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NORTHEAST UTILITIES SYSTEM
Form U-1/A
June 04, 2003

FILE NO. 70-9755

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 3
(AMENDMENT NO. 6)

TO FORM U-1

APPLICATION/DECLARATION

UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Northeast Utilities
Western Massachusetts Electric Company
174 Brush Hill Avenue
West Springfield, MA 01090-0010

Holyoke Water Power Company
One Canal Street
Holyoke, MA 01040

The Connecticut Light and Power Company
NU Enterprises, Inc.
Northeast Generation Service Company
E.S. Boullos Company
Woods Network Services, Inc.
Woods Electrical Co., Inc.
Northeast Generation Company

Public Service Company
of New Hampshire
North Atlantic Energy
Corporation
Energy Park
780 North Commercial Street
Manchester, NH 03101

Select Energy, Inc.
Select Energy New York, Inc.
Mode 1 Communications, Inc.
Northeast Utilities Service Company
107 Selden Street
Berlin, CT 06037

Select Energy Services, Inc.
24 Prime Parkway
Natick, MA 01760

Yankee Energy System, Inc.
Yankee Gas Services Company
Yankee Energy Financial Services Company
NorConn Properties, Inc.
Yankee Energy Services Company
107 Selden Street
Berlin, Connecticut 06037

The Rocky River Realty Company
The Quinnehtuk Company
Northeast Nuclear Energy
Company
107 Selden Street
Berlin, CT 06037

Name of companies filing this statement and addresses of principal
executive offices)

NORTHEAST UTILITIES

(Name of top registered holding company)

Gregory B. Butler, Esq.
Vice President, Secretary and General Counsel
Northeast Utilities Service Company
P.O. Box 270
Hartford, CT 06141-0270

(Name and address of agent for service)

The Commission is requested to mail signed copies of all orders,

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notices and communications to

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David R. McHale
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Northeast Utilities
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P.O. Box 270
Hartford, CT 06141-0270

The Application/Declaration in this file, as heretofore amended, is further amended and restated as follow:

ITEM 1 DESCRIPTION OF PROPOSED TRANSACTION

BACKGROUND

1. Northeast Utilities ("NU"), a public utility holding company registered under the Public Utility Holding Company Act of 1935, as amended (the "Act"), The Connecticut Light and Power Company ("CL&P"), Western Massachusetts Electric Company ("WMECO"), Public Service Company of New Hampshire ("PSNH"), Holyoke Water Power Company ("HWP"), North Atlantic Energy Corporation ("NAEC"), Northeast Nuclear Energy Company ("NNECO"), The Rocky River Realty Company ("RR"), The Quinnehtuk Company ("Quinnehtuk") and Northeast Utilities Service Company ("NUSCO"), each of which is a wholly-owned subsidiary of NU; Yankee Energy System, Inc. ("YES"), a wholly-owned public utility holding company subsidiary of NU and its wholly-owned subsidiaries, Yankee Gas Services Company ("Yankee Gas"), Yankee Energy Financial Services Company ("Yankee Financial"), Yankee Energy Services Company ("YESCO") and NorConn Properties, Inc. ("NorConn"); and NU Enterprises, Inc. ("NUEI"), a wholly owned nonutility holding company subsidiary of NU, and its direct and indirect wholly-owned subsidiaries, Northeast Generation Company ("NGC"), Northeast Generation Services Company ("NGS"), E. S. Boulos Company ("Boulos"), Woods Electrical Company, Inc. ("Woods"), Woods Network Services, Inc. ("Woods Network"), Select Energy, Inc. (Select Energy"), Select Energy New York, Inc. ("SENY"), Mode 1 Communications, Inc. ("Mode 1") and Select Energy Services, Inc., formerly HEC Inc. ("SESI") (each of the above companies being an "Applicant" and collectively referred to herein as the "Applicants") submit this amendment to the application/declaration in this File (the "Amendment") pursuant to Sections 6(a), 7, 9(a), 10 and 12 of the Act and Rules 43, 45 and 52 thereunder with respect to (i) the extension of certain financing authorizations granted by the Commission in the prior Commission order issued in this file and (ii) the granting of certain additional authorizations as requested herein.

2. By order dated December 28, 2000 (Holding Co. Act Release No. 27328) issued by the Commission in this File No. 70-9755 (the "Prior Order"), the Applicants were authorized to continue participation in the NU system money pool arrangement ("NU Money Pool"), and, to the extent not exempt under Rules 45(b) and 52, to enter into short-term debt transactions with NU and extend credit to (and acquire promissory notes from) each other through

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their participation in the NU Money Pool, through June 30, 2003. In addition, authorization was granted in the Prior Order for NU and five of its utility subsidiaries, CL&P, WMECO, PSNH, YES and Yankee Gas, among others, (CL&P, WMECO, PSNH, YES and Yankee Gas referred to collectively as the "Utility Borrowers") to issue notes or commercial paper to unaffiliated third parties to evidence short-term debt up to specified limits and within specified parameters.

3. The Applicants now request that the Commission issue an order in this file granting:

- (i) an extension, from the date of the order requested herein through June 30, 2006 (the "Authorization Period"), of the authorizations granted by the Commission in the Prior Order concerning
 - (a) the issuance of notes or commercial paper by NU and the Utility Borrowers to unaffiliated third parties to evidence short-term debt,
 - (b) the respective short-term debt limits of NU and the Utility Borrowers; and
 - (c) participation by the Applicants in the NU System Money Pool as described herein through June 30, 2004 (the "Pool Authorization Period") provided that (i) the terms of the NU Money Pool are modified to provide priority over the borrowing of NU Money Pool Funds to the utility subsidiaries of NU over the nonutility subsidiaries and (ii) NU provides to the Commission, by December 31, 2003, the results of a feasibility study concerning the creation of a separate money pool for nonutility subsidiaries of NU;
- (ii) authorization, through the Authorization Period, for NU and the Utility Borrowers to enter into Interest Rate Hedges (as described herein), and
- (iii) authorization for Boulos, Woods and SENY to participate in the NU Money Pool as both borrowers and lenders and authorization for Woods Network to participate in the NU Money Pool solely as a lender through the Pool Authorization Period.

SHORT-TERM DEBT OF NU AND THE UTILITY BORROWERS

4. In this Amendment NU and the Utility Borrowers seek an order of the Commission extending, through the Authorization Period, the authorization granted in the Prior Order for their short-term borrowing arrangements ("Short-term Debt"). NU and the Utility Borrowers propose to issue and sell from time to time during the Authorization Period, Short-term Debt in an aggregate principal amount at any time outstanding not to exceed, when added to any debt by such companies through the NU Money Pool, the respective limits for NU and the Utility Borrowers set forth below in paragraph 22 (which limits are the same or less than the limits provided in the Prior Order) ("Short-term Debt Limit"). The Short-term Debt for NU and the Utility Borrowers has taken and will take a variety of forms, including commercial paper

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issuances and/ or unsecured notes, and in the case of the Utility Borrowers, secured or unsecured notes, with banks or other institutional lenders under credit facilities having commitment periods not longer than the Authorization Period and on terms that are generally available to borrowers with comparable credit ratings. All Short-term Debt will have maturities of less than one year from the date of issuance. The Utility Borrowers request that the Commission reserve jurisdiction over their request to issue secured short-term debt pending completion of the record.

5. Commercial paper issued by NU or a Utility Borrower hereunder may be issued manually or through The Depository Trust Company in the form of book entry notes in denominations of not less than \$50,000 of varying maturities. Such commercial paper would typically be sold to dealers at the discount rate prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring the commercial paper will reoffer it at a discount to corporate and institutional investors. No commercial paper will be issued unless NU or the Utility Borrower issuing such commercial paper believes that the effective interest cost to it will be equal to or less than the effective interest rate at which such company could issue short-term notes in an amount at least equal to the principal amount of such commercial paper. The commercial paper will be publicly issued and sold without registration under the Securities Exchange Act of 1933 in reliance upon one or more applicable exemptions from registration thereunder.

6. NU and the Utility Borrowers also propose to continue, or to establish and maintain back-up credit lines with banks or other institutional lenders to support their commercial paper program(s), and other credit arrangements and/ or borrowing facilities generally available to borrowers with comparable credit ratings, providing for revolving credit or other loans and having commitment periods not longer than the Authorization Period. All amounts drawn and outstanding under these agreements and facilities will have maturities less than one year from the date of draw and will be counted against the proposed Short-term Debt Limits of NU or such Utility Borrower.

7. The effective cost of money on all external Short-term Debt of NU and the Utility Borrowers will not exceed competitive market rates available at the time of issuance for securities having the same or reasonably similar terms and conditions issued by companies of comparable credit quality, provided that in no event will the effective cost of capital exceed 500 basis points over the comparable term London Interbank Offered Rate ("LIBOR"). Issuance expenses in connection with any non-competitive offering of Short-term Debt will not exceed 5% of the principal amount thereof. Specific terms of any Short-term Debt will be determined by NU or the Utility Borrowers at the time of issuance and will comply in all regards to the parameters of financing authorizations set forth above. A copy of any new note or loan agreement executed pursuant to this Authorization will be filed under cover of the next quarterly report under Rule 24.

8. NU commits that, apart from the securities issued for the purpose of funding money pool operations, no Short-term Debt may be issued by NU in reliance upon this Order during the Authorization Period, unless: (i) the security to be issued, if rated, is rated investment grade; and (ii) all outstanding Short-term Debt of NU

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that is rated is rated investment grade. For purposes of this condition, a security will be considered investment grade if it is so rated by at least one nationally recognized statistical rating organization, as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of Rule 15c3-1 under the 1934 Act. NU requests that the Commission reserve jurisdiction over the issuance by NU of any Short-term Debt that is rated below investment grade.

9. Subject to the applicable Short-term Debt Limits, NU and the Utility Borrowers intend to renew and extend outstanding short-term debt as it matures, to refund such short-term debt with other similar short-term debt, to repay such short-term debt or to increase the amount of their short-term debt from time to time.

10. Current Financial Condition

(a) NU

For the twelve (12) months ended December 31, 2002, NU's consolidated gross revenues and net income were approximately \$5.0 billion and \$152 million, respectively. As of December 31, 2002, NU's consolidated capitalization consisted of 33.4% common equity, 1.8% preferred stock, 28.6% of Rate Reduction Bonds, and 36.2% debt. When the Rate Reduction Bonds are excluded, NU's consolidated capitalization consisted of 46.8% common equity, 2.4% preferred stock and 50.8% debt.

NU Credit Ratings (Senior Unsecured Debt)

| | |
|---------|-----|
| Moody's | S&P |
| Baa1 | BBB |

(b) The Utility Borrowers

The Connecticut Light and Power Company ("CL&P")

As of December 31, 2002, CL&P's consolidated capitalization consisted of 24.1% common equity, 4.0% preferred stock, 43.2% of Rate Reduction Bonds, and 28.7% of long-term and short-term debt.