

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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2004

Commission File Number 33-83618

SELKIRK COGEN PARTNERS, L.P.
(Exact name of Registrant (Guarantor) as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

51-0324332
(IRS Employer
Identification No.)

SELKIRK COGEN FUNDING CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

51-0354675
(IRS Employer
Identification No.)

7600 Wisconsin Avenue, Bethesda, Maryland 20814
(Address of principal executive offices, including zip code)

(301) 280-6800
(Registrants' telephone number, including area code)

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark whether the registrants are accelerated filers (as defined in Exchange Act Rule 12b-2). Yes [] No [X]

As of August 10, 2004, there were 10 shares of common stock of Selkirk Cogen Funding Corporation, \$1 par value, outstanding.

TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (unaudited)	
Consolidated Balance Sheets as of June 30, 2004 and December 31, 2003	1
Consolidated Statements of Operations for the three and six months ended June 30, 2004 and 2003	2
Consolidated Statements of Cash Flows for the three and six months ended June 30, 2004 and 2003	3
Notes to Consolidated Financial Statements	4
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	
Results of Operations	15
Liquidity and Capital Resources	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk	21
Item 4. Controls and Procedures	21
PART II. OTHER INFORMATION	
Item 5. Other Information	22
Item 6. Exhibits and Reports on Form 8-K	23
SIGNATURES	25

SELKIRK COGEN PARTNERS, L.P.
CONSOLIDATED BALANCE SHEETS
(In Thousands)
(Unaudited)

	June 30, 2004	December 31, 2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,449	\$ 3,216
Restricted funds	5,664	10,652
Accounts receivable	22,718	22,449
Due from affiliates	5	58
Inventory	8,563	9,460
Other current assets	1,254	1,095
Total current assets	40,653	46,930
PLANT AND EQUIPMENT:		
Plant and equipment, at cost	377,360	375,794
Less: Accumulated depreciation	130,804	124,495
Plant and equipment, net	246,556	251,299
OTHER LONG-TERM ASSETS:		
Long-Term restricted funds	31,425	30,895
Deferred financing charges, net of accumulated amortization of \$11,513 and \$11,014, respectively	4,778	5,277
TOTAL ASSETS	\$323,412	\$334,401
LIABILITIES AND PARTNERS’ DEFICITS		
CURRENT LIABILITIES:		
Accounts payable	\$ 549	\$ 2,114
Accrued bond interest payable	318	327
Accrued fuel expenses	12,569	11,542
Accrued property taxes	3,600	1,750
Accrued operating and maintenance expenses	1,529	4,793
Other accrued expenses	2,179	2,394
Due to affiliates	827	977
Liability for derivative contracts	410	498
Current portion of deferred revenue	707	707
Current portion of long-term bonds	22,349	19,587
Total current liabilities	45,037	44,689
LONG-TERM LIABILITIES:		
Other long-term liabilities	5,721	6,200
Deferred revenue, net of current portion	2,214	2,476
Long-term bonds, net of current portion	299,935	312,283
Total liabilities	352,907	365,648
COMMITMENTS AND CONTINGENCIES		
PARTNERS’ DEFICITS:		
General partners’ deficits	(1,964)	(316)
Limited partners’ deficits	(27,121)	(30,433)
Accumulated other comprehensive loss	(410)	(498)
Total partners’ deficits	(29,495)	(31,247)
TOTAL LIABILITIES AND PARTNERS’ DEFICITS	\$323,412	\$334,401

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

SELKIRK COGEN PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
OPERATING REVENUES:				
Electric and steam	\$59,826	\$55,445	\$124,260	\$122,609
Fuel	6,155	6,925	16,253	11,574
	<u>65,981</u>	<u>62,370</u>	<u>140,513</u>	<u>134,183</u>
COST OF REVENUES:				
Fuel and transmission	38,817	35,137	78,462	76,707
Other operating and maintenance	6,758	5,601	10,080	8,747
Depreciation	3,167	3,139	6,325	6,279
	<u>48,742</u>	<u>43,877</u>	<u>94,867</u>	<u>91,733</u>
GROSS PROFIT	<u>17,239</u>	<u>18,493</u>	<u>45,646</u>	<u>42,450</u>
OTHER OPERATING EXPENSES:				
Administrative services, affiliates	371	395	754	813
Other general and administrative	689	681	1,360	1,314
	<u>1,060</u>	<u>1,076</u>	<u>2,114</u>	<u>2,127</u>
OPERATING INCOME	<u>16,179</u>	<u>17,417</u>	<u>43,532</u>	<u>40,323</u>
INTEREST (INCOME) EXPENSE:				
Interest income	(147)	(180)	(278)	(332)
Interest expense	7,604	7,993	15,217	15,994
	<u>7,457</u>	<u>7,813</u>	<u>14,939</u>	<u>15,662</u>
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	<u>\$ 8,722</u>	<u>\$ 9,604</u>	<u>\$ 28,593</u>	<u>\$ 24,661</u>
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	<u>—</u>	<u>—</u>	<u>—</u>	<u>(53)</u>
NET INCOME	<u>\$ 8,722</u>	<u>\$ 9,604</u>	<u>\$ 28,593</u>	<u>\$ 24,608</u>
NET INCOME ALLOCATION:				
General partners	\$ 88	\$ 95	\$ 287	\$ 246
Limited partners	8,634	9,509	28,306	24,362
	<u>\$ 8,722</u>	<u>\$ 9,604</u>	<u>\$ 28,593</u>	<u>\$ 24,608</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

SELKIRK COGEN PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 8,722	\$ 9,604	\$ 28,593	\$ 24,608
Adjustments to reconcile net income to net cash provided by operating activities:				
Cumulative effect of a change in accounting principle	—	—	—	53
Depreciation, amortization and accretion	3,419	3,402	6,827	6,805
Deferred revenue	(177)	(177)	(354)	(354)
Loss on disposal of plant and equipment	33	—	33	—
Increase (decrease) in cash resulting from a change in:				
Accounts receivable	(247)	6,765	(269)	(1,093)
Due from affiliates	(5)	195	53	1,757
Inventory	2,063	569	897	513
Other current assets	(273)	(1,348)	(159)	(1,170)
Accounts payable	70	442	(1,565)	547
Accrued bond interest payable	(7,373)	(7,747)	(9)	(8)
Accrued fuel expenses	579	(3,049)	1,027	1,569
Accrued property taxes	—	—	1,850	100
Accrued operating and maintenance expenses	603	483	(3,264)	15
Other accrued expenses	766	339	(215)	(881)
Due to affiliates	10	199	(150)	(402)
Other long-term liabilities	730	730	(390)	(290)
Net cash provided by operating activities	8,920	10,407	32,905	31,769
CASH FLOWS FROM INVESTING ACTIVITIES:				
Restricted funds	23,394	22,552	4,458	(399)
Plant and equipment additions	(995)	(333)	(1,615)	(490)
Net cash provided by (used in) investing activities	22,399	22,219	2,843	(889)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Distributions to partners	(20,171)	(18,575)	(26,929)	(18,575)
Repayment of long-term debt	(9,586)	(8,498)	(9,586)	(8,498)
Net cash used in financing activities	(29,757)	(27,073)	(36,515)	(27,073)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,562	5,553	(767)	3,807
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	887	970	3,216	2,716
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,449	\$ 6,523	\$ 2,449	\$ 6,523
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	\$ 14,728	\$ 15,479	\$ 14,728	\$ 15,479

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

SELKIRK COGEN PARTNERS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements include Selkirk Cogen Partners, L.P. and its wholly-owned subsidiary, Selkirk Cogen Funding Corporation (collectively the “Partnership”). All significant intercompany accounts and transactions have been eliminated.

The consolidated financial statements for the interim periods presented are unaudited and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been omitted pursuant to rules and regulations applicable to interim financial statements. The information furnished in the consolidated financial statements reflects all normal recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Certain reclassifications have been made to the consolidated statements of cash flows for the three and six months ended June 30, 2003 to conform with the current period’s basis of presentation. Operating results for the three and six months ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

These consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Partnership’s December 31, 2003 Annual Report on Form 10-K.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingencies. Actual results could differ from these estimates.

Comprehensive Income

The Partnership’s comprehensive income consists principally of net income and changes in the market value of certain financial hedges under Statement of Financial Accounting Standards (“SFAS”) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended (“SFAS No. 133”).

The schedule below summarizes the activities affecting comprehensive income for the three and six months ended June 30, 2004 and 2003 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net income	\$8,722	\$ 9,604	\$28,593	\$24,608
Net gain ((loss) from current period hedging transactions in accordance with SFAS No. 133	(170)	1,600	(344)	2,958
Net reclassification to earnings	219	274	432	761
Comprehensive income	\$8,771	\$11,478	\$28,681	\$28,327

Note 2. Significant Accounting Policies

Except as disclosed, the Partnership is following the same accounting principles discussed in the Partnership’s December 31, 2003 Annual Report on Form 10-K.

Adoption of New Accounting Pronouncements

In May 2003, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 150, *Accounting for Certain Financial Instruments with the Characteristics of Both Liabilities and Equity* (“SFAS No. 150”). SFAS No. 150 addresses concerns of how to measure and classify in the statement of financial position certain financial instruments that have characteristics of both liabilities and equity. This statement was adopted on January 1, 2004 and did not have an impact on the Partnership’s consolidated financial statements.

On January 1, 2003, the Partnership adopted SFAS No. 143, *Accounting for Asset Retirement Obligations* (“SFAS No. 143”). SFAS No. 143 provides accounting requirements for costs associated with legal obligations to retire tangible, long-lived assets. The statement requires that an asset retirement obligation be recorded at fair value in the period in which it is incurred, if a reasonable estimate of fair value can be made. In the same period, the associated asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset. In each subsequent period, the liability is accreted to its present value and the capitalized cost is depreciated over the useful life of the long-lived asset.

Upon implementation of this statement, the Partnership recorded approximately \$45,000 to its plant and equipment to reflect the fair value of the asset retirement costs as of the date the obligation was incurred, and recognized approximately \$83,000 for asset retirement obligations. The cumulative effect of the change in accounting principle as a result of adopting this statement was a loss of approximately \$53,000.

Note 3. Related Party Transactions

JMCS I Management, Inc. (“JMCS I Management”), an affiliate of JMC Selkirk Inc. (“JMC Selkirk”), manages the day-to-day operation of the Partnership and is compensated at agreed-upon billing rates that are adjusted quadrennially in accordance with an administrative services agreement. The cost of services provided by JMCS I Management are included in administrative services – affiliates in the accompanying consolidated statements of operations. The total amount due to JMCS I Management at June 30, 2004, was approximately \$212,000.

The Partnership purchases from and sells gas to affiliates of JMC Selkirk. As of May 31, 2003, the Partnership ceased transactions with NEGT Energy Trading–Gas Corporation (“NEGT Energy Trading–Gas”). Gas purchases are recorded as fuel costs and sales of gas are recorded as fuel revenues in the accompanying consolidated statements of operations. There were no amounts due to/from affiliates for purchases and sales of gas at June 30, 2004. The total amount due from MASSPOWER, an affiliate of JMC Selkirk, at June 30, 2004, of approximately \$5,000 represents an amount due for reimbursement of certain shared costs.

Gas purchased from affiliates is as follows (dollars in thousands):

	Six months ended June 30,	
	2004	2003
NEGT Energy Trading–Gas	\$ —	\$ 4,901
MASSPOWER	112	—

Gas sold to affiliates is as follows (dollars in thousands):

	Six months ended June 30,	
	2004	2003
NEGT Energy Trading–Gas	\$ —	\$ 9,117

The Partnership has two agreements with Iroquois Gas Transmission System (“IGTS”), an indirect affiliate of JMC Selkirk, to provide firm transportation of natural gas from Canada. Firm fuel transportation services for the six months ended June 30, 2004 totaled approximately \$3,568,000, compared to approximately \$3,547,000 for the same period in the prior year. These services are recorded as fuel costs in the accompanying consolidated statements of operations. The total amount due to IGTS for firm transportation at June 30, 2004, was approximately \$615,000.

Note 4. Accounting For Derivative Contracts

Currency Exchange Contracts

The Partnership has a foreign currency exchange contract to hedge against fluctuations in fuel transportation costs, which are denominated in Canadian dollars. Under the currency exchange agreement, which commenced on May 25, 1995 and terminates on December 25, 2004, the Partnership exchanges approximately \$1,044,000 U.S. dollars for \$1,300,000 Canadian dollars on a monthly basis. The Partnership accounts for its foreign exchange contract as a cash flow hedge and records on the consolidated balance sheets a liability for derivative contracts with the offset in other comprehensive income (loss).

The schedule below summarizes the activities affecting accumulated other comprehensive loss from derivative contracts for the three and six months ended June 30, 2004 and 2003 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Beginning accumulated other comprehensive loss at April 1 and January 1, respectively	\$(459)	\$(3,280)	\$(498)	\$(5,125)
Net change of current period hedging transactions gain (loss)	(170)	1,600	(344)	2,958
Net reclassification to earnings	219	274	432	761
Ending accumulated other comprehensive loss	\$(410)	\$(1,406)	\$(410)	\$(1,406)

The Partnership expects that net derivative losses of approximately \$410,000, included in accumulated other comprehensive loss as of June 30, 2004, will be reclassified into earnings within the next twelve months.

Note 5. Relationship with National Energy & Gas Transmission, Inc. (“NEGT”)

JMC Selkirk is the managing general partner of the Partnership. Approximately 90% of the ownership interest in JMC Selkirk is held by an indirect subsidiary of NEGТ. NEGТ is an indirect subsidiary of PG&E Corporation.

NEGT, through its indirect subsidiaries JMC Selkirk and JMCS I Management, manages the Partnership. On July 8, 2003, NEGТ and certain subsidiaries voluntarily filed petitions for relief under the provisions of Chapter 11 of the U.S. Bankruptcy Code (collectively, the “NEGT Bankruptcy”) in the Greenbelt Division of the United States Bankruptcy Court for the District of Maryland (the “Bankruptcy Court”). The subsidiaries that voluntarily filed petitions and were disclosed in previous reports as

related parties of the Partnership with which it engaged in transactions are: NEGТ Energy Trading-Power, L.P. and NEGТ Energy Trading-Gas. There were no amounts due to or from these subsidiaries at June 30, 2004.

None of the Partnership or its NEGТ affiliated partners (JMC Selkirk and PentaGen Investors, L.P.) are parties to the NEGТ Bankruptcy. The Managing General Partner believes that JMC Selkirk, PentaGen Investors, L.P., and the Partnership will not be substantively consolidated with NEGТ in any bankruptcy proceeding involving NEGТ, and that the NEGТ Bankruptcy will not have a material adverse impact on the Partnership's operations.

However, the Partnership cannot be certain that the NEGТ Bankruptcy will not affect NEGТ's arrangements with respect to the Partnership or the ability of JMC Selkirk or JMCS I Management to manage the Partnership. The Partnership Agreement provides certain management rights to the other general partner of the Partnership, RCM Selkirk GP, Inc. ("RCM Selkirk GP"), in the event that JMC Selkirk were to be included as a debtor within the NEGТ Bankruptcy, or either JMC Selkirk or JMCS I Management were to be in material default of its obligations to the Partnership (following notice and a 120 day cure period). These protections (the "Special Management Rights") include (i) the removal of JMC Selkirk as the managing general partner, (ii) the appointment of itself as the successor managing general partner, and (iii) the termination of the administrative services agreement with JMCS I Management and subsequent appointment of a RCM Selkirk GP affiliate as the project management firm. Enforcement of these rights by RCM Selkirk GP could, however, be delayed or impeded as a result of any bankruptcy proceeding involving JMC Selkirk. Moreover, the bankruptcy of any partner of the Partnership would be an event of default under the Partnership's Credit Agreement.

On February 26, 2004, NEGТ filed with the Bankruptcy Court its Third Amended Plan of Reorganization and the related Disclosure Statement. A Modified Third Amended Plan of Reorganization (the "POR") was confirmed by order of the Bankruptcy Court on May 3, 2004. The POR contemplates that, unless NEGТ sells its power generation and pipeline businesses as described in the POR, it will retain and continue to operate these businesses, separate from PG&E Corporation, and will issue new debt securities and common stock.

On July 23, 2004, NEGТ entered into a definitive agreement with Denali Power, LLC, a company formed by affiliates of ArcLight Capital Partners, LLC and Caithness Energy, LLC, (the "Denali Agreement") to acquire NEGТ's equity interests in 12 power plants and a natural gas pipeline, including NEGТ's indirect ownership interests in the Partnership. The Denali Agreement will be subject to Bankruptcy Court approval, and contemplates a court-sanctioned auction process in accordance with customary bidding procedures approved by the Bankruptcy Court. On August 10, 2004, the Bankruptcy Court issued an order approving the bidding procedures. In the court-sanctioned auction, NEGТ will seek offers that are higher or otherwise better than that which has been negotiated with Denali Power, LLC. The transaction is expected to close in the first quarter of 2005 and is subject to certain regulatory and third party approvals. Affiliates of ArcLight Capital Partners, LLC and Caithness Energy, LLC already own

indirect beneficial interests in the Partnership through the limited partner interest of Teton Selkirk, LLC, and an affiliate of ArcLight Capital Partners, LLC also owns an indirect beneficial interest in the Partnership through the limited partner interest of PentaGen Investors, L.P.

NEGT’s indirect ownership interest in the general partner interest of JMC Selkirk and the limited partner interests of JMC Selkirk and PentaGen Investors, L.P. in the Partnership are included within the Denali Agreement. The Partnership cannot predict whether a sale by NEGТ of its interest in the Partnership, whether pursuant to the Denali Agreement or otherwise (a “NEGT Interest Sale”), will be completed. As presently contemplated, the NEGТ Interest Sale is not expected to alter the ability of JMC Selkirk or JMCS I Management to manage the Partnership.

On August 4, 2004, Standard and Poor’s (“S&P”) issued a press release, which stated that the announcement by NEGТ of its agreement to sell National Energy Power Company, LLC, through which NEGТ holds interest in Selkirk Cogen Funding Corporation to Denali Power, LLC will not affect the rating on Selkirk Cogen Funding Corporation’s bonds. S&P further stated that it believes that ArcLight Capital Partners, LLC and Caithness Energy, LLC will be able to manage the administrative functions of the project and carry out the duties as managing general partner. S&P’s rating on the senior secured debt of Selkirk Cogen Funding Corporation remains at BBB- with a stable outlook.

Note 6. Title V Permit

On November 6, 2001, the Partnership received from the New York State Department of Environmental Conservation (“DEC”) the Facility’s Title V operating permit endorsed by the DEC on November 2, 2001 (the “Title V Permit”). The Title V Permit as received by the Partnership contains conditions that conflict with the Partnership’s existing air permits, and the Facility’s compliance with these conditions under certain operating circumstances would be problematic. Further, the Partnership believes that certain of the conditions contained in the Title V Permit are inconsistent with the laws and regulations underlying the Title V program and Title V operating permits issued by the DEC to comparable electric generating facilities in New York. By letter dated November 12, 2001, the Partnership has filed with the DEC a request for an adjudicatory hearing to address and resolve the issues presented by the Title V Permit, and the terms and conditions of the Title V Permit will be stayed pending a final DEC decision on the appeal. At this time, the Partnership cannot assess whether a settlement can be achieved, the likely outcome of the adjudicatory hearing if no settlement is achieved, or the impact on the Facility.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Partnership’s consolidated financial statements and notes to the accompanying consolidated financial statements included herein. Further, this Quarterly Report on Form 10-Q should be read in conjunction with the Partnership’s December 31, 2003 Annual Report on Form 10-K.

Cautionary Statement Regarding Forward-Looking Statements

The information in this Quarterly Report on Form 10-Q includes forward-looking statements about the future that are necessarily subject to various risks and uncertainties. Use of words like “anticipate,” “estimate,” “intend,” “project,” “plan,” “expect,” “will,” “believe,” “could,” and similar expressions help identify forward-looking statements and constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and assumptions, which the Partnership believes are reasonable and on information currently available to the Partnership. Actual results could differ materially from those contemplated by the forward-looking statements. Although the Partnership believes that the expectations reflected in the forward-looking statements are reasonable, future results, events, levels of activity, performance or achievements cannot be guaranteed. Although the Partnership is not able to predict all the factors that may affect future results, some of the factors that could cause future results to differ materially from those expressed or implied by the forward-looking statements or historical results include:

Operational Risks

The Partnership’s future results of operations and financial condition may be affected by the performance of equipment; levels of dispatch; the receipt of certain capacity and other fixed payments; electricity prices; natural gas resale prices; fuel deliveries and prices; unanticipated changes in operating expenses or capital expenditures or other maintenance activities; variations in weather and natural disasters; and the potential impacts of threatened or actual terrorism and war.

Accounting and Risk Management

The Partnership’s future results of operations and financial condition may be affected by the effect of new accounting pronouncements; changes in critical accounting policies or estimates; the effectiveness of the Partnership’s risk management policies and procedures; changes in the number of participants in the energy trading markets; the ability of the Partnership’s counterparties to satisfy their financial commitments to the Partnership and the impact of counterparties’ nonperformance on the Partnership’s liquidity position; and heightened rating agency criteria and the impact of changes in the Partnership’s credit ratings.

Legislative and Regulatory Matters

The Partnership’s business may be affected by legislative or regulatory changes affecting the electric and natural gas industries in the United States, including the pace and extent of efforts to restructure the electric and natural gas industries; heightened regulatory and enforcement agency focus on the energy business with the potential for changes in industry regulations and in the treatment of the Partnership by state and federal agencies; changes in or application of federal, state, and local laws and regulations to which the Partnership is subject including changes in corporate governance and securities laws requirements; and changes in or application of Canadian laws, regulations, and policies which may impact the Partnership.

Litigation and Environmental Matters

The Partnership’s future results of operations and financial condition may be affected by compliance with existing and future environmental and safety laws, regulations, and policies, the cost of which could be significant; the outcome of future litigation and environmental matters; and the outcome of the negotiations with the New York State Department of Environmental Conservation (“DEC”) regarding the Facility’s Title V operating permit as described in “Regulations and Environmental Matters” below.

Business Description

The Partnership owns a natural gas-fired, combined-cycle cogeneration facility consisting of two units designed to operate independently for electrical generation, but thermally integrated for steam generation. Revenues are derived primarily from sales of electricity and, to a lesser extent, from sales of steam and natural gas. The Partnership operates as a single business segment.

The Partnership has long-term contracts for the sale of electric capacity and energy produced by the Facility with Niagara Mohawk Power Corporation (“Niagara Mohawk”) and Con Edison Company of New York, Inc. (“Con Edison”). Under the Amended and Restated Niagara Mohawk Power Purchase Agreement, the Partnership has dispatch decision-making authority for Unit 1, whereby it has the ability and flexibility to operate the unit based on current market conditions. Under the Con Edison Power Purchase Agreement, Con Edison dispatches Unit 2 on an economic basis, whereby it takes into account the variable cost of electricity to be delivered by the unit compared to the variable cost of electricity available from other sources.

The Partnership directs the supply and transportation of natural gas to Unit 1 and Unit 2 under its long-term gas supply and transportation agreements so as to have sufficient quantities of natural gas available at the Facility to meet its scheduled operation. In addition, the Partnership may enter into short-term transactions to resell its long-term, firm natural gas volumes at favorable prices relative to their costs and relative to the cost of substitute fuels. These transactions include “gas resales”, “gas transportation optimizations” and “peak shaving arrangements”. Gas resales are sales of excess natural gas supplies when Unit 1 or Unit 2 is dispatched off-line or at less than full capacity. Gas

transportation optimizations are transactions whereby the Partnership is able to optimize the long-term gas transportation contracts and lower the cost of natural gas delivered to the Facility by purchasing and/or selling natural gas at favorable prices along the transportation route. Peak shaving arrangements are transactions whereby the Partnership grants to local distribution companies or other purchasers a call on a specified portion of the Partnership’s firm natural gas supply, including transportation, for a specified number of days during the winter season.

The Partnership determines when to schedule all or a portion of a unit off-line for planned maintenance activities based upon equipment manufacturer guidelines, the actual condition of the unit based on maintenance experience, operating experience, and operating schedule. Taking into account these factors, coupled with current capacity factors, recent operating experience, and industry practice, planned major maintenance outages may be expected to occur approximately every three years. The inherent differences in the duration and scope of major maintenance activities as compared to non-major maintenance activities can have a significant impact on revenues and the cost of revenues.

Executive Summary

During the second quarter of 2004, the Partnership generated net income of \$8.7 million and cash flows from operations of \$8.9 million. The decrease in earnings of \$0.9 million compared to same period in the prior year was primarily due to the expanded scope of planned maintenance on the Facility.

During the six months ended June 30, 2004, the Partnership benefited from calls on the peak shaving arrangement during a period of price spikes in the winter natural gas market. The Partnership generated net income of \$28.6 million and cash flows from operations of \$32.9 million during the first six months of 2004. The increase in earnings of \$4.0 million and cash flows from operations of \$1.1 million compared to same period in the prior year was primarily due to higher fuel revenues.

Average electric energy market prices were higher during the second quarter of 2004 as compared to the same period in the prior year. The average price of electricity under the Partnership’s power purchase agreements, average natural gas resale prices and the average price of natural gas under the Partnership’s firm gas supply agreements were comparable during the second quarters of 2004 and 2003. The Partnership cannot predict whether these trends will continue for the balance of 2004.

The Partnership has scheduled a portion of Unit 2 for a three-week planned major maintenance outage during the fourth quarter of 2004, as compared to the performance of a one-week planned non-major maintenance outage on a portion of Unit 2 during the same period in the prior year. As a result of the longer outage duration planned for the fourth quarter of 2004, the Partnership expects lower volumes of electric energy available for delivery and higher volumes of natural gas available for resale. The Partnership is unable to predict the resulting impact on revenues during the fourth quarter of 2004 because it cannot determine future electric and gas market conditions. At the same time, the Partnership expects maintenance expenses to be higher in the fourth quarter of 2004,

as compared to the same period in the prior year, due to the expanded scope of the planned maintenance outage planned for the fourth quarter of 2004. However, the Partnership does not expect the cost of planned major maintenance during the fourth quarter of 2004 to have a significant impact on cash flows used in operations, as the majority of these expenditures will be funded from the Major Maintenance Reserve Fund.

Relationship with National Energy & Gas Transmission, Inc. (“NEGT”)

JMC Selkirk, Inc. (“JMC Selkirk”) is the managing general partner of the Partnership. Approximately 90% of the ownership interest in JMC Selkirk is held by an indirect subsidiary of NEGТ. NEGТ is an indirect subsidiary of PG&E Corporation.

NEGТ, through its indirect subsidiaries JMC Selkirk and JMCS I Management, Inc. (“JMCS I Management”), manages the Partnership. On July 8, 2003, NEGТ and certain subsidiaries voluntarily filed petitions for relief under the provisions of Chapter 11 of the U.S. Bankruptcy Code (collectively, the “NEGТ Bankruptcy”) in the Greenbelt Division of the United States Bankruptcy Court for the District of Maryland (the “Bankruptcy Court”). The subsidiaries that voluntarily filed petitions and were disclosed in previous reports as related parties of the Partnership with which it engaged in transactions are: NEGТ Energy Trading-Power, L.P. and NEGТ Energy Trading–Gas Corporation. There were no amounts due to or from these subsidiaries at June 30, 2004.

None of the Partnership or its NEGТ affiliated partners (JMC Selkirk and PentaGen Investors, L.P.) are parties to the NEGТ Bankruptcy. The Managing General Partner believes that JMC Selkirk, PentaGen Investors, L.P., and the Partnership will not be substantively consolidated with NEGТ in any bankruptcy proceeding involving NEGТ, and that the NEGТ Bankruptcy will not have a material adverse impact on the Partnership’s operations.

However, the Partnership cannot be certain that the NEGТ Bankruptcy will not affect NEGТ’s arrangements with respect to the Partnership or the ability of JMC Selkirk or JMCS I Management to manage the Partnership. The Partnership Agreement provides certain management rights to the other general partner of the Partnership, RCM Selkirk GP, Inc. (“RCM Selkirk GP”), in the event that JMC Selkirk were to be included as a debtor within the NEGТ Bankruptcy, or either JMC Selkirk or JMCS I Management were to be in material default of its obligations to the Partnership (following notice and a 120 day cure period). These protections (the “Special Management Rights”) include (i) the removal of JMC Selkirk as the managing general partner, (ii) the appointment of itself as the successor managing general partner, and (iii) the termination of the administrative services agreement with JMCS I Management and subsequent appointment of a RCM Selkirk GP affiliate as the project management firm. Enforcement of these rights by RCM Selkirk GP could, however, be delayed or impeded as a result of any bankruptcy proceeding involving JMC Selkirk. Moreover, the bankruptcy of any partner of the Partnership would be an event of default under the Partnership’s Credit Agreement.

On February 26, 2004, NEGТ filed with the Bankruptcy Court its Third Amended Plan of Reorganization and the related Disclosure Statement. A Modified Third Amended Plan of Reorganization (the “POR”) was confirmed by order of the Bankruptcy Court on

May 3, 2004. The POR contemplates that, unless NEGТ sells its power generation and pipeline businesses as described in the POR, it will retain and continue to operate these businesses, separate from PG&E Corporation, and will issue new debt securities and common stock.

On July 23, 2004, NEGТ entered into a definitive agreement with Denali Power, LLC, a company formed by affiliates of ArcLight Capital Partners, LLC and Caithness Energy, LLC, (the “Denali Agreement”) to acquire NEGТ’s equity interests in 12 power plants and a natural gas pipeline, including NEGТ’s indirect ownership interests in the Partnership. The Denali Agreement will be subject to Bankruptcy Court approval, and contemplates a court-sanctioned auction process in accordance with customary bidding procedures approved by the Bankruptcy Court. On August 10, 2004, the Bankruptcy Court issued an order approving the bidding procedures. In the court-sanctioned auction, NEGТ will seek offers that are higher or otherwise better than that which has been negotiated with Denali Power, LLC. The transaction is expected to close in the first quarter of 2005 and is subject to certain regulatory and third party approvals. Affiliates of ArcLight Capital Partners, LLC and Caithness Energy, LLC already own indirect beneficial interests in the Partnership through the limited partner interest of Teton Selkirk, LLC, and an affiliate of ArcLight Capital Partners, LLC also owns an indirect beneficial interest in the Partnership through the limited partner interest of PentaGen Investors, L.P.

NEGТ’s indirect ownership interest in the general partner interest of JMC Selkirk and the limited partner interests of JMC Selkirk and PentaGen Investors, L.P. in the Partnership are included within the Denali Agreement. The Partnership cannot predict whether a sale by NEGТ of its interest in the Partnership, whether pursuant to the Denali Agreement or otherwise (a “NEGТ Interest Sale”), will be completed. As presently contemplated, the NEGТ Interest Sale is not expected to alter the ability of JMC Selkirk or JMCS I Management to manage the Partnership.

On August 4, 2004, Standard and Poor’s (“S&P”) issued a press release, which stated that the announcement by NEGТ of its agreement to sell National Energy Power Company, LLC, through which NEGТ holds interest in Selkirk Cogen Funding Corporation to Denali Power, LLC will not affect the rating on Selkirk Cogen Funding Corporation’s bonds. S&P further stated that it believes that ArcLight Capital Partners, LLC and Caithness Energy, LLC will be able to manage the administrative functions of the project and carry out the duties as managing general partner. S&P’s rating on the senior secured debt of Selkirk Cogen Funding Corporation remains at BBB- with a stable outlook.

Results of Operations

The following tables sets forth operating revenue and related data for the three and six months ended June 30, 2004 and 2003 (dollars and volumes in millions).

	Three Months Ended June 30,			
	2004		2003	
	Volume	Dollars	Volume	Dollars
Dispatch factor:				
Unit 1	77.6%		98.1%	
Unit 2	100.0%		74.4%	
Capacity factor:				
Unit 1	69.8%		94.4%	
Unit 2	92.4%		70.9%	
Electric and steam revenues:				
Unit 1 (Kwh)	121.7	\$15.0	164.8	\$16.3
Unit 2 (Kwh)	534.6	44.8	410.5	39.3
Steam (lbs)	357.4	—	337.4	(0.1)
Total electric and steam revenues		59.8		55.5
Fuel revenues:				
Gas resales (mmbtu)	0.6	3.5	1.1	6.9
Gas transportation optimizations (mmbtu)	0.4	2.7	—	—
Peak shaving arrangements (mmbtu)	—	—	—	—
Total fuel revenues		6.2		6.9
Total operating revenues		\$66.0		\$62.4

	Six Months Ended June 30,			
	2004		2003	
	Volume	Dollars	Volume	Dollars
Dispatch factor:				
Unit 1	84.6%		97.3%	
Unit 2	96.8%		87.1%	
Capacity factor:				
Unit 1	79.1%		93.2%	
Unit 2	91.2%		84.5%	
Electric and steam revenues:				
Unit 1 (Kwh)	276.1	\$ 35.1	323.7	\$ 37.2
Unit 2 (Kwh)	1,055.8	88.3	972.9	85.4
Steam (lbs)	805.5	0.9	688.1	—
Total electric and steam revenues		124.3		122.6
Fuel revenues:				
Gas resales (mmbtu)	0.7	4.5	1.2	7.5
Gas transportation optimizations (mmbtu)	0.4	2.7	0.2	1.6
Peak shaving arrangements (mmbtu)	0.6	9.0	0.2	2.5
Total fuel revenues		16.2		11.6
Total operating revenues		\$140.5		\$134.2

The “capacity factor” of Unit 1 and Unit 2 is the amount of energy produced by each Unit in a given time period expressed as a percentage of the total contract capability amount of potential energy production in that time period.

The “dispatch factor” of Unit 1 and Unit 2 is the number of hours scheduled for electric delivery (regardless of output level) in a given time period expressed as a percentage of the total number of hours in that time period.

Three Months Ended June 30, 2004 Compared to the Three Months Ended June 30, 2003

Overall Results

Net income was \$8.7 million for the second quarter of 2004, a decrease of \$0.9 million from the same period in the prior year. This decrease was primarily due to higher maintenance expenses.

The following highlights the principal changes in operating revenues and operating expenses.

Operating Revenues

Operating revenues were \$66.0 million for the second quarter of 2004, an increase of \$3.6 million from the same period in the prior year. This increase was primarily due to higher electric revenues. Electric revenues increased by \$4.2 million in the second quarter of 2004 primarily due to the higher volume of Unit 2 delivered energy.

Cost of Revenues

The cost of revenues was \$48.7 million for the second quarter of 2004, an increase of \$4.8 million from the same period in the prior year. This increase was primarily due to higher fuel and maintenance costs. Fuel costs increased by \$3.6 million in the second quarter of 2004 primarily due to the higher volume of natural gas purchased under gas transportation optimizations. Maintenance costs increased by \$1.0 million in the second quarter of 2004 primarily due to the expanded scope of planned maintenance on the Facility. During the second quarter of 2004, a planned major maintenance outage was performed on a portion of Unit 1, as compared to the performance of a planned non-major maintenance outage on a portion of Unit 2 during the same period in the prior year.

Six Months Ended June 30, 2004 Compared to the Six Months Ended June 30, 2003

Overall Results

Net income was \$28.6 million for the six months ended June 30, 2004, an increase of \$4.0 million from the same period in the prior year. This increase was primarily due to higher revenues under the peak shaving arrangement.

The six months ended June 30, 2003 included a net loss for the cumulative effect of a change in accounting principle of \$53 thousand. The cumulative effect was based on the Partnership’s adoption as of January 1, 2003, of Statement of Financial Accounting Standards (“SFAS”) No. 143, *Accounting for Asset Retirement Costs* (see Note 2 to the Notes to Consolidated Financial Statements).

The following highlights the principal changes in operating revenues and operating expenses.

Operating Revenues

Operating revenues were \$140.5 million for the six months ended June 30, 2004, an increase of \$6.3 million from the same period in the prior year. This increase was primarily due to higher fuel revenues. Fuel revenues increased by \$4.6 million in the first six months of 2004 primarily due to the higher volume and price of natural gas sold under the peak shaving arrangement.

Cost of Revenues

The cost of revenues was \$94.9 million for the six months ended June 30, 2004, an increase of \$3.2 million from the same period in the prior year. This increase was primarily due to higher fuel and maintenance costs. Fuel costs increased by \$1.0 million in the first six months of 2004 primarily due to the higher volume of natural gas purchased under gas transportation optimizations. Maintenance costs increased by \$1.0 million in the first six months of 2004 primarily due to the expanded scope of planned maintenance on the Facility. During the second quarter of 2004, a planned major maintenance outage was performed on a portion of Unit 1, as compared to the performance of a planned non-major maintenance outage on a portion of Unit 2 during the same period in the prior year.

Liquidity and Capital Resources

Sources of Cash

Net cash provided by operating activities was \$8.9 million for the second quarter of 2004, a decrease of \$1.5 million from the same period in the prior year. This decrease is primarily due to lower net income resulting from higher maintenance expenses. Net cash provided by operating activities was \$32.9 million for the six months ended June 30, 2004, an increase of \$1.1 million from the same period in the prior year. This increase is primarily due to higher net income resulting from higher revenues under the peak shaving arrangement, partially offset by a reduction in accrued operating and maintenance expenses resulting from a payment from the Major Maintenance Reserve Fund for the purchase of spare parts.

The Partnership believes, based on current conditions and circumstances, it will have sufficient cash flows from operations to fund existing debt obligations and operating costs during 2004.

Credit Agreement

The Partnership has available for its use a credit agreement, as amended (the “Credit Agreement”), with a maximum available credit (including both outstanding letters of credit and working capital loans) of \$10.0 million. Effective June 30, 2004, the Credit Agreement was amended to extend the expiration date from August 8, 2005 to June 30, 2007. Outstanding balances of working capital loans under the Credit Agreement bear interest at a base rate with principal and interest payable monthly in arrears. The base rate under the Credit Agreement is the greater of (i) a rate equal to the sum of the federal funds rate plus 0.50%, and (ii) the prime rate publicly announced by Citizens Bank of Massachusetts. The Credit Agreement is available to the Partnership for the purposes of meeting letter of credit requirements under various fuel-related contracts and for meeting working capital requirements. As of June 30, 2004, a letter of credit in the amount of approximately \$2.9 million has been issued and there were no amounts drawn under such letter of credit and no balances outstanding under the working capital arrangement.

Uses of Cash

Net cash used in investing activities of \$22.4 million for the second quarter of 2004 was comparable to the same period in the prior year. Net cash provided by investing activities was \$2.8 million for the six months ended June 30, 2004, an increase of \$3.7 million from the same period in the prior year. The increase is primarily due to a payment from the Major Maintenance Reserve Fund for the purchase of spare parts.

Net cash used in financing activities was \$29.8 million for the second quarter of 2004, an increase of \$2.7 million from the same period in the prior year. Net cash used in financing activities was \$36.5 million for the six months ended June 30, 2004, an increase of \$9.4 million from the same period in the prior year. These increases were primarily due to additional cash becoming available for distribution to the Partners and higher principal payments on long-term debt.

Gas Contract Extension Fund

Under the Partnership’s financing agreements, a gas contract extension fund (“Gas Contract Extension Fund”) will be required if the Partnership has not satisfied certain conditions with the respect to the extension or replacement of the Partnership’s firm gas supply agreements by December 26, 2004. If the Gas Contract Extension Fund is required, after December 26, 2004, cash otherwise available for deposit into the Partnership Distribution Fund and subsequent distribution to the Partners will be deposited into the Gas Contract Extension Fund until the balance of the Gas Contract Extension Fund is sufficient to fund all of the scheduled principal payments on the Partnership’s bonds from June 26, 2010 through June 26, 2012. The Partnership has commenced discussions with its fuel suppliers regarding the extension of its firm gas supply agreements.

Significant Contractual Payment Obligations

Since December 31, 2003, the Partnership has not committed to any new significant contractual payment obligations of the types described under the caption “Liquidity and Capital Resources” contained in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, of the Partnership’s December 31, 2003 Annual Report on Form 10-K.

Accounting Matters

Critical Accounting Policies

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States involves the use of estimates and assumptions that affect the recorded amount of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Certain of these estimates and assumptions are considered to be Critical Accounting Policies, due to their complexity, subjectivity, and uncertainty, along with their relevance to the financial performance of the Partnership. Actual results may differ substantially from these estimates. There have been no changes to the Partnership’s critical accounting policies since December 31, 2003. See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, of the Partnership’s December 31, 2003 Annual Report of Form 10-K for further discussion.

Accounting Principles Issued But Not Yet Adopted

In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities* (“FIN 46”). FIN 46, as subsequently revised in December 2003 (“FIN 46R”), is an interpretation of Accounting Research Bulletin No. 51, *Consolidated Financial Statements* (“ARB 51”), and supersedes EITF Issues No. 90-15 and 96-21, which prescribe accounting for lease arrangements with nonsubstantive lessors. This interpretation clarifies the application of ARB 51 to certain entities, defined as “variable interest entities” (“VIEs”), in which equity investors do not have a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities

without additional subordinated financial support. FIN 46R requires that a VIE is to be consolidated by a company, if that company is subject to a majority of the risk of loss from the VIE’s activities or is entitled to receive a majority of the VIE’s residual returns, or both.

The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. There were no new variable interest entities created by the Partnership between February 1, 2003 and June 30, 2004. The Partnership is non-public entity as defined by the interpretation. As a non-public entity, the consolidation requirements related to entities or arrangements existing before February 1, 2003 are effective January 1, 2005. The Partnership has not identified any arrangements with potential VIEs. The Partnership will continue to evaluate its arrangements for potential FIN 46R application effective January 1, 2005. The Partnership does not expect that implementation of this interpretation will have a significant impact on its consolidated financial statements.

Legal Matters

The Partnership is a party in various legal proceedings and may be subject to potential claims arising in the ordinary course of its business. Management does not believe that the resolution of these matters will have a material adverse effect on the Partnership’s consolidated financial position or results of operations. See Part I, Item 3 of the Partnership’s December 31, 2003 Annual Report on Form 10-K for further discussion of significant pending litigation.

Regulations and Environmental Matters

On November 6, 2001, the Partnership received from the DEC the Facility’s Title V operating permit endorsed by the DEC on November 2, 2001 (the “Title V Permit”). The Title V Permit as received by the Partnership contains conditions that conflict with the Partnership’s existing air permits, and the Facility’s compliance with these conditions under certain operating circumstances would be problematic. Further, the Partnership believes that certain of the conditions contained in the Title V Permit are inconsistent with the laws and regulations underlying the Title V program and Title V operating permits issued by the DEC to comparable electric generating facilities in New York. By letter dated November 12, 2001, the Partnership has filed with the DEC a request for an adjudicatory hearing to address and resolve the issues presented by the Title V Permit, and the terms and conditions of the Title V Permit will be stayed pending a final DEC decision on the appeal. At this time, the Partnership cannot assess whether a settlement can be achieved, the likely outcome of the adjudicatory hearing if no settlement is achieved, or the impact on the Facility.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, see Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” of the Partnership’s December 31, 2003 Annual Report on Form 10-K. The Partnership’s exposures to market risk have not changed materially since December 31, 2003.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation of the disclosure controls and procedures of the Partnership and Selkirk Cogen Funding Corporation (the “Funding Corporation”) as of June 30, 2004 has been conducted under the supervision and with the participation of the principal executive officer and principal financial officer of both JMC Selkirk (as Managing General Partner of the Partnership) and the Funding Corporation. Based on that evaluation, such officers have concluded that, as of such date, the disclosure controls and procedures of the Partnership and Funding Corporation are effective, in that they provide reasonable assurance that such officers are alerted on a timely basis to material information that is required to be included in the Partnership’s and Funding Corporation’s periodic filings under the Securities and Exchange Act of 1934, as amended.

During the quarter ended June 30, 2004, no changes occurred in the Partnership’s or Funding Corporation’s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Partnership’s or Funding Corporation’s internal control over financial reporting. (See Item 5. “Other Information”, for newly appointed directors and executive officers of the Funding Corporation and JMC Selkirk)

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

Directors and Executive Officers

Effective July 1, 2004, Thomas E. Legro resigned from his positions as Director, Vice President, Controller and Chief Accounting Officer of both the Funding Corporation and JMC Selkirk (the “Managing General Partner”). The following tables set forth the names and positions of newly appointed directors and executive officers.

Selkirk Cogen Funding Corporation:

Name	Position
William H. Runge, III	Director
J. Tracy Mey	Controller and Chief Accounting Officer

The Managing General Partner:

Name	Position
William H. Runge, III	Director
J. Tracy Mey	Controller and Chief Accounting Officer

William H. Runge, III is Associate Chief Restructuring Officer and Chief Financial Officer of NEGT, an affiliate of the Managing General Partner, and has been associated with NEGT since October 2002. Mr. Runge is also a managing director with Alvarez & Marsal, LLC, a global professional services firm specializing in business diagnostics, business plan development and financial strategies for corporate turnarounds and restructuring. Prior to joining Alvarez & Marsal, LLC, Mr. Runge was a partner with a Big Five public accounting firm and a chief financial officer and chief operating officer in private industry. Mr. Runge was elected Director of both the Funding Corporation and the Managing General Partner on July 1, 2004.

J. Tracy Mey is Controller and Chief Accounting Officer of Power Services Company, an affiliate of the Managing General Partner, and has been with Power Services Company since it was formed in 1989. Prior to joining Power Services Company, Mr. Mey held positions with a Fortune 500 International engineering & manufacturing firm and with the public accounting firm of Arthur Andersen & Company. Mr. Mey was elected Controller and Chief Accounting Officer of both the Funding Corporation and the Managing General Partner on July 1, 2004. Prior to July 1, 2004, Mr. Mey served as Assistant Controller of both the Funding Corporation and the Managing General Partner.

Audit Committee

The Board of Directors of each of the Managing General Partner and the Funding Corporation performs the functions and responsibilities of an audit committee of the Partnership and Funding Corporation, respectively. Each such Board of Directors has determined that one of its members, William H. Runge, III, is an audit committee financial expert as defined in Item 401(h) of the Securities and Exchange Commission’s Regulation S-K, and has also determined that Mr. Runge is not “independent” within the meaning of such provision because he is an executive officer of NEGТ. The Partnership and Funding Corporation, however, are not required under the Commission’s rules implementing Section 10A(m) of the Securities Exchange Act of 1934, as amended, to have an audit committee consisting of “independent” members because they are not listed issuers within the meaning of such rules.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

Exhibit No.	Description of Exhibit
3.1	Amendment No. 4 to the Third Amended and Restated Agreement of Limited Partnership of Selkirk Cogen Partners, L.P. (the “Partnership”), dated as of July 12, 2004
10.1	Amendment No. 7 to Credit Agreement, dated as of June 30, 2004, between the Partnership and Citizens Bank of Massachusetts
31.1	Certification of Principal Executive Officer of JMC Selkirk, Inc., as Managing General Partner of Selkirk Cogen Partners, L.P., pursuant to Section 302 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
31.2	Certification of Principal Financial Officer of JMC Selkirk, Inc., as Managing General Partner of Selkirk Cogen Partners, L.P., pursuant to Section 302 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
31.3	Certification of Principal Executive Officer of Selkirk Cogen Funding Corporation, pursuant to Section 302 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
31.4	Certification of Principal Financial Officer of Selkirk Cogen Funding Corporation, pursuant to Section 302 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
32.1	Certification of Principal Executive Officer of JMC Selkirk, Inc., as Managing General Partner of Selkirk Cogen Partners, L.P., pursuant to Section 906 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004

Exhibit No.	Description of Exhibit
32.2	Certification of Principal Financial Officer of JMC Selkirk, Inc., as Managing General Partner of Selkirk Cogen Partners, L.P., pursuant to Section 906 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
32.3	Certification of Principal Executive Officer of Selkirk Cogen Funding Corporation, pursuant to Section 906 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
32.4	Certification of Principal Financial Officer of Selkirk Cogen Funding Corporation, pursuant to Section 906 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004

(B) Reports on Form 8-K

Not applicable.

Omitted from this Part II are items which are not applicable or to which the answer is negative for the periods covered.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

SELKIRK COGEN PARTNERS, L.P.

By: JMC SELKIRK, INC.,
Managing General Partner

Date: August 12, 2004

/s/ J. TRACY MEY

Name: J. Tracy Mey
Title: Controller and Chief Accounting Officer

SELKIRK COGEN FUNDING CORPORATION

Date: August 12, 2004

/s/ J. TRACY MEY

Name: J. Tracy Mey
Title: Controller and Chief Accounting Officer

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
3.1	Amendment No. 4 to the Third Amended and Restated Agreement of Limited Partnership of Selkirk Cogen Partners, L.P. (the “Partnership”), dated as of July 12, 2004
10.1	Amendment No. 7 to Credit Agreement, dated as of June 30, 2004, between the Partnership and Citizens Bank of Massachusetts
31.1	Certification of Principal Executive Officer of JMC Selkirk, Inc., as Managing General Partner of Selkirk Cogen Partners, L.P., pursuant to Section 302 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
31.2	Certification of Principal Financial Officer of JMC Selkirk, Inc., as Managing General Partner of Selkirk Cogen Partners, L.P., pursuant to Section 302 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
31.3	Certification of Principal Executive Officer of Selkirk Cogen Funding Corporation, pursuant to Section 302 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
31.4	Certification of Principal Financial Officer of Selkirk Cogen Funding Corporation, pursuant to Section 302 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
32.1	Certification of Principal Executive Officer of JMC Selkirk, Inc., as Managing General Partner of Selkirk Cogen Partners, L.P., pursuant to Section 906 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
32.2	Certification of Principal Financial Officer of JMC Selkirk, Inc., as Managing General Partner of Selkirk Cogen Partners, L.P., pursuant to Section 906 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
32.3	Certification of Principal Executive Officer of Selkirk Cogen Funding Corporation, pursuant to Section 906 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004
32.4	Certification of Principal Financial Officer of Selkirk Cogen Funding Corporation, pursuant to Section 906 of the Sarbanes — Oxley Act of 2002 dated August 12, 2004