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

FILE NO. 70-10112

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
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
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 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 Company, located at 107 Selden Street,

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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.

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 owners, 94% of Millstone 3.

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. NNECO, as of December 31, 2002, had accumulated paid in capital surplus in the amount of approximately \$15.4 million and retained earnings in the amount of approximately \$1 million, and held approximately \$52.3 million in cash, the majority of which is currently invested in the NU System money pool. Current obligations of NNECO are mainly made up of approximately \$49.4 million of accrued pension costs reflecting amounts due former employees of NNECO, approximately \$9.4 million of other employee related costs, \$1.1 million Federal Income Taxes due and approximately \$4.1 million in inter-company payables. (NNECO has an accumulated deferred income tax asset of \$(27.2) million which will be realized as NNECO makes contributions to the pension plan.). The Applicants now request authorization from the Commission for NNECO to pay dividends to and repurchase its common stock from NU out of paid-in-capital and unearned surplus, to the fullest extent allowed by law, in order to reduce cash to the minimum needed to carry out its remaining foreseeable net obligations of approximately \$37 million.
4. 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

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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).

5. State law allows payments of dividends by corporations provided that such payments do not render the company insolvent.