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NORTHEAST UTILITIES SYSTEM

Form U-1/A

October 10, 2003

FILE NO. 70-10112

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

AMENDMENT NO. 2  
TO  
FORM U-1

APPLICATION/DECLARATION UNDER THE  
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

WITH RESPECT TO THE PAYMENT OF DIVIDENDS AND SHARE REPURCHASES  
BY NORTHEAST NUCLEAR ENERGY COMPANY

NORTHEAST NUCLEAR ENERGY COMPANY  
107 Selden Street  
Berlin, CT 06037

(Names of companies filing this statement and addresses of principal  
executive offices)

NORTHEAST UTILITIES  
(Name of top registered holding company)

Gregory B. Butler  
Senior Vice President, Secretary and General Counsel  
Northeast Utilities Service Company  
107 Selden Street  
Berlin, CT 06037

(Name and address of agent for service)

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

Jeffrey C. Miller, Esq.	David R. McHale
Assistant General Counsel	Vice President and Treasurer
Northeast Utilities Service Company	Northeast Utilities Service Company
107 Selden Street	107 Selden Street
Berlin, CT 06037	Berlin, CT 06037

The Application/Declaration in this file, as heretofore amended, is  
hereby amended and restated as follows:

DESCRIPTION OF PROPOSED TRANSACTIONS

Introduction

1. Northeast Utilities ("NU"), a public utility holding company registered under the Public Utility Holding Company Act of 1935, as amended ("the Act"), with offices at 174 Brush Hill Avenue, West Springfield, Massachusetts 01090, and its wholly-owned subsidiary, Northeast Nuclear Energy

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Company, located at 107 Selden Street, Berlin, CT 06037, ("NNECO" and collectively with NU, the "Applicants"), hereby submit this application/declaration (the "Application") pursuant to Sections 6(a), 7, and 12(c) of the Act and Rules 26(c)(3), 42, 43, 44 and 46(a) thereunder with respect to the payment of dividends to, and/or the repurchase of stock from, NU out of capital or unearned surplus by NNECO through December 31, 2004 (the "Authorization Period").

2. NNECO was incorporated in 1950, and through a Special Act of the Connecticut Legislature in 1967, has a valid franchise under Connecticut law to sell electricity to utility companies doing an electric business in Connecticut and other states, and also has the right and power to manufacture, generate and transmit electricity, and to erect and maintain facilities on certain public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law. NNECO's sole activity was to act as agent for the NU System companies and other New England utilities in operating and maintaining the Millstone Nuclear generating facilities located in Waterford, Connecticut ("Millstone"). Up until March 2001, such facilities were owned jointly by The Connecticut Light and Power Company ("CL&P") and Western Massachusetts Electric Company ("WMECO"), two public utility subsidiaries of NU and affiliates of NNECO, and other nonaffiliated utility companies. In March 2001, CL&P and WMECO, along with most of the other joint owners of Millstone, sold their interests in Millstone to a subsidiary of Dominion Resources, Inc. CL&P and WMECO sold their 100% interests in Millstone 1 and 2 and, with other selling

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owners, 94% of Millstone 3. As a result of such sale, NNECO no longer acts as agent for any owners of Millstone 1, 2 or 3 in the operation and maintenance of such facilities.

3. As a result of such sale, NNECO is now largely inactive and winding up its role in managing Millstone. NU is currently maintaining NNECO as a corporate entity in the event there are any unforeseen liabilities which arise out of NNECO's prior operations at Millstone. However, NU, in an effort to simplify its corporate structure intends to eventually liquidate and dissolve NNECO once NU believes it is no longer necessary to be maintained and would like NNECO to return up to \$16.2 million to NU, which is equal to the approximate amount of common stockholder's equity, as of June 30, 2003, (paid in capital surplus equaled approximately \$15.3 million and retained earnings were approximately \$0.9 million). At June 30, 2003, NNECO had approximately \$48.3 million invested in the NU System money pool and approximately \$0.7 million in other current and accrued assets. At June 30, 2003, NNECO had net liabilities totaling approximately \$32.8 million, mainly comprised of approximately \$20.6 million of net accrued pension costs reflecting amounts due to former employees of NNECO (NNECO has \$48.9 million of accrued pension costs and an accumulated deferred income tax credit in the amount of \$28.3 million which will be realized as NNECO makes contributions to the pension plan), approximately \$9.2 million of other employee related costs, approximately \$1.4 million federal income taxes due, and approximately \$1.6 million of other obligations. NNECO's net accrued pension costs are owed to the Northeast Utilities Retirement Plan

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and therefore it is not necessary that NNECO continue to exist until all former employees have received their respective pension benefits. These benefits to employees are paid from the plan. NNECO's net accrued pension costs will be paid into the plan or be otherwise satisfied prior to the dissolution of NNECO by NU.

4. The Applicants now request authorization from the Commission for NNECO to return up to \$16.2 million of capital to NU, in the form of dividends to and repurchases of its common stock from NU during the Authorization Period.

### LIABILITIES AND CAPITALIZATION OF NNECO AS OF JUNE 30, 2003

#### Current Liabilities:

Accounts payable	\$	134
Accounts payable to affiliated companies		8
Accrued taxes		1,358
Accrued pension		48,934
Other		2
		-----
		50,436
		-----

#### Deferred Credits and Other Liabilities:

Accumulated deferred income taxes	(28,353)
Other	10,742
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	(17,611)
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#### Capitalization:

Common Stockholder's Equity:	
Common stock	15
Capital surplus, paid in	15,350
Retained earnings	851
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Common Stockholder's Equity	16,216
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Total Capitalization	16,216
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Total Liabilities and Capitalization \$49,041

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5. The Commission has previously approved the payment of dividends out of capital or unearned surplus by subsidiaries of a registered holding company when the payment would not impair the subsidiary's ability to meet its obligations and the subsidiary's assets would be sufficient to meet any anticipated expenses or liabilities. See, e.g., AEP Generating Co., H.C.A. Rel. No. 26754 (August 12, 1997), Northeast Utilities H.C.A. Rel. No. 27529, (May 16, 2002), Northeast Utilities, H.C.A. Rel. No. 27147 (March 7, 2000), Excel Energy, H.C.A. Rel. No. 27597 (November 7, 2002). Because NNECO is no longer an active corporation, it is not anticipated that there will be any further obligations incurred which will require assets. Accordingly, the payment of dividends or the repurchase of its stock from NU out of paid-in-capital surplus, in the amount requested herein will not impair NNECO's ability to meet its obligations or render its assets insufficient to meet any anticipated expenses or liabilities.
6. State law allows payments of dividends by corporations provided that such payments do not render the company insolvent.