

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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POST-EFFECTIVE AMENDMENT NO. 11

TO THE

FORM U-1

APPLICATION AND DECLARATION

UNDER THE

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

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NORTHEAST UTILITIES  
174 Brush Hill Avenue  
West Springfield, Massachusetts 01089

CHARTER OAK ENERGY, INC.  
COE DEVELOPMENT CORPORATION  
107 Selden Street  
Berlin, CT 06037-1616  
(Name of company filing this statement and  
address of principal executive offices)

NORTHEAST UTILITIES  
(Name of top registered holding  
company parent of each applicant or declarant)

Jeffrey C. Miller, Esq.  
Assistant General Counsel  
NORTHEAST UTILITIES SERVICE COMPANY  
P.O. Box 270  
Hartford, Connecticut 06141-0270  
(Name and address of agent for service)

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

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Northeast Utilities ("NU"), West Springfield, Massachusetts, a registered holding company, and its wholly owned subsidiaries, Charter Oak Energy, Inc. ("Charter Oak") and COE Development Corporation ("COE Development"), both located in Berlin, Connecticut, (collectively, the "Applicants") hereby file this Post-Effective Amendment No. 11 (the "Amendment") to their Application and Declaration on Form U-1 (HCAR. 25726; December 30, 1992; File No. 70-8062), previously amended on January 24, 1994 (HCAR. 25977; File No. 70-8062) and on September 2, 1994 (HCAR. 26116; File No. 70-8062). Under this Amendment, NU and Charter Oak request approval under Sections 6(a), 7, 9(a), 10, 12(b) and 33 of the Public Utility Holding Company Act of 1935 (the "Act") and Rules 45 and 53 thereunder, for a modification of the authority previously granted to the Applicants in the Securities and Exchange Commission's (the "Commission") order dated December 30, 1992 (HCAR. 25726; File No. 70-8062) (the "December 30, 1992 Order") previously amended on January 24, 1994 (HCAR. 25977; File No. 70-8062) (the "January 24, 1994 Order") and on September 2, 1994 (HCAR. 26116; File No. 70-8062 (the "September 2, 1994 Order")), to include the authority to acquire interests in, finance the acquisition, and hold the securities, of both foreign utility companies ("FUCOs") as defined in Section 33 of the Act and companies ("Intermediate Companies") engaged directly or indirectly and exclusively in the business of holding securities of one or more FUCOs and/or one or more exempt wholesale generators ("EWGs"), as defined in Section 32 of the Act, without application to the Commission for specific

individual project authorization, subject to the limitations set forth herein. In addition, the Applicants request, under Section 6(a), 7, 12(b) of the Act and Rules 45 and 53 thereunder, that the Commission modify the authority granted to the Applicants in the September 2, 1994 Order to include FUCOs and Intermediate Companies in the definition of Exempt Projects for which the Applicants may issue guarantees and assume liabilities in connection with development activities.

Item 1. DESCRIPTION OF PROPOSED TRANSACTIONS

A. Description of Charter Oak

Pursuant to the December 30, 1992 Order as amended by the January 24, 1994 Order, the September 2, 1994 Order and an order issued on December 29, 1992 (HCAR. 25721; File No. 70-8064), Charter Oak and COE Development are presently authorized to pursue preliminary development activities with regard to investment and participation in qualifying cogeneration and small power production facilities as defined in the Public Utility Regulatory Policies Act of 1978 ("QFs") throughout the United States and independent power production facilities that would constitute a part of NU's "integrated public utility system" within the meaning of Section 2(a)(29)(A) of the Act ("Qualified IPPs"). Charter Oak and COE Development may invest in QFs and Qualified IPPs after obtaining Commission approval and may invest in, and finance the acquisition of, EWGs and FUCOs without prior Commission approval to the extent that such authorization is not required under the Act and any applicable rules and regulations promulgated thereunder. In addition, the Applicants have authority to issue guarantees and assume the liabilities of subsidiary companies for development activities, including construction and permanent financing, and contingent liabilities subsequent to operation with regard to those EWG and FUCO projects that do not require advance approval from the Commission for Charter Oak and its subsidiaries to acquire an interest.

B. Request for Expansion of Authority Regarding FUCOs

In the December 30, 1992 Order, the Commission authorized Charter Oak and COE Development to make investments in EWGs without prior Commission approval to the extent that such approval is not required under the Act, and any applicable rules and regulations promulgated thereunder. The January 24, 1994 Order expanded the Applicants' authority to include the preliminary development of, and financing for, acquisitions of interests in EWGs and FUCOs without prior Commission approval to the extent that such approval is not required under the Act, and any applicable rules and regulations promulgated thereunder. The January 24, 1994 Order also increased the authorized dollar limitation for these and other activities to \$100 million through December 31, 1994. At the time of the January 24, 1994 Order, the Applicants indicated that they would not finance or acquire interests in FUCOs without Commission authorization until the Commission promulgated rules under the Act providing guidelines for such investments. Similarly, in the January 24, 1994 Order, the Applicants stated that they would not, without Commission authorization, acquire an interest in an intermediate holding company that holds, or will acquire, an interest in a FUCO, unless and until the Commission promulgates rules under the Act that provide that intermediate holding companies themselves may be considered FUCOs under the Act. Applicants are now seeking Commission authorization to make such acquisitions and financings prior to such rules being promulgated.

Thus, the Applicants hereby seek authority to (i) acquire interest in, finance the acquisition, and hold the securities, of one or more FUCOs, without filing specific project applications, and (ii) acquire interest in, finance the acquisition, and hold the securities, of one or more Intermediate Companies,

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An Intermediate Company may acquire and hold direct and indirect interests in both FUCOs and EWGs. The Applicants currently have authority to finance the acquisition, and hold the securities, of companies engaged exclusively in the business of holding the securities of one or more EWGs as long as that intermediate company itself obtains EWG status, subject to the requirements of the Act and the rules

promulgated thereunder. For an order granting similar authority to that being requested herein, see The Southern Company (HCAR. 26096; August 3, 1994; File No. 70-8421).

without filing specific project applications, both within the limitations set forth herein. First, the full amount of any such investment or financing, as well as any authorized guarantees or assumptions of liability, shall be counted as part of the Applicants' authorized development activities and investment limit of \$100 million through December 31, 1994. In addition, no such investment or financing will be made unless at the time of the investment, NU's "aggregate investment" in EWGs, FUCOs and Intermediate Companies does not exceed 50% of the system's "consolidated retained earnings" in compliance with the safe harbor provisions set forth in Rule 53 under the Act for investments in EWGs.

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To come within the safe harbor of Rule 53, the amount of a registered holding company's aggregate investments in EWGs and FUCOs cannot exceed 50% of the system's consolidated retained earnings. Under this limitation, the Northeast system's present investment limitation is approximately \$450 million. Currently, Charter Oak has \$2.3 million invested in the one qualifying cogeneration facility in Texas and approximately \$6.6 million invested in a power plant in the United Kingdom. The \$6.6 million invested in the U.K facility which is FUCO represents approximately 0.71% of the system's consolidated retained earnings.

The Applicants will comply with all other applicable rules under the Act, including, without limitation, such rules which may be promulgated in the future pursuant to Section 33.

The investments and financings authorized by an order pursuant to this Amendment may take the same form as investments and financings for which Charter Oak currently has authorization to make with regard to COE Development and EWGs by the December 30, 1992 Order, the January 24, 1994 Order and the September 2, 1994 Order and will be subject to the limitations and conditions set forth therein.

The Applicants have found that the ability to respond quickly to investment opportunities in FUCOs and to acquire interests in, finance the acquisition and hold securities of Intermediate Companies through which such investments in FUCOs are often made is advantageous and believe that the authority being requested herein will enable them to effectively compete in this market in accordance with the principles of the Energy Policy Act of 1992. The use of Intermediate Companies is often necessitated by business concerns such as foreign ownership requirements in countries where FUCOs are located or to facilitate investments via a consortium of companies where each member of the consortium has a consolidated subsidiary involved in the final FUCO structure for tax and accounting purposes and to ease subsequent adjustments to or sales of interests among members of the ownership group. Moreover, since any investment in a FUCO or Intermediate Company which is authorized hereunder will be subject to the previously approved \$100 million overall limitation, as well as the requirements of Rule 53, this authorization will not have a detrimental effect on the holding company system's finances.

The Applicants also hereby request that the Commission modify the authority granted to the Applicants in the September 2, 1994 Order to include FUCOs and Intermediate Companies in the definition of Exempt Projects in connection with which the Applicants may issue guarantees and assume liabilities for development activities. Again, until such time as there is no possibility of a claim against NU or Charter Oak, the full contingent amount of any such guarantees and assumptions of liability would be counted as part of the authorized development activities and investment limit of \$100 million.

C. Retained Earnings Tests of Rule 53(a)(1) and 53(b)(2)

As discussed above, this Amendment does not request approval of any investment authorization in addition to that

previously approved in the January 24, 1994 Order. Thus, it remains true that the maximum aggregate investment in EWGs, FUCOs and Intermediate Companies by the NU system, would be no more than \$102.3 million, which is well below fifty percent of the NU system's consolidated retained earnings as of June 30, 1994. Accordingly, the level of investment approved by the January 24, 1994 Order does not present a risk of substantial adverse impact as described in Sections 32 and 33 of the Act and Rule 53(a)(1). In addition, because the Applicants' total investment in EWGs, FUCOs, Intermediate Companies and other power projects does not exceed more than two percent of the total capital invested in utility operations, there cannot be an exclusion under Rule 53(b)(2) from the safe harbor.

D. Bankruptcy Exclusion of Rule 53(b)(1)

Neither the Applicants nor any other members of the NU registered holding company system have been the subject of a bankruptcy or similar proceeding while a part of the NU system. Public Service Company of New Hampshire entered into bankruptcy proceedings before it was acquired by Northeast Utilities in June, 1992. Public Service Company of New Hampshire's plan of reorganization was confirmed by the bankruptcy court on April 20, 1990.

E. Operating Loss Limitations of Rule 53(b)(3)

The companies in the U.K. in which Charter Oak invested pursuant to an order dated September 24, 1993 (HCAR. 25891; File No. 70-7966) do not have any losses attributable to operations. The Applicants presently do not have any other EWGs, FUCOs or Intermediate Companies. The Paris, Texas qualifying cogeneration facility, in which Charter Oak has an interest, did not report losses attributable to operations during 1993. Accordingly, the present investments of the Applicants in EWGs, FUCOs and Intermediate Companies as well as other power projects do not present a risk of substantial adverse impact as described in Sections 32 and 33 of the Act and Rule 53.

F. Compliance with Safe Harbor Provisions

The authority being sought by the Applicants in this Amendment will allow the Applicants to finance an investment in a FUCO or an Intermediate Company without further Commission approval if two conditions are met: (i) the investment is within the previously approved \$100 million authorization, and (ii) the investment satisfies the criteria in Rule 53(a)(1)-(4) and (b)(1)-(3). Accordingly, it is important that the Applicants ensure that subsections (a)(1)-(4) and (b)(1)-(3) of Rule 53 are satisfied before proceeding with the financing of an investment in a FUCO or an Intermediate Company without submitting an application on Form U-1 to obtain prior Commission approval.

In conjunction with the January 24, 1994 Order, the Applicants took certain steps to ensure compliance with Section 32 and the regulations promulgated thereunder with regard to financing investments in EWGs. Specifically, under the system in place today, all employees of Charter Oak responsible for evaluating potential EWG and FUCO investments are first to be briefed on the requirements of Section 32 and Rule 53. Second, in connection with evaluating an investment in an EWG or FUCO, the Charter Oak employees responsible for evaluating potential EWG and FUCO investments prepare, for internal review, an analysis of the impact of the proposed investment on the requirements of Rule 53(a) and (b). Third, after preparing an analysis of the proposed investment, the Charter Oak employees responsible for evaluating the investment will consult with in-house counsel or outside counsel to confirm compliance with the requirements of Section 32 and the regulations promulgated thereunder. These same procedures shall be followed with regard to any investments or financings made pursuant to an order approving this Amendment.

Applicants are not requesting approval for the use of system operating company employees for the rendering of services to affiliated FUCOs or Intermediate Companies, and no such use of employees will occur without prior Commission approval unless expressly permitted under the Act.

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The Commission issued proposed rules relating to intrasystem service, sales and construction contracts involving EWGs and FUCOs in HCAR. No. 25887. The comment period has expired but the Commission has not yet promulgated, or taken any other action regarding, the proposed rules. The proposed rules would explicitly exclude intrasystem contracts involving EWGs and FUCOs from Rule 87's general exemption of intrasystem contracts. In its comment letter on the proposed rules, NU requested a modification of the proposed amendment to Rule 87 in order to allow for a partial safe harbor for contracts employing a de minimis percentage of system employees. In the event that the Commission issues rules that allow for such de minimis use of system employees, the Applicants would not seek Commission approval for use of system employees within such safe harbor.

G. Maintenance of Books and Records

Charter Oak will comply with Rule 53(a)(2) with regard to the maintenance of books and records in connection with investments in FUCOs or Intermediate Companies authorized by this Amendment.

H. Reporting of Activities

Charter Oak will report its use of the funds requested herein in its quarterly reports of Charter Oak's activities to be filed with the Commission pursuant to the December 30, 1992 Order as well as in the annual report of its activities for the preceding calendar year to be filed with the Commission pursuant to the September 2, 1994 Order.

Item 2. FEES, COMMISSIONS AND EXPENSES

The fees, commissions and expenses of NU and Charter Oak expected to be paid or incurred, directly or indirectly, in connection with this Amendment are estimated as follows:

Commission filing fee relating to Application on Form U-1 . . . . .	\$ N/A
Legal fees and expenses . . . . .	4,100
Miscellaneous related expenses (such as telephone, courier and travel) . . . . .	300
Total . . . . .	\$ 4,400

Item 3. APPLICABLE STATUTORY PROVISIONS

The sections of the Act and rules or exemptions thereunder that Applicants consider applicable to the transactions and the basis for exemption therefrom are: Sections 6(a) 7, 9(a), 12(b) and 33 and Rules 45 and 53 all relating to the authority for Charter Oak and COE Development to make investments in and finance the acquisitions of FUCOs and Intermediate Companies.

Item 4. REGULATORY APPROVAL

No commission, other than this Commission, has jurisdiction over any of the proposed transactions described in this Amendment. Pursuant to Rule 53(a)(4), the Applicants will file this Amendment with the Connecticut Department of Public Utility Control, the Massachusetts Department of Public Utilities and the New Hampshire Public Utilities Commission.

Item 5. PROCEDURE

On September 2, 1994, the Commission issued and published the requisite notice under Rule 23 with respect to the filing of this request for authority and no intervention occurred within the specified time period. Consequently, we hereby request that the Commission enter not later than September 30, 1994 an appropriate order granting and permitting this Amendment to become effective.

Applicants respectfully request that appropriate and timely action be taken by the Commission in this matter. Applicants hereby waive any recommended decision by a hearing officer or by any other responsible officer of the Commission and waive the 30-day waiting period between issuance of the Commission's order and the date on which it is to become effective, since it is desired that the Commission's order, when issued, become effective forthwith. Applicants hereby consent that the Office of Public Utility Regulation within the Division of Investment Management may assist in the preparation of the Commission's decision and/or order unless the Office opposes the transactions covered by this Amendment.

Item 6. EXHIBITS AND FINANCIAL STATEMENTS

a) Exhibits

F-1 Opinion of Counsel

G-1 Proposed Form of Notice (previously filed)

b) Financial Statements (Inapplicable)

Item 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS

None of the matters that are the subject of this Amendment involve a "major federal action" nor do they "significantly affect the quality of the human environment" as those terms are used in section 102(2)(C) of the National Environmental Policy Act. None of the transactions that are the subject of this Amendment will result in changes in the operation of the Applicants that will have an impact on the environment. The Applicants are not aware of any federal agency which has prepared or is preparing an environmental impact statement with respect to the transactions which are the subject of this Amendment.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned companies have duly caused this Amendment to be signed on their behalf by the undersigned thereunto duly authorized.

NORTHEAST UTILITIES  
CHARTER OAK ENERGY, INC.  
COE DEVELOPMENT CORPORATION

By: /s/

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William S. Lamb  
LeBoeuf, Lamb, Greene & MacRae  
A Partnership Including  
Professional Corporations  
125 W. 55th Street  
New York, NY 10019-4513

Attorney for Northeast Utilities,  
Charter Oak Energy, Inc. and COE  
Development Corporation

Date: September 27, 1994

September 26, 1994

Securities and Exchange Commission  
Judiciary Plaza  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Gentlemen:

As Assistant General Counsel of Northeast Utilities' (NU) subsidiary, Northeast Utilities Service Company (NUSCO), I have acted as counsel to NU, and as counsel to its subsidiaries Charter Oak Energy, Inc. (Charter Oak) and COE Development Corporation (COE Development), with respect to the post-effective amendments numbers 10 and 11 to the application/declaration (collectively, the Amendment) on Form U-1 to the Securities and Exchange Commission in File No. 70-8062, seeking an expansion of the Commission's authorization of the activities a Charter Oak and COE Development. I am furnishing this opinion to you in connection with the Amendment.

As counsel for NU, Charter Oak and COE Development in this matter, I am generally familiar with the nature and character of the businesses of Charter Oak and COE Development. I am a member of the bar of New York. I am not a member of the bar of the Commonwealth of Massachusetts, the state in which NU is incorporated, nor am I a member of the bar of the State of Connecticut, the state in which Charter Oak and COE Development are incorporated, and I do not hold myself out as an expert in the laws of such states, although I have made a study of such laws and am associated with and have consulted with other counsel to NUSCO who are expert in such laws. For purposes of this opinion, I have relied on advice from counsel employed by NUSCO, who are members of the bar of the Commonwealth of Massachusetts and of the State of Connecticut.

In connection with this opinion, I have examined or caused to be examined the Commission's orders dated May 17, 1989 (HCA Rel. No. 35-34893), January 28, 1992 (HCA Rel. No. 35-25461), October 16, 1992 (HCA Rel. No. 35-25655), December 29, 1992 (HCA Rel. No. 35-25721), December 30, 1992 (HCA Rel. No. 35-35726) September 24, 1993 (HCA Rel. No. 35-25891), January 24, 1994 (HCA Rel. No. 35-25977), and September 2, 1994 (HCA Rel. No. 35-26116), the Amendment and the various exhibits thereto, the minutes of various meetings of the Board of Trustees of NU and the Boards of Directors of Charter Oak and COE Development, the laws of the Commonwealth of Massachusetts and the State of Connecticut, the certificates of incorporation and by-laws of COE Development and Charter Oak and such other documents as I deem necessary for the purpose of this opinion. I assume that the Board of Trustees of NU, the Boards of Directors of Charter Oak and COE Development and the officers and other representatives of NU, Charter Oak and COE Development will take all future corporate action necessary to authorize and implement the transactions contemplated by the Amendment. I also assume that the Securities and Exchange Commission will issue an order under the Public Utility Holding Company Act of 1935 as requested in the Amendment, and that all actions taken thereafter will be in conformity with such order.

Based on the foregoing, I am of the opinion that:

A. All state laws applicable to the transactions described in the Amendment have been complied with;

B. Charter Oak and COE Development are validly organized and duly existing.

C. When issued and sold as described in the Amendment, any common stock of Charter Oak and of COE Development issued and sold in accordance with the Commission's authorization of the transactions contemplated by the Amendment will be validly issued, fully paid, and non-assessable, and the holders thereof will be entitled to the rights and privileges appertaining thereto set forth in the corporate documents defining such rights

and privileges;

D. When acquired as described in the Amendment, NU will legally acquire any common stock and other security of Charter Oak issued and sold in accordance with the Commission's authorization of the transactions contemplated by the Amendment, Charter Oak will legally acquire any common stock and other security of COE Development issued and sold in accordance with the Commission's authorization of the transactions contemplated by the Amendment and Charter Oak and/or COE Development will legally acquire any common stock and other security of any Exempt Wholesale Generator ("EWG" -- as defined in Section 32 of the Act), Foreign Utility Company ("FUCO" -- as defined in Section 33 of the Act), and/or any "Intermediate Company" (a subsidiary of Charter Oak or COE Development organized to hold or acquire a direct or indirect interest in EWGs or FUCOs) issued and sold in accordance with the Commission's authorization of the transactions contemplated by the Amendment;

E. When issued as described in the Amendment, any evidence of indebtedness issued by Charter Oak to non-affiliates, and any NU and/or Charter Oak guarantee in respect thereof, will be valid and binding obligations of Charter Oak and NU, respectively, in accordance with their terms, subject to laws of general application with respect to rights and remedies of creditors and subject to equitable principles;

F. When NU shall have received any necessary consents of certain lenders as to certain transactions described in the Amendment, the consummation of the proposed transactions as described in the Amendment will not violate the legal rights of any holders of securities issued by NU, Charter Oak, COE Development, or any other existing NU subsidiary company.

I hereby consent to the use of this opinion in connection with the filing of the Amendment.

Very truly yours,

/s/  
Jeffrey C. Miller