

SECURITIES AND EXCHANGE COMMISSION

FORM POS AMC

Post-effective amendments for application or declaration

Filing Date: **1994-12-27**
SEC Accession No. **0000048153-94-000002**

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FILER

HOLYOKE WATER POWER CO

CIK: **48153** | IRS No.: **041449000** | State of Incorp.: **MA** | Fiscal Year End: **1231**
Type: **POS AMC** | Act: **35** | File No.: **070-07495** | Film No.: **94566376**

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File No. 70-7495

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 2 TO
FORM U-1

APPLICATION/DECLARATION WITH RESPECT TO
CREDIT FACILITY SUBSTITUTION

under

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

HOLYOKE WATER POWER COMPANY
ONE CANAL STREET
HOLYOKE, MASSACHUSETTS 01040

(Name of companies filing this statement and address of principal executive office)

NORTHEAST UTILITIES

(Name of top registered holding company parent of declarant)

Robert P. Wax, Esq.
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 communication to

David R. McHale
Manager-Project and Short-Term Finance
Northeast Utilities

Jeffrey C. Miller
Assistant General
Counsel

Service Company
P.O. Box 270
Hartford, CT 06141-0270

Northeast Utilities
Service Company
P.O. Box 270
Hartford, CT
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Item 1. Description of Proposed Transaction

Paragraph 8 of Item I of Post-Effective Amendment No. 1 in this file is amended by adding to the ending of subparagraph (i) of the second paragraph thereof the following:

"At September 30, 1994 the ratio of such investment (\$5,647,000) to such consolidated retained earnings (\$937,198,000) was 0.6%."

Item 6. Exhibits and Financial Statements

(a) Exhibits

D.2 Department Letter Ruling.

SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this statement to be signed on its behalf by the undersigned thereunto duly authorized.

HOLYOKE WATER POWER COMPANY

By: /s/Jane P. Seidl
Title: Senior Counsel
Northeast Utilities Service Company

Dated: December 27, 1994

December 20, 1994

Jeffrey C. Miller, Esq.
Assistant General Counsel
Northeast Utilities Service Company
P.O. Box 270
Hartford, CT 06141-0270

Dear Mr. Miller:

On behalf of the Holyoke Water Power Company ("Company"), you have requested the Commissioner of Revenue (formerly entitled Commissioner of Corporations and Taxation; St. 1978, c. 514, s. 280) approve the two modifications in the Reimbursement and Security Agreement regarding the Letter of Credit and authorization to enter into new letters of credit without the pre-approval of the Commissioner.

Facts

The Company seeks to modify the Reimbursement and Security Agreement, dated November 1, 1988 between the Company and Union Bank of Switzerland (Bank) in order (i) to change the expiration date of the Letter of Credit from perpetual to a three-year term ending November 1, 1997, extendible for successive one-year terms thereafter indefinitely with mutual consent, and (ii) to reduce the annual Letter of Credit fee payable to the Bank.

In addition, the Company seeks approval to replace the Letter of Credit provided by the Bank, as permitted by the Loan Agreement, by delivery of substitute credit facilities, consisting of new letters of credit, and related agreements, to be provided by substitute banks and to modify and extend such letters of credit and agreements, if necessary.

The purpose of these changes is to make the existing Letter of Credit conform with current industry practices and in addition to receive a lower Letter of Credit fee. The Company seeks approval to enter into other letters of credit agreements if the Bank's credit rating were to deteriorate, if the Bank chooses not to renew its commitment, or if the Company sought alternative banks.

A new letter of credit ("LOC"), if necessary, shall be in accordance with the provisions of the loan agreement and provide that (A) the total amount available to be drawn under any such extended, modified, or replacement letter of credit does not exceed \$8,667,000, (B) the annual letter of credit costs applicable to any such extension, modification, or replacement do not exceed 1.00% per annum of the total amount available to be drawn under the extended, modified or replacement letter of credit, (C) the new LOC agreement applicable to any such extension, modification or

replacement shall provide (or shall afford the Company the option to elect) that tender advances bear interest until paid at a rate not to exceed the higher of (1) the prime rate plus 2.00% or (2) the federal funds rate plus 2.00%, (D) such extension, modification, or replacement is otherwise on terms that are substantially similar in all material respects to those applicable to the new LOC agreement (or previous extensions or modifications thereof or replacements therefore) proposed to be entered into in connection with the replacement of the Bank, and (E) the Company shall have obtained all necessary approvals applicable to such extension, modification or replacement.

Corporate Purpose

Under the provisions of St. 1938, c. 183, Section 3, the Holyoke Water Power Company may issue from time to time such amount of bonds, coupon notes, and other evidence of indebtedness payable at periods of more than one year after date thereof as the Commissioner of corporations and taxation may from time to time determine to be reasonably necessary for its corporate purposes.

The Company's obligations with respect to the bonds are secured by the letter of Credit. You have indicated the primary "corporate purpose" behind the proposed changes to the agreement is to reduce the amount of fees paid for the Letter of Credit and to make the Letter of Credit conform with the current industry practices in the market place. In addition, the ability to seek other letters of credit, as necessary, conforms with prudent business practices and will provide the Company with improved flexibility in its finances.

Conclusion

I hereby determine that the modifications to the existing Letter of Credit, including the fee reduction and the authority to seek new letters of credit within the terms described herein are reasonably necessary for the corporate purposes of the Holyoke Water Power Company.

Very truly yours,
/s/Mitchell Adams
Commissioner of Revenue
Commonwealth of Massachusetts
Department of Revenue