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NORTHEAST UTILITIES SYSTEM

Form U-1

March 19, 2004

70-10184

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

The Connecticut Light and Power Company CL&P Receivables Corporation NU Enterprises, Inc. Northeast Generation Services Company Woods Network Services, Inc. NGS Mechanical, Inc. E.S. Boulos Company Woods Electrical Co., Inc. Northeast Generation Company Select Energy, Inc. Select Energy New York, Inc. The Rocky River Realty Company The Quinnehtuk Company Charter Oak Energy, Inc. Mode 1 Communications, Inc. Northeast Utilities Service Company Yankee Energy System, Inc. Yankee Gas Services Company Yankee Energy Financial Services Company Northeast Nuclear Energy Company NorConn Properties, Inc. Yankee Energy Services Company 107 Selden Street Berlin, CT 06037	Public Service Company of New Hampshire Properties, Inc. North Atlantic Energy Corporation North Atlantic Energy Services Corp. Energy Park 780 North Commercial Street Manchester, NH 03101 Select Energy Services, Inc Reeds Ferry Supply Co., Inc. Select Energy Contracting, Inc. HEC/Tobyhanna Energy Project, Inc. 24 Prime Parkway Natick, MA 01760 Northeast Utilities Western Massachusetts Electric Company 174 Brush Hill Avenue West Springfield, MA 01090-0010 Holyoke Water Power Company Holyoke Power and Electric Company One Canal Street Holyoke, MA 01040
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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

(Name and address of agent for service)

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

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communications to

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

The Application/Declaration in this file is hereby amended and restated to read as follows:

ITEM 1. DESCRIPTION OF PROPOSED TRANSACTION.

1. Northeast Utilities ("NU"), a public utility holding company registered under the Public Utility Holding Company Act of 1935, as amended (the "Act") and The Connecticut Light and Power Company and its subsidiary CL&P Receivables Corporation, Western Massachusetts Electric Company, Public Service Company of New Hampshire and its subsidiary Properties, Inc., Holyoke Water Power Company and its subsidiary Holyoke Power and Electric Company, North Atlantic Energy Corporation, North Atlantic Energy Service Corporation, Northeast Nuclear Energy Company, The Rocky River Realty Company, The Quinnehtuk Company, Charter Oak Energy, Inc., and Northeast Utilities Service Company, each a wholly-owned subsidiary of NU, Yankee Energy System, Inc. ("Yankee Energy"), a wholly-owned public utility holding company subsidiary of NU and its wholly-owned subsidiaries, Yankee Gas Services Company, Yankee Energy Financial Services Company, Yankee Energy Services Company and NorConn Properties, Inc.; and NU Enterprises, Inc., a wholly owned nonutility holding company subsidiary of NU, and its direct and indirect wholly-owned subsidiaries, Northeast Generation Company, Northeast Generation Services Company and its subsidiaries, NGS Mechanical, Inc., E. S. Boulos Company, and Woods Electrical Company, Inc., Select Energy, Inc. and its subsidiary Select Energy New York, Inc., Select Energy Services, Inc., and its subsidiaries Reeds Ferry Supply, Co., Inc., HEC/Tobyhanna Energy Project, Inc. and Select Energy Contracting, Inc., Mode 1 Communications, Inc. and Woods Network Services, Inc., (collectively, the "Subsidiaries" and collectively with NU, the "Applicants") submit this application/declaration (the "Application") pursuant to Section 12 of the Act and Rule 45 thereunder to seek approval for the amendment of the NU System Tax Allocation Agreement such that NU will retain the benefit (in the form of the reduction in consolidated tax) that is attributable to tax losses incurred by it in connection with the Acquisition Debt (as defined herein), rather than generally provide such tax benefit to its Subsidiaries.

2. On March 1, 2000, NU acquired Yankee Energy System, Inc. ("Yankee Energy"). In connection with this acquisition, on March 1, 2000, NU entered into a \$266 million one-year bank term loan facility under which \$263 million was borrowed. On February 28, 2001, NU repaid this facility with the proceeds of a \$263 million floating rate senior note issuance. The senior note issuance bore an effective rate of 6.9% at February 28, 2001 and was scheduled to mature in February 2003. In April 2002, NU issued \$263 million of 10-year senior unsecured notes carrying a coupon rate of 7.25% which mature April 1, 2012. The proceeds from this issuance ("YES Debt") were used to redeem the floating rate notes. The annual interest payment on the YES Debt is approximately \$19.1 million. See Holding Company Act Rel. No. 35-27127 (January 31, 2000). At an assumed rate of 35%, the tax benefit to NU is \$6,650,000.

3. For purposes of this Application, "Acquisition Debt" means the YES Debt

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and indebtedness that may be incurred by NU to refinance such indebtedness.

4. The Applicants request that the Commission authorize NU and its Subsidiaries to amend and restate the Amended and Restated Tax Allocation Agreement, as amended (the "Current Agreement") of the NU system companies in the manner set forth in the Second Amended and Restated Tax Allocation Agreement that is filed herewith as Exhibit B-2 (the "Proposed Amended Tax Allocation Agreement"). The Current Agreement under which taxes are allocated among the Applicants complies with Rule 45(c) under the Act. The Current Agreement is dated as of January 1, 1990 and was filed as Exhibit D to NU's 1994 Form U5S. A First Amendment to the Current Agreement dated as of October 26, 1998 was filed as Exhibit D to NU's 1997 U5S, and a Second Amendment dated as of March 1, 2000 was filed as Exhibit D.3 to NU's 2000 U5S. All such Amendments were in conformity with Rule 45(c) and did not require Commission approval.

5. Under the Proposed Amended Tax Allocation Agreement, the consolidated tax would generally be allocated among the members of the group in proportion to the separate return tax of each member, provided that the tax apportioned to any Subsidiary of NU will not exceed the "separate return tax" of such Subsidiary with NU allocating the benefits of its own losses generally to its Subsidiaries.