any junior stock by way of dividends or otherwise (other than in shares of junior stock) so long as the default continues. If PSNH is in arrears in the payment of dividends on any outstanding shares of preferred stock, PSNH would be prohibited from redeeming or purchasing less than all of the outstanding preferred stock.

7. LONG-TERM DEBT

Details of long-term debt outstanding are:

At December 31,	2000	1999
	(Millions of Dollars)	
Pollution Control Revenue Bonds:		
7.65% Tax-Exempt Series A, due 2021....	$ 66.0	$ 66.0
7.50% Tax-Exempt Series B, due 2021....	109.0	109.0
7.65% Tax-Exempt Series C, due 2021....	112.5	112.5
6.00% Tax-Exempt Series D, due 2021....	75.0	75.0
6.00% Tax-Exempt Series E, due 2021....	44.8	44.8
Adjustable Rate, Series D, due 2021....	-	39.5
Adjustable Rate, Series E, due 2021....	-	69.7
Long-term debt	$407.3	$516.5

There are no cash sinking fund requirements or debt maturities for the years 2001 through 2005. There are annual renewal and replacement fund requirements equal to 2.25 percent of the average of net depreciable utility property owned by PSNH at the reorganization date, plus cumulative gross property additions thereafter. PSNH expects to meet these future fund requirements by certifying property additions. Any deficiency would need to be satisfied by the deposit of cash or bonds.

Concurrent with the issuance of PSNH's Series A and B first mortgage bonds, PSNH entered into financing arrangements with the Business Finance Authority (BFA) of the State of New Hampshire. Pursuant to these arrangements, the BFA issued five series of Pollution Control Revenue Bonds (PCRBs) and loaned the proceeds to PSNH. PSNH's obligation to repay each series of PCRBs is secured by the first mortgage bonds. Each such series of first mortgage bonds contains similar terms and provisions as the applicable series of PCRBs. For financial reporting purposes, these bonds would not be considered outstanding unless PSNH failed to meet its obligations under the PCRBs.

The average effective interest rates on the variable-rate pollution control notes ranged from 5.9 percent to 6.8 percent in 2000 and from 4.9 percent to 6.1 percent in 1999.

8. 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,	2000	1999	1998
	(Millions of Dollars)		
Current income taxes:			
Federal	$41.8	$41.4	$(6.6)
State	3.7	4.6	0.8
Total current	45.5	46.0	(5.8)
Deferred income taxes, net:			
Federal	6.7	4.6	78.0
State	0.8	(2.2)	0.9
Total deferred	7.5	2.4	78.9
Investment tax credits, net	(8.0)	(7.7)	(0.5)
Total income tax expense	$45.0	$40.7	$72.6

The components of total income tax expense are classified as follows:

For the Years Ended December 31,	2000	1999	1998
	(Millions of Dollars)		
Income taxes charged to operating expenses	$45.1	$36.8	$65.1
Other income taxes	(0.1)	3.9	7.5
Total income tax expense	$45.0	$40.7	$72.6

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

For the Years Ended December 31,	2000	1999	1998
	(Millions of Dollars)		
Depreciation	$(1.0)	$ (6.5)	$(12.1)
Regulatory deferral	6.9	(12.6)	22.6
State net operating loss carryforward	-	29.5	69.2
Regulatory disallowance	-	(2.3)	-
Contractual settlements	-	(6.7)	-
Other	1.6	1.0	(0.8)
Deferred income taxes, net	$ 7.5	$ 2.4	$ 78.9

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,	2000	1999	1998
	(Millions of Dollars)		
Expected federal income tax	$39.4	$43.7	$57.5
Tax effect of differences:			
Depreciation	0.3	0.9	(2.2)
Amortization of regulatory assets	9.9	9.9	17.3
Investment tax credit amortization	(8.0)	(7.7)	(0.5)
State income taxes, net of federal benefit	2.9	1.6	1.0
Adjustment to tax asset valuation allowance	-	(7.4)	-
Seabrook intercompany gains and losses	5.0	0.8	0.6
Allocation of parent company loss	(4.2)	-	-
Other, net	(0.3)	(1.1)	(1.1)
Total income tax expense	$45.0	$40.7	$72.6

9. COMMITMENTS AND CONTINGENCIES

A. Restructuring

In September 2000, the New Hampshire Public Utilities Commission (NHPUC) approved a comprehensive restructuring order that would allow PSNH to securitize up to $670 million of stranded costs. In January 2001, the New Hampshire Supreme Court upheld this restructuring order on appeal. However, one of the appellants indicated publicly it would request a review of the New Hampshire Supreme Court decision by the United States Supreme Court. Such a request must be filed by May 1, 2001. Management believes that such an appeal would have a low probability of success, but cannot determine what effect it might have on the timing of the issuance of securitization bonds and the implementation of customer choice in New Hampshire. PSNH currently expects to work with the State of New Hampshire to issue securitization bonds early in the second quarter of 2001.

B. Nuclear Generation Assets Divestiture

On August 7, 2000, PSNH, CL&P, and WMECO and certain other joint owners, including PSNH, reached an agreement to sell substantially all of the Millstone units, located in Waterford, Connecticut, to Dominion Resources, Inc. (Dominion), for approximately $1.3 billion, including approximately $105 million for nuclear fuel. NU expects to close on the sale of Millstone as early as the end of March 2001.

If the transaction is consummated as proposed, PSNH will receive $26 million on a pretax basis, which will be reflected as a gain in accordance with the Settlement Agreement.

By the end of 2002, PSNH expects to complete the sale of its fossil and hydroelectric generation assets, as well as NAEC's ownership share of Seabrook.

C. Environmental Matters

The NU system, including PSNH, 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 PSNH have active environmental auditing and training programs and believe they are substantially in compliance with the current laws and regulations.

However, the normal course of operations may necessarily involve activities and substances that expose PSNH 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 PSNH's financial statements.

Based upon currently available information for the estimated remediation costs as of December 31, 2000 and 1999, the liability recorded by PSNH for its estimated environmental remediation costs amounted to $9.7 million and $9.5 million, respectively.

D. Spent Nuclear Fuel Disposal Costs

Under the Nuclear Waste Policy Act of 1982, PSNH 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.

E. Nuclear Insurance Contingencies

Insurance policies covering PSNH's ownership share of the NU system's nuclear facilities have been purchased for the primary cost of repair, replacement or decontamination of utility property, certain extra costs incurred in obtaining replacement power during prolonged accidental outages and the excess cost of repair, replacement or decontamination or premature decommissioning of utility property.

PSNH is subject to retroactive assessments if losses under those policies exceed the accumulated funds available to the insurer. The maximum potential assessments, 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, the replacement power policies and the excess property damage policies are $2.1 million, $0.8 million and $2.7 million, respectively. In addition, insurance has been purchased in the

aggregate amount of $200 million on an industry basis by the NU system 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 PSNH, 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 in each of its nuclear units, $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 interests in each of its nuclear units. Under the terms of the Seabrook Power Contracts, PSNH could be obligated to pay for any assessment charged to NAEC as a cost of service. Based upon its ownership interest in Millstone 3 and NAEC's ownership interest in Seabrook, PSNH's maximum liability, including any additional assessments, would be $33.8 million per incident, of which payments would be limited to $3.9 million per year. In addition, through purchased-power contracts with VYNPC, PSNH would be responsible for up to an additional assessment of $3.5 million per incident, of which payments would be limited to $0.3 million per year.

F. Long-Term Contractual Arrangements

Yankee Companies: Under the terms of its agreement, PSNH paid its ownership (or entitlement) shares of costs, which included depreciation, operation and maintenance (O&M) expenses, taxes, the estimated cost of decommissioning, and a return on invested capital. These costs were recorded as purchased-power expenses and recovered through PSNH's rates. PSNH's cost of purchases under contracts with VYNPC amounted to $6.4 million in 2000, $7.5 million in 1999 and $7 million in 1998. VYNPC is in the process of selling its nuclear unit. Upon completion of the sale, this long-term contract will be terminated.

Nonutility Generators (NUGs): PSNH has entered into various arrangements for the purchase of capacity and energy from NUGs. PSNH's total cost of purchases under these arrangements amounted to $144.9 million in 2000, $139.8 million in 1999 and $139.1 million in 1998. The company is attempting to renegotiate the terms of the largest of these contracts through either a contract buydown or buyout. The company expects any payments to the NUGs as a result of these successful renegotiations to be recovered from the company's customers.

Hydro-Quebec: Along with other New England utilities, PSNH has entered into an agreement to support transmission and terminal facilities to import electricity from the Hydro-Quebec system in Canada. PSNH is obligated to pay, over a 30-year period ending

in 2020, its proportionate share of the annual O&M expenses and capital costs of those facilities.

Estimated Annual Costs: The estimated annual costs of PSNH's significant long-term contractual arrangements, absent the effects of any contract terminations, buydowns or buyouts are as follows:

	2001	2002	2003	2004	2005
	(Millions of Dollars)				
VYNPC	$ 7.1	$ 7.1	$ 7.1	$ 7.9	$ 7.4
NUGs	150.0	154.6	159.4	163.7	166.4
Hydro-Quebec	8.7	8.4	8.1	7.8	7.5

G. Deferred Receivable from 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 a 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 sold 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 $32.9 million, are being collected by NAEC through the Seabrook Power Contracts. As NAEC recovers the $32.9 million in years eight through ten of the Rate Agreement, corresponding payments are being made to PSNH. The balance of the deferred receivable from NAEC at December 31, 2000 and 1999, was $3.2 million and $13 million, respectively.

10. NUCLEAR DECOMMISSIONING AND PLANT CLOSURE COSTS

Millstone and Seabrook: 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. PSNH records its Seabrook decommissioning costs as a component of purchased-power expense. These costs are recovered through base rates. The Seabrook decommissioning costs will continue to be increased annually by its respective escalation rates until the unit is sold. Under New Hampshire law, Seabrook's 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, as opposed to 2026, for

the decommissioning collection period only. The cost of funding decommissioning Seabrook is now accrued over the estimated remaining accelerated funding period that was ordered by the NDFC. This is eleven years earlier than the service life established by Seabrook's Nuclear Regulatory Commission's (NRC) operating license.

Millstone 3 and Seabrook's service lives are expected to end during the years 2025 through 2026, and upon retirement, must be decommissioned. In connection with the sale of the Millstone nuclear units, Dominion has agreed to assume responsibility for decommissioning. Until the divestiture, PSNH recovers sufficient amounts through their allowed rates related to decommissioning costs.

PSNH's ownership share of the estimated cost of decommissioning Millstone 3 and NAEC's ownership share of Seabrook, in year end 2000 dollars, is $18.4 million and $210.8 million, respectively. Nuclear decommissioning costs are accrued over the expected service lives of Millstone 3 and are included in depreciation expense and the accumulated provision for depreciation. Nuclear decommissioning expenses for PSNH's ownership share of Millstone 3 amounted to $.5 million in 2000 and 1999 and $0.4 million in 1998. Through December 31, 2000 and 1999, total decommissioning expenses of $4 million and $3.5 million, respectively, have been collected from customers and are reflected in the accumulated provision for depreciation.

External decommissioning trusts have been established for the costs of decommissioning the Millstone units. PSNH payments for NAEC's ownership share of the cost of decommissioning Seabrook are paid by NAEC to an independent decommissioning financing fund managed by the state of New Hampshire. Funding of the estimated decommissioning costs assumes after-tax earnings on the Millstone and Seabrook decommissioning funds of 5.5 percent and 6.5 percent, respectively.

As of December 31, 2000 and 1999, NAEC has paid approximately $39.6 million and $32.7 million, respectively, (including payments made prior to the Acquisition Date by PSNH) into Seabrook's decommissioning fund. Earnings on the decommissioning trusts increase the decommissioning trust balances and the accumulated provisions for depreciation. Unrealized gains and losses associated with the decommissioning trusts also impact the balance of the trusts and the accumulated provisions for depreciation. The fair values of the amounts in the external decommissioning trusts for Millstone 3 were $7.4 million and $6.9 million at December 31, 2000 and 1999, respectively. Upon divestiture of Millstone 3, balances in the decommissioning trusts for Millstone 3 will be transferred to the buyer. NU is obligated to top off the decommissioning trust if its value does not equal an agreed upon amount at closing, pursuant to the conditions set forth in the purchase and sale agreement.

Yankee Companies: VYNPC owns and operates a nuclear generating unit with a service life that is expected to end in 2012. PSNH's ownership share of estimated costs, in year end 2000 dollars, of

decommissioning this unit is $18.1 million. In 1999, VYNPC agreed to sell its nuclear generating unit for $22 million to an unaffiliated company. Among other commitments, the acquiring company agreed to assume the obligation to decommission the unit after it is taken out of service, and the owners of VYNPC (including PSNH) agreed to fund their shares of the decommissioning costs up to a negotiated amount. Subsequent to the time that agreement was executed, the original proposed acquiring company has increased the price it agreed to pay and three other unaffiliated companies have indicated their interest in buying VYNPC's generating unit on terms that have not been disclosed. At present, PSNH expects that the unit will be sold, but the identity of the owner and the terms of sale, including price, future decommissioning obligations and future power purchase obligations, are not known.

As of December 31, 2000 and 1999, PSNH's remaining estimated obligation, including decommissioning for the units owned by CYAPC, YAEC and MYAPC, which have been shut down was $41.5 million and $56.5 million, respectively.

11. 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 trusts: PSNH's portion of the investments held in the NU system companies' nuclear decommissioning trusts were marked-to-market by $2 million as of December 31, 2000, and $2.2 million as of December 31, 1999, with corresponding offsets to the accumulated provision for depreciation. The amounts adjusted in 2000 and 1999 represent cumulative net unrealized gains. Cumulative gross unrealized holding losses were immaterial for both 2000 and 1999.

Preferred stock and long-term debt: The fair value of PSNH's fixed-rate securities is based upon the quoted market price for those issues or similar issues. Adjustable rate securities are assumed to have a fair value equal to their carrying value. The carrying amounts of PSNH's financial instruments and the estimated fair values are as follows:

(Millions of Dollars)	At December 31, 2000 Carrying Amount	Fair Value
Preferred stock subject to mandatory redemption	$ 24.3	$ 25.5
Other long-term debt	407.3	401.9

(Millions of Dollars)	At December 31, 1999 Carrying Amount	Fair Value
Preferred stock subject to mandatory redemption	$ 50.0	$ 52.0
Other long-term debt	516.5	517.4

12. OTHER COMPREHENSIVE INCOME

The accumulated balance for each other comprehensive income item is as follows:

(Thousands of Dollars)	December 31, 1999	Current Period Change	December 31, 2000
Unrealized gains on securities	$1,268	$133	$1,401
Minimum pension liability adjustments	(194)	-	(194)
Accumulated other comprehensive income	$1,074	$133	$1,207

(Thousands of Dollars)	December 31, 1998	Current Period Change	December 31, 1999
Unrealized gains on securities	$1,198	$70	$1,268
Minimum pension liability adjustments	(194)	-	(194)
Accumulated other comprehensive income	$1,004	$70	$1,074

The changes in the components of other comprehensive income are reported net of the following income tax effects:

	2000	1999	1998
(Thousands of Dollars)			
Unrealized gains on securities	$(74)	$(39)	$(660)
Minimum pension liability adjustments	-	-	107
Other comprehensive income	$(74)	$(39)	$(553)

13. SEGMENT INFORMATION

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

14. SUBSEQUENT EVENT

Merger Agreement With Consolidated Edison, Inc.: In 2000, NU and Consolidated Edison, Inc. (Con Edison) received most of the approvals needed to complete the merger announced in October 1999. Shareholders from both companies approved the merger in April 2000, and all state regulatory approvals were granted by the end of the year. Additionally, the FERC approved the merger in May 2000, the NRC approved the transaction in August 2000, and the United States Department of Justice approved the merger in February 2001. Necessary approval from the SEC was expected to be received in mid-March 2001.

On February 28, 2001, NU's Board of Trustees requested that Con Edison provide reasonable assurance, in writing, that it intended to comply with the terms of the definitive merger agreement between the two companies. This included assurances that Con Edison would consummate the pending merger at the price set forth in the agreement promptly following the receipt of SEC approval. The original request for assurance was to be received by March 2, 2001, however that date was later extended to March 5, 2001. On March 5, 2001, Con Edison advised NU that it was not willing to close the merger on the agreed terms. NU notified Con Edison that it was treating its refusal to proceed on the terms set forth in the merger agreement as a repudiation and breach of the merger agreement, and that NU would file suit to obtain the benefits of the transaction as negotiated for NU shareholders. On March 6, 2001, Con Edison filed suit in the U.S. District Court for the Southern District of New York (Southern District), seeking a declaratory judgment that NU failed to satisfy conditions precedent under the merger agreement. On March 12, 2001, NU filed suit against Con Edison in the Southern District seeking damages in excess of $1 billion arising from Con Edison's breach of the merger agreement.

Public Service Company of New Hampshire

SELECTED FINANCIAL DATA	2000	1999	1998	1997	1996
			(Thousands of Dollars)		
Operating Revenues	$1,291,280	$1,160,572	$1,087,247	$1,108,459	$1,110,169
Operating Income	89,930	124,605	131,199	144,024	155,758
Net Income	(146,666)	84,209	91,686	92,172	97,465
Cash Dividends on Common Stock	50,000	-	-	85,000	52,000
Total Assets	2,082,194	2,622,433	2,681,595	2,837,159	2,851,212
Long-Term Debt(a)	407,285	516,485	516,485	686,485	686,485
Preferred Stock Subject to Mandatory Redemption (a)	24,268	50,000	75,000	100,000	125,000
Obligations Under Seabrook Power Contracts and Other Capital Leases (a)	629,230	726,153	842,223	921,813	914,617

QUARTERLY FINANCIAL DATA (Unaudited)

	Quarter Ended			
2000	March 31	June 30	September 30	December 31
		(Thousands of Dollars)		
Operating Revenues	$328,694	$326,458	$337,865	$ 298,263
Operating Income	$ 25,242	$ 24,434	$ 28,180	$ 12,074
Net Income	$ 17,431	$ 14,252	$ 28,733	$(207,082)
1999				
Operating Revenues	$286,799	$286,824	$310,739	$ 276,210
Operating Income	$ 35,449	$ 29,419	$ 34,666	$ 25,071
Net Income	$ 25,281	$ 20,695	$ 25,584	$ 12,649

(a) Includes portions due within one year.

Public Service Company of New Hampshire

STATISTICS (Unaudited)

	Gross Electric Utility Plant December 31, (Thousands of Dollars) (a)	kWh Sales (Millions)	Average Annual Use Per Residential Customer (kWh)	Electric Customers (Average)	Employees December 31,
2000	$1,535,142	17,143	6,644	433,937	1,227
1999	2,283,187	12,832	6,665	427,694	1,258
1998	2,302,254	12,579	6,347	421,602	1,265
1997	2,312,628	13,340	6,528	407,642	1,254
1996	2,382,009	13,601	6,567	407,082	1,279

(a) Includes unamortized acquisition costs.

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Public Service Company of New Hampshire

First Mortgage Bonds

Trustee and Interest Paying Agent
First Union National Bank
21 South Street
Morristown, NJ 07960

Preferred Stock

Transfer Agent, Dividend Disbursing Agent and Registrar
Bank of New York
101 Barclay Street—Floor 12W
New York, NY 01286

2001 Dividend Payment Dates
10.60% Series A
March 31, June 30
Maturity Date 6/30/01

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.

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