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NORTHEAST UTILITIES SYSTEM

Form U-1/A

May 07, 2002

NO. 70-9839

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

AMENDMENT NO. 11
TO
APPLICATION/DECLARATION
ON
FORM U-1
UNDER THE
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Northeast Utilities
Western Massachusetts Electric Company
174 Brush Hill Road
West Springfield, MA 01089

The Connecticut Light and Power 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, as heretofore
amended, is hereby further amended and restated in its entirety to
read as follows:

"ITEM 1

DESCRIPTION OF PROPOSED TRANSACTIONS

Introduction

1. Northeast Utilities ("NU"), a public utility holding

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company registered under the Public Utility Holding Company Act of 1935, as amended ("the Act"), The Connecticut Light and Power Company ("CL&P") and Western Massachusetts Electric Company ("WMECO"), each an electric utility subsidiary of NU, (collectively, the "Applicants"), hereby submit this application/declaration (the "Application") pursuant to Sections 6(a), 7, 9(a), 10 and 12(c) of the Act and Rules 26(c)(3), 42, 43, 44 and 46(a) thereunder with respect to (a) the repurchase of stock out of capital or unearned surplus from NU by each of CL&P and WMECO from proceeds from the sale of their respective interests in the Millstone Station nuclear generating facility ("Millstone") and (b) the repurchase of stock out of capital or unearned surplus by CL&P out of proceeds from the sale of Millstone in accordance with the provisions of CL&P's dividend covenant under its First Mortgage Indenture and Deed of Trust dated May 1, 1921 to the Bankers Trust Company as trustee (the "Mortgage Indenture"), all through December 31, 2003 (the "Authorization Period") and so long as the senior debt securities of the respective company remain rated investment grade by at least one rating agency. As described in greater detail below, the authorizations sought herein relate to the capital restructuring of the NU system in connection with the nuclear generating asset divestiture as required by the electrical industry restructuring initiatives in the State of Connecticut and the Commonwealth of Massachusetts. The Applicants intend to use the proceeds of the Millstone sale, among other things, to reduce and adjust their capital structures by retiring outstanding debt, preferred stock and common equity. As a result, CL&P and WMECO (collectively, the "Utilities") will be able to lower the rates charged to their customers, and the NU system will gain greater financial flexibility. In addition, NU's value to its shareholders will be enhanced. The senior debt rating of CL&P issued by Standard & Poor's was upgraded to "A-" while the senior debt ratings of CL&P issued by Moody's Investor Service, Inc. was upgraded to "A2". The unsecured debt ratings of WMECO issued by Standard & Poor's was upgraded to "BBB+" while the unsecured debt ratings of WMECO issued by Moody's Investor Service, Inc. was upgraded to "A3".

Background

2. In a previous proceeding under the Act - see Northeast Utilities, et al., Application/Declaration on Form U-1, as amended, File No. 70-9541 (the "Use of Proceeds Filing"), granted and permitted to become effective in HCA Rel. No. 27147 (March 7, 2000) (the "Use of Proceeds Order") - the Utilities sought and were granted authorization, among other things, to pay dividends to, and/or repurchase shares of their respective stock from, NU out of capital or unearned surplus using the proceeds from the sale of non-nuclear generating assets and the issuance of rate reduction bonds ("RRBs") but not from the sale of nuclear assets. The sale of nuclear assets was not foreseen at the time of such filing as resulting in any substantial net cash to the Utilities. A dramatic positive change in the market for nuclear plants created the need for this filing. This Application deals with the use of proceeds from the sale of Millstone. In another proceeding under the Act - see Northeast Utilities, et al, Application/Declaration on

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Form U-1, as amended, File No. 70-9697 (the "RRB Filing"), the Utilities sought specific authorization to issue the RRBs referenced in the Use of Proceeds Filing. As described in the Use of Proceeds Filing and in the RRB Filing, the Utilities have used the proceeds of divestitures of generating assets and issuances of RRBs, among other things, to reduce and adjust their capital structures by retiring outstanding debt, preferred stock and common equity, and to buy down existing power purchase agreements with independent power producers.

State Restructuring

3. The states in which CL&P and WMECO operate - Connecticut and Massachusetts, respectively - have enacted legislation that restructures the electric industries in such states by introducing retail competition in electricity generation.