



**Northeast
Utilities System**

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107 Selden Street, Berlin, CT 06037

Northeast Utilities Service Company
P.O. Box 270
Hartford, CT 06141-0270
(860) 665-5000

Pre-MUR 368

August 6, 1998

Ms. Lois Lerner
Office of the General Counsel
Federal Election Commission
999 E Street, NW.
Washington, DC 20463

Dear Ms. Lerner:

I am the current treasurer of the Northeast Utilities Political Action Committee (NUPAC), a voluntary, nonprofit and nonpartisan organization established in 1978 that is registered as number C00102160 with the Federal Election Commission (FEC or the Commission) and with the Connecticut State Elections Enforcement Commission. Northeast Utilities (NU) is a registered electric utility holding company under the Public Utility Holding Company Act of 1935.

NUPAC currently maintains a separate segregated fund that supports both federal and nonfederal candidates. In the course of an internal audit conducted in 1998 by NU's Internal Audit Department, an irregularity was discovered in the manner of NUPAC's compliance with the FEC's reporting requirements. Specifically, NUPAC maintains both federal and state funds in one (joint) bank account. NUPAC has routinely reported all federal activity to the FEC in the federal reports, and all nonfederal (state) activity to the state elections commission in its reports. However, NUPAC had not filed a consolidated report with the FEC that details both federal and state activity. This reporting discrepancy, to the best of my knowledge and belief, was an inadvertent oversight on the part of the personnel completing the reports due to an incorrect understanding of FEC reporting regulations.

NUPAC is seeking to rectify this reporting error in a complete and expeditious fashion. The most recent quarterly report of receipts and disbursements submitted by NUPAC to the FEC, dated July 8, 1998, contains detailed information on both federal and state contributions and disbursements, in accordance with the FEC's regulations. NUPAC is also

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exploring the possibility of setting up two accounts - an SSF for federal election activity, and a nonfederal account for nonfederal election activity, the establishment of which could avoid future reporting discrepancies like the one discovered here.

While these actions will enable NUPAC to report properly to the FEC in the future, they do not correct past reports that have not been in compliance with the federal rules. NUPAC would like to work informally with FEC staff to remediate these past, unintended reporting errors, in a manner that meets the Commission's requirements. Therefore, NUPAC requests a meeting with FEC staff to enter into negotiations directed towards reaching a mutually satisfactory conciliation agreement.

NUPAC looks forward to the Commission's guidance in this matter. Please feel free to contact Gregory Butler at the following address and phone number for all correspondence and communications:

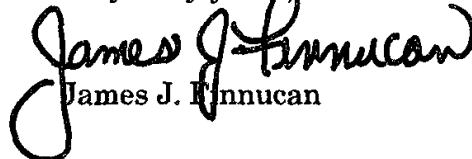
Gregory B. Butler
Vice President - Governmental Affairs
Northeast Utilities Service Company
107 Selden Street
Berlin, Connecticut 06037
(860) 665-3181

Correspondence should also be copied to NU's in-house counsel, as follows:

Ms. Phyllis E. Lemell
Senior Counsel
Northeast Utilities Service Company
107 Selden Street
Berlin, Connecticut 06037
(860) 665-5118

Thank you for your attention to this matter.

Very truly yours,


James J. Finnucan

cc: G. B. Butler
P. E. Lemell

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