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NORTHEAST UTILITIES SYSTEM

Form U-1/A

November 30, 2004

FILE NO. 70-9755

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 8  
(AMENDMENT NO. 12)

TO FORM U-1

APPLICATION/DECLARATION

UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Northeast Utilities Western Massachusetts Electric Company One Federal Street, Building 111-4 Springfield, MA 01105	Holyoke Water Power Company 107 Selden Street Berlin, CT 06037
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The Connecticut Light and Power Company NU Enterprises, Inc. Northeast Generation Services 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
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Yankee Energy System, Inc. Yankee Gas Services Company Yankee Energy Financial Services Company NorConn Properties, Inc. Yankee Energy Services Company 107 Selden Street Berlin, CT 06037	The Rocky River Realty Company The Quinnehtuk Company Northeast Nuclear Energy Company Properties, Inc. 107 Selden Street Berlin, CT 06037
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(Name of companies filing this statement and addresses of  
principal executive offices)

NORTHEAST UTILITIES

(Name of top registered holding company)

Gregory B. Butler, Esq.  
Senior Vice President, Secretary and General Counsel  
Northeast Utilities Service Company

P.O. Box 270  
Hartford, CT 06141-0270

(860) 665-3181

(Name and address of agent for service)

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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  
(860) 665-3532  
millejcn@nu.com

Randy A. Shoop  
Assistant Treasurer- Finance  
Northeast Utilities  
Service Company  
P.O. Box 270  
Hartford, CT 06141-0270  
(860) 665-3258  
shoopra@nu.com

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"), located at One Federal Street, Springfield Massachusetts, 01105; Yankee Energy System, Inc. ("YES"), a public utility holding company subsidiary of NU, exempt from registration under the Act, and Northeast Utilities Service Company, NU's service company subsidiary, both located at 107 Selden Street, Berlin, CT 06037; NU's direct and indirect public utility subsidiaries, The Connecticut Light and Power Company ("CL&P") and Yankee Gas Services Company ("Yankee Gas"), located at 107 Selden Street, Berlin, CT 06037, Western Massachusetts Electric Company, located at One Federal Street, Springfield Massachusetts, 01105, ("WMECO" and with CL&P and Yankee Gas, the "Utility Borrowers"), Public Service Company of New Hampshire, located at Energy Park, 780 North Commercial Street, Manchester, NH 03101 ("PSNH"), and Holyoke Water Power Company, located at 107 Selden Street, Berlin, CT 06037; and NU's direct and indirect nonutility subsidiaries, Northeast Nuclear Energy Company, The Rocky River Realty Company, The Quinnehtuk Company, Properties, Inc., Yankee Energy Financial Services Company, Yankee Energy Services Company, NorConn Properties, Inc., NU Enterprises, Inc., Northeast Generation Company, Northeast Generation Services Company, E. S. Boulos Company, Woods Electrical Company, Inc., Woods Network Services, Inc., Select Energy, Inc. and Mode 1 Communications, Inc., all located at 107 Selden Street, Berlin, CT 06037, North Atlantic Energy Corporation, located at 780 North Commercial Street, Manchester, NH 03101, Select Energy New York, Inc., located at 507 Plum Street, Syracuse, NY 13204 and Select Energy Services, Inc., located at 24 Prime Parkway, Natick, MA 01760 (all collectively, the "Applicants") submit this amendment to the application/declaration in this File (the "Amendment") pursuant to Sections 6(a) and 7 of the Act with respect to the increase of short-term debt authorizations granted by the Commission in a prior Commission order.

2. By order dated June 30, 2004 (Holding Co. Act Release No. 35-27870) issued by the Commission in this File No. 70-9755 (the "2004 Order"), the Commission granted authority for NU, YES, and the Utility Borrowers to issue and sell notes or commercial paper to unaffiliated third parties to evidence short-term debt through June 30, 2007 ("Authorization Period") up to the following

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aggregate outstanding principal amounts: NU, \$450 million; YES, \$50 million, CL&P, \$450 million; WMECO, \$200 million; and Yankee Gas, \$150 million (each limit, "Aggregate Short-Term Debt Limit") and for NU, YES and the Utility Borrowers to engage in interest rate hedges through the Authorization Period. The 2004 Order also authorized the continued operation of the NU Money Pool through the Authorization Period subject to the applicable Aggregate Short-Term Debt Limit, if applicable.

3. NU now seeks authorization to increase the amount of its Aggregate Short-term Debt Limit that it may incur through the Authorization Period from \$450 million to \$500 million. No further authorizations are being requested by this Amendment and all terms and conditions in the 2004 Order remain applicable.

### DESCRIPTION OF THE APPLICANTS

4. NU is a registered holding company under the Act and is the parent company of the Northeast Utilities system (the NU system). The NU system furnishes franchised retail electric service to over 1.8 million customers in 420 cities and towns in Connecticut, New Hampshire and western Massachusetts through three of NU's wholly-owned electric utilities under the Act, CL&P, PSNH and WMECO. CL&P, PSNH and WMECO furnish retail franchise electric service in 149, 201 and 59 cities and towns in Connecticut, New Hampshire and Massachusetts, respectively. CL&P provides retail franchise service to approximately 1.2 million customers in Connecticut, PSNH provides retail service to approximately 450,000 customers in New Hampshire and WMECO serves approximately 200,000 retail customers in Massachusetts. The NU system also furnishes franchised retail natural gas service in a large part of Connecticut through Yankee Gas, a gas utility under the Act, owned by YES, a public utility holding company subsidiary of NU exempt from registration under the Act by section 3(a)(1). Yankee Gas is the largest natural gas distribution company in Connecticut serving approximately 192,000 residential, commercial and industrial customers in 71 cities and towns in Connecticut, including large portions of the central and southwest sections of the state. Holyoke Water Power Company, although not an electric utility under Massachusetts state law, owns approximately 147 mw of coal-fired generation in Holyoke, MA and is an electric utility under the Act. NU also owns, directly or indirectly, various non-utility companies, including, NU Enterprises, Inc., the system's nonutility holding company, Northeast Generation Company ("NGC"), an exempt wholesale generator, Select Energy Services, Inc., an energy services company acquired pursuant to Commission Order, and Northeast Generation Services Company and Select Energy, Inc., companies formed pursuant to Rule 58 under the Act.

### EXTERNAL SHORT-TERM DEBT OF NU

5. The 2004 Order authorized NU to issue up to an aggregate of \$450 million of short-term debt at any one time outstanding through the Authorization Period. In this Amendment, NU seeks an order of the Commission increasing the amount of external short-term debt that it may issue and sell from time to time during the Authorization Period from \$450 million to an aggregate principal amount at any time outstanding not to exceed \$500 million. Management believes that such an increase is necessary at this time to continue to support the credit and liquidity requirements of its regulated and competitive businesses and meet increasing

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demands from NU counterparties for cash or letter of credit support for various power and energy and other transactions. This increase in demand for credit assurances reflects an industry trend as opposed to any company-specific concern. In addition, Standard and Poor's, one of NU's credit rating agencies, has imposed reporting requirements industry-wide for its new liquidity tests. Standard and Poor's liquidity tests demonstrate that NU needs additional credit capacity to support its businesses in the event of certain hypothetical adverse developments affecting forward prices of energy commodity products and credit ratings.

6. As stated in the Application, external short-term debt issued by NU has taken and may take a variety of forms, including commercial paper issuances and/or unsecured notes with banks or other institutional lenders under credit facilities on terms that are generally available to borrowers with comparable credit ratings. All short-term debt issued by NU will have maturities of less than one year from the date of issuance. NU will not issue any secured debt. Commercial paper issued by NU 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 by NU unless the issuer believes that the effective interest cost to it will be equal to or less than the effective interest rate at which it 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.

7. The effective cost of money on all external short-term debt of NU 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 300 basis points over the comparable term London Interbank Offered Rate. 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 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. Subject to the NU Aggregate Short-term Debt Limit, NU intends 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 through the Authorization Period.

### INVESTMENT GRADE RESTRICTIONS

8. NU commits that, apart from the securities issued for the purpose of funding money pool operations, no securities may be issued in reliance upon the Order issued in this file during the

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Authorization Period, unless: (i) the security to be issued, if rated, is rated investment grade; and (ii) all outstanding securities of NU that are rated, are 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 Securities Exchange Act of 1934. NU requests that the Commission reserve jurisdiction over the issuance by NU of any securities that do not meet these conditions.

9. NU commits that at all times during the Authorization Period, it will maintain common equity of at least 30% of its consolidated capitalization (common equity, preferred stock, long-term debt and short-term debt) as reflected in the most recent Form 10-K or Form 10-Q filed with the Commission, adjusted to reflect changes in capitalization since the balance sheet date therein.

### 10. Current Financial Condition

For the twelve (12) months ended December 31, 2003, NU's consolidated gross revenues and net income were approximately \$6.1 billion and \$116.4 million, respectively. As of December 31, 2003, NU's consolidated capitalization consisted of 33.5% common equity, 1.7% preferred stock, 25.6% of Rate Reduction Bonds