

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27646]

### Filings Under the Public Utility Holding Company Act of 1935, As Amended ("Act")

January 31, 2003.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by February 25, 2003, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After February 25, 2003, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

#### Northeast Utilities (70-10051)

Northeast Utilities ("NU"), a registered holding company under the Act, 107 Selden Street, Berlin, Connecticut 01037, ("Applicant"), has filed a declaration ("Declaration") with the Commission under sections 6(a), 7, 32 and 33 of the Act.

NU requests authority through the period ending June 30, 2005 ("Authorization Period"), to: (a) Issue from time to time unsecured long-term debt securities ("Long-term Debt") in an aggregate amount at any time outstanding not to exceed \$600 million, and (b) enter into hedging transactions ("Interest Rate Hedges") with respect to existing indebtedness of NU and its nonutility subsidiaries<sup>1</sup> ("Nonutility

Subsidiaries") in order to manage and minimize interest rate costs and enter into hedging transactions with respect to future expected debt issuances ("Anticipatory Hedges") in order to lock in then current interest rates and/or manage interest rate risk exposure.

#### I. Long-Term Debt

NU requests authorization to issue Long-term Debt, the proceeds of which will enable NU to reduce or refinance short-term debt with more permanent capital and provide a source of future financing for the operations of and investments in Nonutility Subsidiaries that are exempt under the Act. Long-term Debt of NU may be in the form of unsecured notes ("Debentures") issued in one or more series. The Debentures of any series will: (i) Have a maturity ranging from one to 50 years, (ii) bear interest at a rate not to exceed 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term approximately equal to the term of the series of Debentures, (iii) be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above or discounts below the principal amount, (iv) be entitled to mandatory or optional sinking fund provisions, and (v) may provide for reset of the coupon according to a remarketing arrangement. Long-term Debt of NU also may be in the form of bank lines of credit ("Bank Lines"). Bank Lines will have maturities of not more than five years from the date of each borrowing and the effective cost of these loans will not exceed at the time of issuance 500 basis points over LIBOR. The maturity dates, interest rates, call, redemption and sinking fund provisions and conversion features, if any, with respect to the Debentures of a particular series, as well as any associated placement, underwriting or selling agent fees, commissions and discounts, if any, will be established by negotiation or competitive bidding and reflected in the applicable supplemental indenture or officer's certificate and purchase agreement or underwriting agreement setting forth the terms.

NU contemplates that the Debentures would be issued and sold directly to one or more purchasers in privately negotiated transactions or to one or more investment banking or underwriting firms or other entities that would resell the Debentures without registration under the 1933 Act, in reliance upon one or more applicable

defined in the Act, nonutility companies exempt under rule 58 of the Act ("rule 58 Subsidiaries"), exempt telecommunications companies ("ETCs") and other competitive companies.

exemptions from registration or to the public either (i) through underwriters selected by negotiation or competitive bidding or (ii) through selling agents acting either as agent or principal for resale to the public, either directly or through dealers.

#### II. Hedges

NU requests authorization to enter into Interest Rate Hedges in connection with indebtedness of NU or its Nonutility Subsidiaries, subject to certain limitations and restrictions as proposed in the Declaration, in order to reduce or manage interest rate costs and risks and to generate parent-level cash and earnings. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior unsecured debt ratings, or the senior unsecured debt ratings of the parent companies of the counterparties, as published by Standard and Poor's Ratings Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investors Service or Fitch IBCA. Interest Rate Hedges will involve the use of financial instruments commonly used in the capital markets, such as interest rate swaps, locks, caps, collars, floors, and other similar appropriate instruments. The transactions would be for fixed periods and stated notional amounts. In no case will the notional principal amount of any interest rate swap exceed that of the underlying debt instrument. NU will not engage in speculative transactions as that term is described in Financial Accounting Standard 133. Transaction fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

In addition, NU requests authorization to enter into Anticipatory Hedges in connection with anticipated debt offerings of NU and its Nonutility Subsidiaries, subject to certain limitations and restrictions set forth in the Declaration. Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix and/or manage the interest rate risk associated with any new Long-term Debt issuance of its own or of its Nonutility Subsidiaries through (i) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury Securities and/or a forward swap ("Forward Sale"), (ii) the purchase of put options on U.S. Treasury Securities ("Put Options Purchase"),

<sup>1</sup> Nonutility Subsidiaries will include exempt wholesale generators ("EWGs") as defined in the Act, foreign utility companies ("FUCOs") as