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Post-effective amendments for application or declaration

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NORTHEAST UTILITIES

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

POST-EFFECTIVE AMENDMENT NO. 3

TO THE

FORM U-1

APPLICATION AND DECLARATION

UNDER THE

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

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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LeBoeuf, Lamb, Greene & MacRae
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NORTHEAST UTILITIES SERVICE COMPANY
P.O. Box 270
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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. 3 to their Application and Declaration on Form U-1 (HCAR. 25726; December 30, 1992; File No. 70-8062) (the "Amendment"). Under this Amendment, NU and Charter Oak request approval under Sections 6(a), 7, 9(a), 10 and 12(b) of the Public Utility Holding Company Act of 1935 (the "Act") and Rule 45 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") to include the authority to finance the acquisition of EWGs, in accordance with Section 32 of the Act and rules promulgated thereunder, and to make investments in foreign utility companies ("FUCOs") and to finance the acquisition of FUCOs, in accordance with Section 33 and rules to be promulgated thereunder. In addition, the Applicants request a modification of the authority previously granted in the December 30, 1992

Order to increase NU's authorized investment in Charter Oak to up to \$100 million and to increase Charter Oak's authorized investment in COE Development to up to \$100 million for preliminary development activities and investments in independent power projects including preliminary development activities and investments in EWGs, the acquisition of which may not require SEC approval under Section 32 of the Act and rules promulgated thereunder.

Item 1. DESCRIPTION OF PROPOSED TRANSACTIONS

A. Description of Charter Oak

Pursuant to the December 30, 1992 Order and an order issued on December 29, 1992 (HCAR. No. 25721; File No. 70-8064), Charter Oak is 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 ("IPPs"). Charter Oak may invest in QFs and IPPs after obtaining Commission approval and may invest in exempt wholesale generators ("EWGs") 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, Charter Oak is authorized to provide consulting services in relation to QFs and IPPs.

B. Request for Expansion of Authority Regarding EWGs and 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. Charter Oak and COE Development now request authority to make investments in FUCOs and to finance the acquisition of 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.<F1> If such authority is granted by the Commission, the Applicants will be able to use the \$100 million requested in this Amendment for the acquisition and financing of EWGs without submitting applications on Form U-1 for approval of the use of such funds so long as the Applicants are in compliance with the partial safe harbor requirements of Rule 53(a)(1)-(4) and (b)(1)-(3) under the Act.<F2>

C. Request for Expansion of Authority for Preliminary Development Activities

The order dated May 17, 1989 authorizing the establishment of Charter Oak (HCAR No. 24893; File No. 70-7545) (the "1989 Order") authorized Charter Oak to engage in preliminary development activities relating to eligible private power investments. Prior to the enactment of the Energy Policy Act of 1992, the acquisition of an interest in any private power project by a registered holding company system required the prior

approval of the Commission. In the 1989 Order, the scope of

<F1> The Applicants will not acquire an interest in an intermediate holding company that holds, or will acquire, an interest in a FUCO without prior Commission approval, unless and until the Commission promulgates rules under the Act that provide that intermediate holding companies themselves may be considered FUCOs under the Act.

<F2> The Commission promulgated final rules and forms relating to EWGs in HCAR. No. 35-25886 (September 23, 1993). In this Post-Effective Amendment No. 3, the Applicants have amended their previous filings where necessary to reflect the final version of the rules and forms.

authorized preliminary development activities included only certain development activities that the Commission agreed did not constitute acquiring an interest in a project, and therefore did not require prior approval by the Commission. With the enactment of the Energy Policy Act and the promulgation of rules thereunder, registered holding company systems may acquire certain EWGs and FUCOs without prior Commission approval (referred to herein as "Exempt Projects"). Because registered holding company systems may acquire Exempt Projects without prior Commission approval, the Applicants' activities with respect to Exempt Projects will not be limited to the scope of authorized preliminary development activities provided in previous Commission orders.

As authorized in the 1989 Order and reauthorized in the December 30, 1992 Order, these preliminary development activities

include:

the investigation of sites, preliminary engineering and licensing activities, acquiring options and rights, contract drafting and negotiating, preparation of proposals and other necessary activities to identify and analyze feasible investment opportunities and to initiate the commercialization of a project.

The Applicants now request authority to expand the current scope of permissible preliminary development activities for projects the acquisition of which require Commission approval (referred to herein as "Non-exempt Projects") to include the issuance of guarantees and assumptions of liability by NU, Charter Oak or any Charter Oak subsidiary to unaffiliated third parties in connection with such development activities.<F3> The guarantees and assumptions of liability for which the Applicants are seeking approval with respect to Non-exempt Projects are limited to preliminary development activities and will not include guarantees relating to construction financing or permanent financing. Charter Oak has found that on occasion such guarantees and assumptions of liability may provide them with

<F3> Such guarantees and assumptions of liability may include bid bonds, earnest money, reimbursement obligations to parties providing letters of credit, performance bonds, and material and payment bonds.

opportunities to participate in private power opportunities on a favorable basis without expending funds. The total value of such guarantees and assumptions of liability outstanding at any time

will not exceed \$20 million. The term of any such guarantee or assumption of liability will not exceed five years. Until such time as there is no possibility of a claim against Charter Oak or NU, the full contingent amount of any guarantees and assumptions of liability would be counted as part of the authorized development activities limit requested by the Applicants in this Amendment.

The Applicants do not intend to engage in preliminary development activities for any power project in which they do not believe they will be able to hold an ownership interest. In the early stages of developing a power project, however, it is not always certain what the eventual status of a facility will be under the 1935 Act and PURPA. For example, a facility being constructed to be a qualifying cogeneration facility under PURPA may fail to achieve QF certification because the intended industrial use is no longer commercially viable. Or, a facility for which EWG status is being sought may, particularly in a state in which retail wheeling is being actively promoted by state regulators, decide to sell some of its power directly to industrial customers. Accordingly, the Applicants seek to preserve their existing authority to engage in preliminary development activities for IPPs throughout the United States. In the event that a facility in which the Applicants have done preliminary development work does not qualify as a QF, EWG or FUCO and cannot be part of an integrated system with the NU

system, the Applicants will make all commercially reasonable efforts to sell or assign its interests in a manner that will allow it to recoup its preliminary development expenditures.

The Applicants also seek authority for the issuance of guarantees and assumptions of liability in relation to development activities for Exempt Projects, including construction and permanent financing, in accordance with the Act.

D. Request for Authority for Additional Investment

Under the December 30, 1992 Order, during 1993 and 1994, NU is authorized to invest in Charter Oak up to \$10 million annually and Charter Oak is authorized to invest in COE Development up to \$9 million annually. In addition, Charter Oak and COE Development are authorized to annually spend \$10 million and \$9 million, respectively. The Applicants have also recently obtained approval to invest up to \$7 million to acquire an interest in a power plant in the United Kingdom (HCAR. No. 35-25891; September 24, 1993; File No. 70-8084) (the "U.K. Order").

The Applicants request a modification to the Commission's December 30, 1992 Order to increase NU's authorized investment limit in Charter Oak up to \$100 million for the period from January 1, 1993 through December 31, 1994 for additional preliminary development activities, for investments in QFs and IPPs for which the Applicants will obtain prior Commission approval and for investments in EWGs and FUCOs, that may or may not require prior Commission approval under the Act and any rules

and regulations promulgated thereunder. In addition, the Applicants request a modification to the Commission's December 30, 1992 Order to increase Charter Oak's authorized investment in COE Development up to \$100 million for the period from January 1, 1993 through December 31, 1994 for additional preliminary development activities and for investments in QFs and IPPs for which the Applicants will obtain prior Commission approval and for investments in EWGs and FUCOs that may or may not require prior Commission approval under the Act and any rules and regulations promulgated thereunder. Charter Oak and COE Development also seek authority to spend up to \$100 million for the period from January 1, 1993 through December 30, 1994. The \$100 million authorization requested in this Amendment includes the \$7 million investment approved in the U.K. Order.

This request for increased funding is based on the Applicants' desire to further increase its preliminary development activities and to make investments in QFs, IPPs, EWGs and FUCOs. This request is consistent with intent of the U.S. Congress to promote private power activities by utility companies in the U.S. and abroad when Congress enacted the amendments to the Act in the Energy Policy Act of 1992. In addition, this request for up to \$100 million, together with the Applicants' present investments in private power, is relatively small compared to the total EWG and FUCO investment limit in Rule 53 under the Act.<F4>

NU's investment in Charter Oak, and Charter Oak's

investment in COE Development, may take the form of additional acquisitions of common stock, capital contributions, open account advances and/or subordinated loans (collectively, "Investments"). Any such open account advances or subordinated loans would bear interest at a rate based on NU's cost of funds in effect on the date of issue, but in no case in excess of the prime rate at a bank designated by NU. In addition, pursuant to the initial authorization of Charter Oak in the 1989 Order, which was extended by the December 30, 1992 Order, Charter Oak may obtain debt financing from unaffiliated third parties ("Debt Financing"), as long as the total of all Investments together with any Debt Financing does not exceed the total funding authorization of Charter Oak. Such Debt Financing may require a guarantee by NU. Pursuant to the 1989 Order, non-affiliate Debt Financing obtained by Charter Oak will not exceed a term of 15 years or bear a floating interest rate in excess of 125% of the prime rate in effect at the time of issuance or a fixed interest rate more than 350 basis points above that borne

<F4> Rule 53(a) (1) places a limit on EWG and FUCO investments of 50% of system consolidated retained earnings for purposes of determining whether such investments are "not reasonably adapted to the earning power of such company or to the security structure of such company and other companies in the same holding company system, or that the circumstances are such as to constitute ... an improper risk for such company..." Under this limitation, the NU system's present investment limitation is over \$400 million.

<F5> It is anticipated that such unaffiliated third parties will

be banks, insurance companies and other institutional investors.

<F6> Since the Debt Financing is included within the total funding authorization of Charter Oak, any guarantee by NU will not be counted towards the total funding authorization limitation.

by U.S. Treasury securities of comparable maturities. If any nonaffiliate Debt Financing obtained by Charter Oak is guaranteed by NU, the term of such Debt Financing will not exceed 15 years and the interest rate will not exceed the prime rate in effect on the date of issue at a bank designated by NU from among the major lenders to the companies in the NU system. In connection with any Debt Financing obtained by Charter Oak, Charter Oak may be required to pay commitment and other fees not to exceed 25 basis points per annum on the total amount of the Debt Financing. Pursuant to the 1989 Order, Charter Oak has an exception from the competitive bidding requirements of Rule 50 pursuant to Rule 50(a)(5) with respect to the proposed issuance of securities in connection with such Debt Financing.

The Applicants request that the Commission renew the exception from the competitive bidding requirements of Rule 50(a)(5) with respect to the proposed issuance of securities in connection with such Debt Financing. Due to the nature of the business ventures contemplated by this Amendment and the uncertainty regarding the exact nature of contractual and investment opportunities which may become available, flexibility to negotiate specific financing provisions with third parties

without further Commission authorization, subject to the monetary caps listed earlier in this Amendment, is required. The requirements of Rule 50 are unnecessary in this instance for the protection of investors or consumers.

The proposed development activities and investment authorization are modest relative to the size of the NU system. At June 30, 1993, the NU system's consolidated total capitalization, stockholders' equity and retained earnings were \$7,092,945,000, \$2,203,429,000 and \$867,083,000, respectively. The authorization sought herein is for up to \$100 million total authorization for the two years, including the existing \$10 million authorization approved in the December 30, 1992 Order, which as a percentage of the NU system's consolidated total capitalization, stockholders' equity and retained earnings at June 30, 1993 would be 1.4%, 4.5% and 11.5%, respectively. Charter Oak currently has \$2.3 million invested in one qualifying cogeneration facility in Texas and approximately \$6.5 million invested in a power plant in the United Kingdom. Accordingly, the Applicants have adequate assets to make the potential investment and expenditures without endangering the financial health of the registered holding company system or the system's operating public utility companies. Furthermore, only investments in Exempt Projects and EWG and FUCO financings that do not require Commission approval under the Act and any rules and regulations promulgated thereunder would be made pursuant to the general authority requested above in paragraph B.<F7>

Other investments would be submitted to the Commission for prior approval.

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

As discussed above, this Amendment requests approval for up to an additional \$100 million investment by the NU system in EWGs, FUCOs and other independent power projects. The maximum aggregate investment by the NU System, including this proposed investment, 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, 1993. Accordingly, this level of investment 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's total investment in EWGs, FUCOs 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.

<F7> As noted in paragraph B above, if such authority is granted by the Commission, the Applicants will be able to use the \$100 million requested in this Amendment for the acquisition and financing of EWGs without submitting applications on Form U-1 for approval of the use of such funds so long as the Applicants are in compliance with the partial safe harbor requirements of Rule 53(a)(1)-(4) and (b)(1)-(3) under the Act.

F. 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.

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

The companies in which Charter Oak invested pursuant to its U.K. Order do not have any losses attributable to operations. The Applicants presently do not have any other EWGs and FUCOs. The Paris, Texas cogeneration facility, in which Charter Oak has an interest, did not report losses attributable to operations during 1992. Accordingly, the present investments of the Applicants in EWGs and FUCOs 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.

H. Compliance with Safe Harbor Provisions

The authority being sought by the Applicants in this Amendment will allow the Applicants to finance an investment in an EWG without further Commission approval if two conditions are met: (i) the investment is within the \$100 million authorization requested herein, 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 an EWG without submitting an application on Form U-1 to obtain prior Commission approval.

In conjunction with receipt of an order approving this Amendment, the Applicants will take certain steps to ensure compliance with Section 32 and the regulations promulgated thereunder. First, all employees of Charter Oak responsible for evaluating potential EWG and FUCO investments will 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 will 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.

Applicants are not requesting approval for the use of system operating company employees for the rendering of services to affiliated EWGs and FUCOs, and no such use of employees will occur without prior Commission approval unless expressly permitted under the Act.<F8> To the extent that any such services are necessary, they will be performed by Charter Oak employees (who are employees of Northeast Utilities Service

Company) or other service company employees.

I. 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 EWGs and FUCOs authorized by this Amendment.

J. 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.

<F8> 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.

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	\$8,000
Miscellaneous related expenses (such as telephone, courier and travel)	\$500
Total	\$8,500

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 set forth below:

- | | | |
|-------|--|---|
| (i) | Authority for Charter Oak and COE Development to finance the acquisition of EWGs. | Sections 6(a), 7 and 32, Rule 53 |
| (ii) | Authorization for Charter Oak to obtain Debt Financing from non-affiliates | Sections 6(a) and 7, Rule 50 |
| (iii) | Authorization for NU to invest up to \$100 million in Charter Oak and Charter Oak to invest up to \$100 million in COE Development in the form of acquisitions of common stock, capital contributions, open account advances and subordinated loans. | Sections 9(a), 10, 12(b), Rules 45(a) and 45(b) (1) |

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

It is requested that the Commission issue and publish no later than January 14, 1994 the requisite notice under Rule 23 with respect to the filing of this Amendment, such notice to specify a date not later than February 8, 1994, as the date after which an order granting and permitting this Amendment to become effective may be entered by the Commission and that the Commission enter not later than February 14, 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
 - 1.1 Balance Sheet (Actual and Pro Forma) - NU (parent only), as of June 30, 1993 (previously filed)
 - 1.2 Statement of Income (Actual and Pro Forma) - NU (parent only), as of June 30, 1993 (previously filed)
 - 2.1 Balance Sheet (Actual and Pro Forma) - Charter Oak (consolidated), as of June 30, 1993 (previously filed)
 - 2.2 Statement of Income (Actual and Pro Forma) - Charter Oak (consolidated), as of June 30, 1993 (previously filed)
 - 3.1 Balance Sheet (Actual and Pro Forma) - NU (consolidated), as of June 30, 1993 (previously filed)
 - 3.2 Statement of Income (Actual and Pro Forma) - NU (consolidated), as of June 30, 1993 (previously filed)

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/
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: January 13, 1994

Jeffrey C. Miller
Selden Street
Berlin, Connecticut 06037

November 10, 1993

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 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 of, and an increase in the funding for, 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. 35-24893), 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. 35-25726) and September 24, 1993 (HCA Rel. No. 35-25891), 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 and 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;

E. When issued as described in the Amendment, any evidence of indebtedness issued by Charter Oak to non-affiliates, and any NU 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,

Jeffrey C. Miller

JCM1/1193.9