

ENERGY EAST CORP
Form 11-K
June 28, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2003**

OR

—
TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-14766

Full title of the plan and the address of the plan, if different from
that of the issuer named below:

Central Maine Power Company
Employee Savings and Investment Plan for Non-Union Employees
83 Edison Drive
Augusta, Maine 04336

Name of issuer of the securities held pursuant to the plan
and the address of its principal executive office:

Energy East Corporation
P.O. Box 12904
Albany, New York 12212-2904

REQUIRED INFORMATION

The Central Maine Power Company Employee Savings and Investment Plan for Non-Union Employees (Plan) is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the financial statements of the Plan for the two fiscal years ended December 31, 2003 and 2002 and supplemental schedule, which have been prepared in accordance with the financial reporting requirements of ERISA, are attached hereto as Appendix 1 and incorporated herein by reference.

SIGNATURES

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

Central Maine Power Company Employee Savings
and Investment Plan for Non-Union Employees

Date: June 28, 2004

By /s/Richard R. Benson
Richard R. Benson
Committee Member

Date: June 28, 2004

By /s/Sara J. Burns
Sara J. Burns
Committee Member

Date: June 28, 2004

By /s/Robert D. Kump
Robert D. Kump
Committee Member

APPENDIX 1

CENTRAL MAINE POWER COMPANY
EMPLOYEE SAVINGS AND INVESTMENT PLAN FOR NON-UNION EMPLOYEES

FINANCIAL STATEMENTS AS OF AND
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

SUPPLEMENTAL SCHEDULE AS OF DECEMBER 31, 2003
AND REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Central Maine Power Company
Employee Savings and Investment Plan For Non-Union Employees
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Consent of Independent Registered Public Accounting Firm	Exhibit 23

*Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrative Committee of the
 Central Maine Power Company
 Employee Savings and Investment Plan for Non-Union Employees

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of Central Maine Power Company Employee Savings and Investment Plan for Non-Union Employees Plan (the "Plan") at December 31, 2003 and 2002, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/PricewaterhouseCoopers LLP

New York, New York
 June 24, 2004

Central Maine Power Company
 Employee Savings and Investment Plan for Non-Union Employees
 Statements of Net Assets Available for Benefits
 December 31, 2003 and 2002

	2003	2002
Assets:		
Investments, at fair value:		
Registered Investment Companies	\$58,397,665	\$50,324,060
Common/Collective Trust	12,157,493	10,311,611
Energy East Stock Fund	6,662,342	5,752,839

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Participant loans	1,210,878	1,298,760
	<u>78,428,378</u>	<u>67,687,270</u>
Receivables:		
Accrued interest income	-	49,975
Due from broker for securities sold	7,825	-
	<u>7,825</u>	<u>49,975</u>
Net assets available for benefits	<u>\$78,436,203</u>	<u>\$67,737,245</u>

See notes to financial statements.

Central Maine Power Company
Employee Savings and Investment Plan for Non-Union Employees
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Additions:		
Investment income		
Net appreciation (depreciation) in fair value of investments	\$11,716,605	\$(10,532,248)
Interest and dividends	921,606	1,112,492
	<u>12,638,211</u>	<u>(9,419,756)</u>
Contributions:		
Participant	3,366,930	3,812,674
Employer	1,209,074	1,338,626
Transfers from other qualified plans	254,893	9,784
	<u>4,830,897</u>	<u>5,161,084</u>
Total additions	<u>17,469,108</u>	<u>(4,258,672)</u>
Deductions:		
Benefits paid to participants	6,658,549	5,409,092
Transfers to other qualified plans	108,039	54,591
Administrative expenses	3,562	2,522
Total deductions	<u>6,770,150</u>	<u>5,466,205</u>
Net increase (decrease)	10,698,958	(9,724,877)
Net assets available for benefits:		

Beginning of year	67,737,245	77,462,122
	<hr/>	
End of year	\$78,436,203	\$67,737,245
	<hr/>	

See notes to financial statements.

Central Maine Power Company
Employee Savings and Investment Plan for Non-Union Employees
Notes to Financial Statements
December 31, 2003 and 2002

1. DESCRIPTION OF THE PLAN

The following description of the Central Maine Power Company (Company) Employee Savings and Investment Plan for Non-Union Employees (Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan was established by the Company on February 19, 1981, and became effective May 1, 1981, under the provisions of Section 401(a) of the Internal Revenue Code (Code), and it includes a qualified cash or deferred arrangement as described in Section 401(k) of the Code for the benefit of eligible employees of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. The Plan Administrator is the Company and an Administrative Committee has been appointed to serve as manager of the Plan.

The Plan is a defined contribution plan covering non-union employees of the Company, as well as the non-union employees of the CMP Group, Inc. family of companies that elect to participate under the Plan provisions. Energy East Corporation (Energy East), the parent corporation of the Company, through its subsidiaries, delivers electricity and natural gas to retail customers and provides electricity, natural gas, energy management and other services to retail and wholesale customers in the Northeast.

Eligibility

Each full-time, part-time and temporary non-union employee of the Company, or an affiliated employer who is not in a unit of employees covered by a collective bargaining agreement, is immediately eligible to participate in the Plan.

Contributions

Each participant elects a salary reduction percentage to be contributed to the Plan. Participants may elect

to make contributions in amounts equal to 2% to 50% (in multiples of 1%) of their base compensation to the Plan through salary reduction agreements. As of January 1, 2002, participants age 50 or over by the end of the Plan year can make an additional contribution to the Plan in accordance with and subject to the limitations of Section 414(v) of the Code. The maximum additional contribution in 2003 was \$2,000 and increases by \$1,000 a year until the additional contribution reaches a maximum of \$5,000 in 2006.

As of April 1, 2002, the Plan accepts rollovers from other qualified plans, as well as 403(b) and government 457 plans, traditional Individual Retirement Accounts (IRAs), conduit IRAs (but not Roth IRAs), after-tax distributions from employer retirement plans and spousal death benefit payments.

Central Maine Power Company
Employee Savings and Investment Plan for Non-Union Employees
Notes to Financial Statements
December 31, 2003 and 2002

1. DESCRIPTION OF THE PLAN (Continued)

Contributions

(Continued)

The Company contributes to the Plan an amount equal to 60% of the first 5% of the salary reduction plus 50% of the next 2% for a possible total match of 4% on a 7% salary reduction. However, the total contribution that the Company is obligated to make for any year does not exceed the maximum amount deductible from the Company's gross income under applicable provisions of the Code. The Company's matching contribution is made simultaneously with the payroll cycle. As of January 1, 2002, the Energy East Stock Fund was converted to an Employee Stock Ownership Plan (ESOP). Dividends from the ESOP may be reinvested or taken in cash.

Effective January 1, 2004, the Company's match for Union Water Power employees who participate in the Plan with at least one but less than 5 years of service is as follows: 75% up to 6% of pay, for employees for 5 or more years of service: 100% up to 6% of pay.

Benefit Payments

On termination of service a participant may elect either a lump sum amount equal to the value of the interest in the participant's account, or installments over a period permissible under the Code. Distributions made from the funds occur as a result of termination of employment, death, retirement or permanent disability no later than 60 days after the end of the Plan year, unless under certain circumstances participants elect otherwise.

A participant may elect to make a regular withdrawal of up to 100% of the value of the participant's contributions made prior to July 1, 1983, and earnings thereon (but not less than \$1,000 unless the value of such participant's contributions and earnings thereon total less than \$1,000, in which case such total may be withdrawn), after approval by the Savings and Investment Plan for Non-Union Employees Committee. Only one regular withdrawal may be made in any year.

Withdrawals with respect to contributions made subsequent to July 1, 1983, may be made only for reasons of hardship. With the consent of the Company's Savings and Investment Plan for Non-Union Employees Committee, a participant may elect to make a hardship withdrawal, as determined in accordance with the Plan provisions, of up to 100% of the participant's account.

Vesting

Participants are 100% vested in their account balances. Each participant's account consists of the participant's contributions and any rollover money, the matching Company contribution and any net earnings thereon.

Central Maine Power Company
Employee Savings and Investment Plan for Non-Union Employees
Notes to Financial Statements
December 31, 2003 and 2002

1. DESCRIPTION OF THE PLAN (Continued)

Participant Loans

A Plan participant may borrow a minimum of \$500 and up to a maximum of one-half of the participant's vested account balances or \$50,000, less the highest outstanding loan balance in the prior twelve months, whichever is less. Loan interest rates are set by the Committee in accordance with prevailing rates charged by local banks. Interest rates on loans outstanding at year end range from 7.25% to 10.06% for 2003 as well as for 2002. The maximum term of the loans is generally five years, or longer for mortgages, with borrowed funds being repaid through payroll deductions.

If a participant's employment terminates for any reason, the loan will become immediately due and payable and must be paid within 90 days from the date of termination.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared on an accrual basis and in conformity with accounting principles generally accepted in the United States of America, which 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 additions and deductions during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of registered investment companies are valued at the net asset value of shares held by the Plan at year end. Units of common/collective trust funds are valued at the net asset value of units held by the Plan at year end. The Energy East Stock Fund, comprised solely of Energy East common stock, is valued at its quoted market price at year end. Participant loans are valued at cost, which approximates fair value.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefits recorded when paid.

Plan Termination

Although the Company has not expressed any intent to terminate the Plan, it has the right to discontinue contributions at any time and to terminate the Plan subject to the provisions of the Plan document.

Central Maine Power Company
Employee Savings and Investment Plan for Non-Union Employees
Notes to Financial Statements
December 31, 2003 and 2002

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk and Uncertainties

The Plan provides for various investment options in any combination of stocks, fixed income securities, mutual funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets at December 31, 2003 and 2002:

	2003	2002
Fidelity Magellan Fund	\$14,405,525	\$12,258,145
Vanguard PRIMECAP Fund	\$9,290,285	\$6,091,834
Janus Advisor Balanced Fund	\$4,974,716	\$4,964,073
Putnam S&P 500 Index Fund	\$12,157,493	\$10,311,611
Putnam Money Market Fund	\$11,333,386	\$12,881,378
Neuberger & Berman Genesis Trust Fund	\$7,127,622	\$5,059,113
Energy East Corporation Stock	\$6,662,342	\$5,752,839

Plan investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value during 2003 and 2002, as follows:

	2003	2002
Registered Investment Companies	\$8,729,164	\$(8,025,835)

Common/Collective Trust	2,772,794	(3,119,100)
Energy East Stock Fund	214,647	612,687
	<u>\$11,716,605</u>	<u>\$(10,532,248)</u>

4. INCOME TAX STATUS

The Internal Revenue Service determined and informed the Company sponsor by letter dated February 21, 2001, that the Plan is qualified and the related trust established under the Plan is tax-exempt, under the applicable sections of the Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's management believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code.

Central Maine Power Company
Employee Savings and Investment Plan for Non-Union Employees
Notes to Financial Statements
December 31, 2003 and 2002

5. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of registered investment companies managed by Putnam Fiduciary Trust Company (Putnam). Putnam is the trustee as defined by the Plan; therefore, these transactions qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules.

6. ADMINISTRATIVE EXPENSES

Administrative expenses represent certain transaction fees that are paid by the Plan's participants.

7. ASSET TRANSFERS

Transfers to the Plan of \$146,854 in 2003 represent the net rollovers of participant account balances from other qualified defined contribution benefit plans.

Transfers from the Plan of \$44,807 in 2002 represent the net rollovers of participant account balances to other qualified defined contribution benefit plans.

Central Maine Power Company
Employee Savings and Investment Plan for Non-Union Employees
Schedule H, line 4i - Schedule of Assets (Held at End of Year)
December 31, 2003

Identity of Issue	Description of Investment	Current Value
Janus Advisor Balanced Fund	Registered Investment Company	\$4,974,716
Janus Advisor Growth Fund	Registered Investment Company	534,426
Domini Social Equity Fund	Registered Investment Company	147,128
Pimco Total Return Fund	Registered Investment Company	2,966,337

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Vanguard Primecap Fund	Registered Investment Company	9,290,284
Neuberger & Berman Genesis Trust Fund	Registered Investment Company	7,127,622
* Putnam Asset Allocation: Growth Fund	Registered Investment Company	3,203,567
* Putnam Asset Allocation: Balanced Fund	Registered Investment Company	296,407
* Putnam Asset Allocation: Conservative Fund	Registered Investment Company	75,483
* Putnam OTC & Emerging Growth Fund	Registered Investment Company	164,255
* Putnam Fund for Growth & Income	Registered Investment Company	1,218,030
* Putnam Voyager Fund	Registered Investment Company	159,188
* Putnam Vista Fund	Registered Investment Company	289,406
* Putnam U.S. Government Income Trust	Registered Investment Company	519,439
* Fidelity Diversified International Fund	Registered Investment Company	1,692,466
* Fidelity Magellan Fund	Registered Investment Company	14,405,525
* Putnam S&P 500 Index Fund	Common/Collective Trust	12,157,493
* Putnam Money Market Fund	Registered Investment Company	11,333,386
* Energy East Corporation Stock	Energy East Stock Fund	6,662,342
Loan Fund	Participant Loans (7.25% - 10.06%)	1,210,878
		\$78,428,378
Total assets held at end of year		

* Party-in-interest
