

Company, LLC ("AE Supply"), R.R. 12, P.O. Box 1000, Roseytown Road, Greensburg, Pennsylvania 15601, a utility subsidiary of Allegheny, (collectively, "Applicants") have filed a declaration under sections 6(a), 7, and 12(d) of the Act and rules 44 and 54 under the Act.

In accordance with an Asset Contribution and Purchase Agreement dated January 8, 2001 ("Agreement"), AE Supply and Allegheny Energy Global Markets, LLC, AE Supply's newly formed rule 58 company, acquired Global Energy Markets ("GEM"), the energy commodity marketing and trading unit of Merrill Lynch & Co., Inc. ("Merrill Lynch"), on March 16, 2001 ("Closing Date").¹ The purchase price for GEM was \$490 million, paid on the Closing Date, and 2% of the membership interests in AE Supply ("Membership Interests"). The sale of the Membership Interests is contingent upon the approval of the Commission. The Agreement further provides that if the Commission does not approve the sale of the Membership Interests, Allegheny, AE Supply, and Allegheny Energy Global Markets, LLC, are obligated to make an additional cash payment to Merrill Lynch. Accordingly, Applicants request authorization to sell the Membership Interests to Merrill Lynch.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27392]

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

May 3, 2001.

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 May 28, 2001, 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 May 28, 2001, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Northeast Utilities, et al. (70-9883)

Notice of Proposal To Issue Securities; Order Authorizing Solicitation of Proxies

Northeast Utilities ("NU"), 174 Brush Hill Avenue, West Springfield, Massachusetts 01090-0010, a registered holding company, has filed a declaration under sections 6(a), 7, and 12(e) of the Act and Rules 54, 62, and 65 under the Act.

NU seeks the Commission's approval for: (1) The solicitation of proxies from NU's common shareholders seeking adoption of the Northeast Utilities Employee Share Purchase Plan ("Plan"), which contemplates the issuance of NU's common shares, \$5.00 par value ("Common Shares") and (2) the issuance each year, during the ten year term of the Plan, of NU Common Shares (either authorized, but previously unissued shares or reacquired shares) not to exceed one-half percent (0.5%) of the number of shares outstanding as of the end of the preceding year¹ and derivatives of such shares.

On April 9, 2001, NU's Board of Trustees ("Board") adopted an Employee Share Purchase Plan ("Plan"). This Plan replaces an earlier Employee Share Purchase Plan adopted in 1998 by order of the Commission dated April 29, 1998 (HCAR No. 26865) ("Prior 1998

Plan"), which NU discontinued in December of 2000 in anticipation of the merger with Consolidated Edison, Inc. The Prior 1998 Plan allowed officers to participate, but only as optional participants, which in effect required that the officers purchase the share at 100% rather than 85% of the market value as of a designated date determined by the Plan's committee. Under the current Plan officers may participate under the same terms as other eligible participants. NU proposes to submit the Plan to its shareholders for approval at NU's Annual Meeting of Shareholders to be held on June 28, 2001. If approved by NU's shareholders, the Plan will be effective as of August 1, 2001. The Plan will terminate ten years from its effective date, unless terminated earlier by the Board.

The Plan will be administered by the Compensation Committee of NU's Board of Trustees or by a delegate ("Committee"). The Plan is intended to be an employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended. Through programs established by the Committee from time to time eligible employees may purchase newly issued Common Shares through payroll deduction. The purchase price will be determined by the Committee and will be between 85 percent and 100 percent of the lower of closing market value on the first and last days of the purchase period. Shares purchased under the Employee Share Purchase Plan may not be transferred for six months following the purchase date.

Additionally, NU requests authority to solicit proxies approving the Plan from the holders of NU Common Shares, for use at the Annual Meeting of Shareholders to be held June 28, 2001. It is anticipated that solicitation materials will be mailed to shareholders commencing on or about May 11, 2001.

NU proposes to mail the notice of meeting, statement relating to the Plan, proxy statement and proxy to its shareholders for the annual meeting, and has filed its proxy solicitation material relating to the Plan. NU requests that an order authorizing the solicitation of proxies be issued as soon as practicable under rule 62(d). It appears to the Commission that NU's declaration as it pertains to the proposed solicitation of proxies should be permitted to become effective immediately under rule 62(d).

Rule 54 states that the Commission will not consider the effect of the capitalization or earnings of any subsidiary which is an exempt wholesale generator ("EWG") or foreign utility company ("FUCO") upon the

¹ Applicants state that the acquisition of GEM was exempt from section 9(a) of the Act because GEM is an energy-related company under rule 58 of the Act.

¹ Based on the number of issued and outstanding Common Shares on December 31, 2000 this restriction will permit 719,181 Common Shares to be issued to fund purchases by Plan participants in 2001 and 7,191,818 Common Shares over the ten year life of the Plan. The issuance each year is subject to appropriate adjustment in the event of recapitalizations, mergers, splits or similar corporate transactions.

registered holding company system if rule 53(a), (b), and (c) are met. NU states, for purposes of rule 54, that it meets all of the conditions of rule 53 under the Act, except for rule 53(a)(1). By order dated March 7, 2000 (HCAR No. 27148) ("EWG Investment Order"), the Commission determined that NU's financing of its investment in Northeast Generation Company ("NGC"), NU's only current EWG or FUCO investment, in an amount not to exceed 83% of its "average consolidated retained earnings," would not have the adverse effects set forth in rule 53(c) based on the representations NU set forth at that time. As of December 31, 2000, NU's "aggregate investment," as defined in rule 53(a)(1) ("Aggregate Investment"), in EWGs and FUCOs was approximately \$469.5 million, or about 76.1% of NU's consolidated retained earnings ("CRE"). For the four quarters ending December 31, 2000, NU's CRE was \$617.3 million.

The proposed transactions are subject to rule 54. Under rule 54, because NU does not meet rule 53(a)(1), the Commission must consider the effect of the capitalization and earnings of EWGs and FUCOs. Applicants state the proposed transactions, considered in conjunction with the effect of the capitalization and earnings of NU's EWGs and FUCOs, would not have a material adverse effect on the financial integrity of the NU system, or an adverse impact on NU's public-utility subsidiaries, their customers, or the ability of state commissions to protect such public-utility customers. NU's consolidated capitalization ratio and its retained earnings, both have improved since the date of the EWG Investment Order. NU's consolidated capitalization consists of 36.1% common equity and 63.9% debt (including long- and short-term debt, preferred stock, capital leases and guarantees). NU's consolidated retained earnings have decreased from \$581.8 million as of the December 31, 1999 to 495.9 million as of December 31, 2000. NU's interest in NGC has made a positive contribution to earnings in that time by contributing \$26.4 million to NU's retained earnings with revenues of \$108.5 million and net income of \$26.4 million. The capitalization and earnings attributable to NU's investments in EWGs and FUCOs has not had an adverse impact on NU's financial integrity.

Fees, commissions, and expenses to be incurred in connection with the solicitation of proxies are estimated not to exceed \$70,000. NU states that no state or federal commission, other than this Commission, has jurisdiction over the proposed transactions.

It Is Ordered, under rule 62 under the Act, that the declaration to the extent that it relates to the proposed solicitation of proxies is permitted to become effective immediately, subject to the terms and conditions contained in rule 24 under the Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27394]

Filings Under the Public Utility Holding Company Act of 1935, as amended ("Act")

May 4, 2001.

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 May 24, 2001, 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 May 24, 2001, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Northeast Utilities (70-9853)

Northeast Utilities ("NU"), 174 Brush Hill Road, West Springfield, Massachusetts 01089, a registered holding company, has filed a

declaration under sections 6(a), 7, and 12(b) and rules 45 and 54 under the Act.

By prior Commission orders dated November 9, 1988, December 20, 1990, December 3, 1992, and December 29, 1994 (HCAR Nos. 24742, 25219, 25692, and 26208, respectively) (collectively, "Prior Orders"), Holyoke Water Power Company ("HWP"), a utility subsidiary of NU, was authorized, among other things, to issue and sell notes, in an aggregate outstanding amount not exceeding \$38.3 million, in connection with the issuance and sale of pollution control revenue bonds ("Bonds") and to enter into a series of related reimbursement agreements ("Reimbursement Agreements") with various banking institutions ("Banks") in exchange for the issuance of irrevocable letters of credit ("LOCs"). In addition, in connection with each of the Reimbursement Agreements, NU entered into equity support agreements on behalf of HWP. These agreements were in the nature of contractual undertakings on the part of NU to maintain specified ownership levels in HWP and to cause HWP to maintain a minimum common equity to capitalization ratio.

In accordance with provisions in each of the Reimbursement Agreements, HWP agreed, among other things, that, so long as the LOCs were outstanding, HWP would not allow the ratio of its common equity to total capitalization to fall below 30%. As of December 31, 2000, HWP recognized a reduction in the carrying value of certain of its assets. Accordingly, its common equity ratio failed to meet certain consolidated common equity maintenance covenants contained in each of the Reimbursement Agreements. The Banks have consented to the decline in HWP's common equity ratio provided that NU provide further assurances that HWP will meet its obligations under the Reimbursement Agreements.

Consequently, NU now proposes, through June 30, 2004 ("Authorization Period") to issue guarantees and other forms of credit support (collectively, "Guarantees"), in an aggregate amount not to exceed \$45 million, in order to guarantee HWP's obligations under the Reimbursement Agreements. NU states that the Guarantees may take the form of NU agreeing to undertake reimbursement obligations or to assume liabilities or other obligations with respect to the LOCs. NU also states that the Guarantees will be without recourse to any other operating company in the NU system.