

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-1/A

NORTHEAST UTILITIES SYSTEM

Form U-1/A

April 16, 2003

FILE NO. 70-9755

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1
(AMENDMENT NO. 4)

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. Boulos Company
Woods Network Services, Inc.
Woods Electrical Co., Inc.
Northeast Generation Company
Select Energy, Inc.
Select Energy New York, Inc.
Mode 1 Communications, Inc.
Northeast Utilities Service Company
107 Selden Street
Berlin, CT 06037

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

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
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)

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-1/A

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

Jeffrey C. Miller
Assistant General Counsel
Northeast Utilities
Service Company
P.O. Box 270
Hartford, CT 06141-0270

David R. McHale
Vice President and Treasurer
Northeast Utilities
Service Company
P.O. Box 270
Hartford, CT 06141-0270

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"), ES 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 their participation in the NU Money Pool, through June 30, 2003. In addition, authorization was granted in the Prior Order for NU, CL&P, WMECO, PSNH, YES and Yankee Gas (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

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-1/A

June 30, 2007 (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,

(ii) authorization for NU and the Utility Borrowers to enter into Interest Rate Hedges (as described herein),

(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, and

(iv) the acquisition by NU and the Utility Borrowers, directly or indirectly, of the equity securities of one or more corporations, trusts, partnerships or other entities (each a "Financing Subsidiary") created specifically for the purpose of facilitating the financing of the authorized and exempt activities of NU and the Utility Borrowers through the issuance of short-term debt, including commercial paper, to third parties and the transfer of the proceeds of such financings to the parent of such financing subsidiary.

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, directly or through one or more Financing Subsidiaries, 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 21 ("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 issuances and/ or secured or unsecured debt 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.

5. Commercial paper issued by NU or a Utility Borrower or Financing Subsidiary 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, directly or through one or more Financing Subsidiaries, 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,

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-1/A

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 or their respective Financing Subsidiary, 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.

ORGANIZATION AND ACQUISITION OF FINANCING SUBSIDIARIES.

8.. In connection with the issuance of Short-term Debt by NU or any of the Utility Borrowers for which authorization is requested above, NU and the Utility Borrowers request authority to acquire, directly or indirectly, the equity securities of one or more Financing Subsidiaries specifically for the purpose of facilitating the financing of the authorized and exempt activities of NU and the Utility Borrowers through the issuance of short-term debt or Commercial Paper to third parties, and the transfer of the proceeds of such financings to NU or such Utility Borrower. NU may, if required, guarantee or enter into support or expense agreements in respect of the obligations of any such Financing Subsidiaries. The amount of any such guarantees or credit supports would not count against the limit on guarantees which has been authorized by the Commission in File No. 070-09343 (Holding Co. Act Rel. 35-27621. The Utility Borrowers may also provide guarantees and enter into support or expense agreements, if required, on behalf of such entities pursuant to Rules 45(b)(7) and 52, as applicable. NU and each of the Utility Borrowers also request authorization to enter into an expense agreement with its respective Financing Subsidiary, pursuant to which it would agree to pay all expenses of such entity. Any amounts issued by such Financing Subsidiary to third parties pursuant to this authorization will be included in the overall Short-term Debt limit authorized herein for the immediate parent of such Financing Subsidiary, and the terms, conditions and other limitations applicable to any securities issued by a Financing Subsidiary will conform to those proposed above for the specified type of security (e.g., short-term debt, commercial paper).

9. NU and the Utility Borrowers also request authority to issue and sell to any Financing Subsidiary, at any time or from time to time in one or more series, secured or unsecured debentures, secured or unsecured promissory notes or other secured or unsecured debt instruments ("Mirror Image Notes") governed by an indenture or indentures or other documents, and the Financing Subsidiary will apply the proceeds of any external financing by such Financing Subsidiary plus the amount of any equity contribution made to it from time to time to purchase Mirror Image Notes. The terms (e.g., interest rate, maturity, amortization, prepayment terms, default provisions, etc.) of any such Mirror Image Notes would generally be designed to parallel the terms of the securities issued by the Financing Subsidiary to which the Mirror Image Notes relate. The principal amount of Mirror Image Notes issued to a Financing Subsidiary by its parent will not be counted against the respective Short-term Debt Limits proposed below on securities issued by NU or by the

Edgar Filing: NORTHEAST UTILITIES SYSTEM - Form U-1/A

Utility Borrowers to third parties or to NU.