

SECURITIES AND EXCHANGE COMMISSION

FORM U-1

Application or declaration under the act 1935

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FILER

**EASTERN UTILITIES ASSOCIATES**

CIK: **31224** | IRS No.: **041271872** | State of Incorporation: **MA** | Fiscal Year End: **1231**  
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SIC: **4911** Electric services

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BOSTON MA 02109  
6173579590*

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM U-1

APPLICATION-DECLARATION  
WITH RESPECT TO FINANCING OF SUBSIDIARY COMPANY  
UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

EASTERN UTILITIES ASSOCIATES  
P.O. BOX 2333, BOSTON, MASSACHUSETTS 02107

EUA COGENEX-CANADA INC.  
NORTHEAST ENERGY MANAGEMENT, INC.  
EUA COGENEX CORPORATION  
BOOTT MILLS SOUTH, 100 FOOT OF JOHN STREET, LOWELL, MASSACHUSETTS 01852

(Names of companies filing this statement  
and addresses of their principal executive offices)

EASTERN UTILITIES ASSOCIATES

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

CLIFFORD J. HEBERT, JR., TREASURER  
EASTERN UTILITIES ASSOCIATES  
P.O. BOX 2333, BOSTON, MASSACHUSETTS 02107

(Name and address of agent for service)

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

ARTHUR I. ANDERSON, P.C.  
MCDERMOTT, WILL & EMERY  
75 STATE STREET  
BOSTON, MASSACHUSETTS 02109

ITEM 1. DESCRIPTION OF PROPOSED TRANSACTIONS.

A. Eastern Utilities Associates ("EUA"), a registered holding company

under the Public Utility Holding Company Act of 1935 (the "Act"), EUA Cogenex Corporation ("Cogenex"), a wholly-owned non-utility subsidiary of EUA, and Northeast Energy Management, Inc. ("NEM") and EUA Cogenex-Canada Inc. ("Cogenex Canada"), each a wholly-owned non-utility subsidiary of Cogenex, are jointly filing this application-declaration with the Securities and Exchange Commission (the "Commission").

B. Cogenex is engaged in the energy conservation business, including the following activities: (i) employing energy efficiency technology and equipment primarily through shared savings agreements; (ii) participating in self-generation projects; and (iii) contracting to assist electric utilities in demand-side management activities including but not limited to shared-savings energy conservation projects and demand-side utility programs (HCAR No. 35-24273, December 19, 1986; HCAR No. 35-25697, December 9, 1992). Cogenex's business has grown rapidly and is expected to continue to grow. Cogenex's permanent capitalization, as of September 30, 1994, is approximately \$167 million consisting of \$47 million in common equity and \$120 million of unsecured long-term notes. In addition, Cogenex had outstanding \$28 million of short-term borrowings at that date.

C. By order dated June 29, 1993 (HCAR No. 35-25839), the Commission authorized Cogenex for the period ending December 31, 1995, to undertake various financing transactions in an amount, in addition to Cogenex's permanent capitalization at that time, not to exceed \$100 million from one or any combination of the following sources: (i) up to an aggregate of \$50 million from EUA in any combination of capital contributions from EUA and short-term borrowings from EUA to be effected upon the same terms as EUA and Cogenex borrow funds under the EUA system credit lines, (ii) up to \$50 million from the issuance and sale of additional long-term unsecured notes, and (iii) up to \$50 million of short-term borrowings under the EUA system credit lines. The Commission initially reserved jurisdiction over the issuance of the additional long-term unsecured notes and authorized the issuance of \$50 million of 7% notes due 2000 pursuant to a Rule 144A private placement by an order dated September 23, 1993 (HCAR No. 35-25888). As of September 30, 1994, Cogenex had utilized approximately \$78 million of its \$100 million financing authority, including \$8 million from EUA, \$50 million in unsecured long-term notes and \$20 million in short-term borrowings.

D. EUA proposes and hereby requests authority for the period ending December 31, 1997 to (i) make investments in Cogenex in an aggregate amount of up to \$50 million in one or any combination of short-term loans, capital contributions or proceeds from sales of common stock to EUA ("EUA Investments"), and (ii) borrow up to \$25 million under the EUA system credit lines upon the terms set forth below in paragraph H to finance EUA Investments in Cogenex.

E. Cogenex proposes and hereby requests authority for the period ending December 31, 1997 to undertake various financing transactions in an additional amount not to exceed \$150 million from one or any combination of the following sources: (i) one or more issuances and sales of unsecured notes with either fixed or variable rates (the "New Notes"), either through a private or a public

offering, all on terms and conditions to be authorized by the Commission upon application of Cogenex through an amendment hereto, (ii) the borrowing of the proceeds of one or more issues of bonds (the "Bonds") to be issued by an agency of a state or any political subdivision thereof which is authorized to issue private activity bonds (the "Agency"), and (iii) the borrowing of up to \$75 million under the EUA system credit lines upon the terms set forth below in paragraph H. The New Notes and the Bonds are hereinafter referred to together as the "New Debt". The timing and amounts of the New Debt will be determined in light of market conditions and other relevant factors at the time of issuance, and the New Debt will be issued from time to time on such terms and conditions as are authorized by the Commission upon application of Cogenex through one or more amendment(s) hereto. Cogenex and EUA hereby request that the Commission reserve jurisdiction over the issuance and sale of the New Debt until such amendment(s) are filed.

F. The net proceeds from the EUA Investments, the New Debt, and the short-term borrowings by Cogenex under the EUA system credit lines will be used for one or any combination of the following purposes: (i) to pay, reduce, or renew short-term borrowings from banks, (ii) to pay, reduce, or renew short-term loans from EUA, (iii) for working capital to operate Cogenex's business and general corporate purposes, including construction expenditures for plant and equipment, (iv) to pay the costs of issuance of the New Debt, and (v) to provide for such reserves for debt service or other capital or current expenses as may be required by a bond resolution, financing documents or agreements securing the New Debt.

G. The proceeds or any part thereof of the New Debt may be temporarily invested in securities meeting the requirements of Section 9(c)(i) of the Act or of Rule 40(a)(1) or (2).

H. The borrowings authorized hereunder for EUA and Cogenex under the EUA system's existing credit lines will be evidenced by notes which may be issued and renewed during the period ending December 31, 1997. The weighted average interest rate for borrowings under the EUA system credit lines on October 31, 1994 was 5.13% per annum. Such notes will mature in not more than one year from their respective dates of issuance, and the principal amount of notes authorized hereunder and outstanding at any one time will not exceed \$25,000,000 for EUA and \$75,000,000 for Cogenex. EUA expects that funds for the repayment of its borrowings will be provided by internally generated cash, by EUA's dividend reinvestment plan and its employees' savings plan, and by repayment of funds advanced to Cogenex. Cogenex expects that funds for the repayment of its borrowings will be provided by internally generated cash, the proceeds from the issuance and sale of the New Debt and/or capital contributions or loans from EUA. Information as to existing credit lines, commitment fees and/or compensating balance requirements and effective costs of borrowing is set forth in Exhibit G filed herewith. The existing credit line arrangements include borrowing at the prime rate or money market rates, together with a commitment fee equal to 1/4 of 1% multiplied by the credit line, if applicable. Notes bearing interest at the prime rate will be prepayable at any time without premium. Notes bearing interest at available money market rates will not be prepayable. The EUA system credit lines expire

on June 30, 1995 and their continued availability is subject to continuing review by the banks. The lines may be increased or decreased and additional lines may be obtained from other banks not shown on Exhibit G. EUA will notify the Commission of any material changes in the EUA system credit lines.

I. If it becomes necessary to do so to obtain more favorable terms for the New Debt, EUA hereby proposes and requests authorization to guaranty, or to provide an equity maintenance agreement (similar to the agreements previously authorized by the Commission in three orders dated October 24, 1991, November 12, 1991, and September 25, 1992 (HCAR Nos. 35-25396, 35-25412, and 35-25643, respectively), pursuant to which EUA agreed to maintain the consolidated common equity of Cogenex at 20% of consolidated capitalization through June 30, 1995 and 30% thereafter) for all or a portion of the obligations of Cogenex with respect to the New Debt.

J. Cogenex hereby further requests authorization to extend from December 31, 1995 through December 31, 1997 its authorization to provide financial support to NEM and Cogenex Canada, as set forth in orders dated January 28, 1994 (HCAR No. 35-25982) and September 30, 1994 (HCAR No. 35-26135), respectively. NEM and Cogenex Canada hereby request authorization to extend from December 31, 1995 through December 31, 1997 their respective authorizations to borrow funds from Cogenex and outside parties as set forth in the above-referenced orders.

Cogenex does not now, and will not in the future, without prior Commission approval, own or operate or be an equity participant in any exempt wholesale generator or foreign utility company, as such terms are defined in the Energy Policy Act of 1992.

## ITEM 2. FEES, COMMISSIONS AND EXPENSES.

The estimated fees, commissions and expenses to be paid or incurred directly or indirectly in connection with the proposed transactions will be supplied by amendment.

## ITEM 3. APPLICABLE STATUTORY PROVISIONS.

Transaction	Applicable Sections and Rules
Payment of EUA short-term notes to banks, and by Cogenex of short-term notes to EUA and to banks.	Section 12(c); exempt from Rule 42 by paragraph (b)(2) thereof.
Issuance and sale by EUA and Cogenex of short-term notes to banks.	Sections 6(a) and 7.
Issuance and sale by Cogenex of short-term notes to EUA.	Sections 6(a) and 7.
Capital contributions by EUA to, and receipt thereof by, Cogenex.	Rule 45(a).

Issuance and sale by Cogenex of short-term notes or common stock to EUA, and purchase by EUA of common stock and notes of Cogenex.	Sections 6(a), 7, 9(a) and 10; Rule 43(a).
Issuance and sale of New Notes by Cogenex.	Sections 6(a) and 7.
Borrowing the proceeds of the Bonds from the Agency by Cogenex.	Sections 6(a) and 7.
Provision of guaranty or equity maintenance agreement by EUA in connection with the New Debt.	Section 12(b) and Rule 45(a).
Temporary investment of all or a portion of the proceeds of the sale of the New Debt.	Section 9(c)(1); Rule 40(a)(1) or (2).
Issuance and sale of notes by Cogenex Canada and/or by NEM to Cogenex.	Sections 6(a) and 7 and Rule 43(a).
Purchase by Cogenex of notes of Cogenex Canada and/or of NEM.	Sections 9(a), 10 and 12(b); Rule 45(a).
Prepayment by Cogenex Canada and/or by NEM of their respective notes or other obligations held by Cogenex.	Section 12(c); exempt from Rule 42 by paragraph (b)(2) thereof.
Open account advances, short-term loans and guaranties by Cogenex to, and receipt thereof by, NEM and/or Cogenex Canada.	Section 12(b); Rule 45(a).
Capital contributions by Cogenex to, and receipt thereof by, NEM and/or Cogenex Canada.	Section 12(f); Rule 45(a).
Guaranty of certain obligations of NEM by Cogenex.	Section 12(b); Rule 45(a).

ITEM 4. REGULATORY APPROVAL.

No State commission and no Federal commission, other than the Securities and Exchange Commission, has jurisdiction over the proposed transaction.

ITEM 5. PROCEDURE.

A. In order to be in a position to carry out the proposed transactions at the most advantageous time, the Applicants request that the Commission issue its order on the authorization requested herein on the earliest practicable date, with the exception of authorization of the New Debt, over which the Applicants request that the Commission reserve jurisdiction until such time as one or more post-effective amendment(s) with respect to the terms and conditions thereof are filed with the Commission.

B. It is not considered necessary that there be a recommended decision by a hearing officer or by any other responsible officer of the Commission. The Office of Public Utility Regulation may assist in the preparation of the decision of the Commission and it is believed that 30-day waiting period between the issuance of the order of the Commission and the date on which the order is to become effective would not be appropriate.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENTS (\*FILED HEREWITH).

(a) Exhibits

Exhibit A-1                      Articles of Organization of Cogenex (Exhibit A-1, File No. 70-7287, Exhibit B-15 to Form U5S of EUA for 1986).

Exhibit A-2                      By-Laws of Cogenex (Exhibit A-2, File No. 70-7287, to Form U5S of EUA for 1986).

Exhibit F-1                      Opinion of McDermott, Will & Emery (to be supplied by amendment).

\*Exhibit G                      Bank Lines of Credit.

\*Exhibit H                      Proposed form of Notice.

(b) Financial Statements (to be supplied by amendment).

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS.

The transaction described in Item 1 does not involve major federal action significantly affecting the quality of the human environment. No Federal agency has prepared or is preparing an environmental impact statement with respect to the proposed transaction.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of

1935, the undersigned companies have duly caused this statement to be signed on its behalf by the undersigned thereunto duly authorized.

EUA COGENEX CORPORATION

By:/s/ Basil G. Pallone  
Basil G. Pallone  
Vice President

EASTERN UTILITIES ASSOCIATES

By:/s/ Clifford J. Hebert, Jr.  
Clifford J. Hebert, Jr.  
Treasurer

EUA COGENEX-CANADA INC.

By:/s/ Basil G. Pallone  
Basil G. Pallone  
Vice President

NORTHEAST ENERGY MANAGEMENT, INC.

By:/s/ Clifford J. Hebert, Jr.  
Clifford J. Hebert, Jr.  
Treasurer

Dated: December 27, 1994



<TABLE>

EUA SYSTEM CREDIT LINES  
(\$ MILLIONS)

EXHIBIT G

<CAPTION>

BANK <S>	COST BASE <C>	EXPIRATION <C>	TOTAL	GUIDANCE	COMMITTED FEE <C>	EFFECTIVE	EUA <C>	BVE <C>	BORROWING LIMITATIONS					
			COMMITTED CREDIT LINE <C>	CREDIT LINE <C>		BORROWING COST* <C>			EEO	MECO	COGENEX	EUA OS	SERVICE	NECO
BANK OF NEW YORK	(A)	6/30/95	\$40		3/16% X LINE	8.6875%	\$40	\$30	\$30	\$30	\$20	-	\$30	-
CITIBANK	(A)	6/30/95	\$15		3/16% X LINE	8.6875%	\$10	\$10	\$10	\$10	\$15	\$5	\$5	\$5
STATE STREET	(C)	6/30/95	\$15		3/16% X LINE	8.6875%	\$15	\$15	\$15	\$15	\$15	\$3	\$15	\$3
BANK OF BOSTON	(A)	6/30/95	\$10		3/16% X LINE	8.6875%	\$10	\$10	\$10	\$10	\$10	\$5	\$5	\$5
	(A)	6/30/95		\$10	NO FEE	8.5000%	\$10	-	-	-	\$10	-	-	-
SHAWMUT	(B)	6/30/95	\$20		3/16% X LINE	8.6875%	\$20	\$20	\$20	\$20	\$10	\$10	\$10	\$10
	(B)	6/30/95		\$10	NO FEE	8.5000%	\$10	-	-	-	\$10	-	-	-
CANADIAN IMPERIAL	(B)	6/30/95	\$10		3/16% X LINE	8.6875%	\$10	\$10	\$10	\$10	-	-	-	-
CREDIT LYONNAIS	(C)	9/30/95	\$10		3/16% X LINE	8.6875%	\$10	-	-	-	-	-	-	-
SANWA	(C)	6/30/95	\$10		3/16% X LINE	8.6875%	\$10	-	-	-	-	-	-	-
TOTAL			\$130	\$20										

<FN>  
CODES: (A) COST OF BORROWING BASED ON MONEY MARKET OR ALTERNATE BASE.  
(B) COST OF BORROWING BASED ON MONEY MARKET OR PRIME.  
(C) COST OF BORROWING BASED ON MONEY MARKET OR NEGOTIATED.  
\* ASSUMES BORROWING AND PRIME RATE OF 8.50%.

REVISED: 12/23/94  
</FN>  
</TABLE>

(PROPOSED FORM OF NOTICE)

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 35- , 70- )

Eastern Utilities Associates ("EUA"), a registered holding company, EUA Cogenex Corporation ("Cogenex"), a wholly-owned non-utility subsidiary of EUA, and Northeast Energy Management, Inc. ("NEM") and EUA Cogenex-Canada Inc. ("Cogenex Canada"), each a wholly-owned non-utility subsidiary of Cogenex, have filed an application-declaration with this Commission pursuant to Sections 6(a), 7, 9(a), 9(c)(1), 10, 12(b), 12(c) and 12(f) of the Public Utility Holding Company Act of 1935 (the "Act") and Rules 40(a)(1) and (2), 42(b)(2), 43(a) and 45(a) promulgated thereunder.

By order dated June 29, 1993 (HCAR No. 35-25839), the Commission authorized Cogenex through the period ending December 31, 1995, to undertake various financing transactions in an amount, in addition to Cogenex's permanent capitalization at that time, not to exceed \$100 million from one or any combination of the following sources: (i) up to an aggregate of \$50 million from EUA in any combination of capital contributions from EUA and short-term borrowings from EUA to be effected upon the same terms as EUA and Cogenex borrow funds under EUA system credit lines, (ii) up to \$50 million from the issuance and sale of additional long-term unsecured notes, and (iii) up to \$50 million of short-term borrowings under the EUA system credit lines. The Commission initially reserved jurisdiction over the issuance of the additional long-term unsecured notes and authorized the issuance of \$50 million of 7% notes due 2000 pursuant to a Rule 144A private placement by an order dated September 23, 1993 (HCAR No. 35-25888). As of September 30, 1994, Cogenex had utilized approximately \$78 million of its \$100 million financing authority, including \$8 million from EUA, \$50 million in unsecured long-term notes and \$20 million in short-term borrowings.

EUA proposes and requests authority for the period ending December 31, 1997 to (i) make investments in Cogenex in an aggregate amount of up to \$50 million in one or any combination of short-term loans, capital contributions or proceeds from sales of common stock to EUA ("EUA Investments"), and (ii) borrow up to \$25 million under the EUA system credit lines upon the terms set forth below to finance EUA Investments in Cogenex.

Cogenex proposes and requests authority for the period ending December 31, 1997 to undertake various financing transactions in an additional amount not to exceed \$150 million from one or any combination of the following sources: (i) one or more issuances and sales of unsecured notes with fixed or variable rates

(the "New Notes"), either through a private or a public offering, all on terms and conditions to be authorized by the Commission upon application of Cogenex through an amendment of the application-declaration, (ii) the borrowing of the proceeds of one or more issues of bonds (the "Bonds") to be issued by an agency of a state or any political subdivision thereof which is authorized to issue private activity bonds (the "Agency"), and on such terms and conditions to be authorized by the Commission upon application of Cogenex through an amendment to the application-declaration, and (iii) the borrowing of up to \$75 million under the EUA system credit lines upon the terms set forth below. The New Notes and the Bonds are hereinafter referred to together as the "New Debt". The timing and amounts of the New Debt will be determined in light of market conditions and other relevant factors at the time of issuance.

The proceeds or any part thereof of the New Debt may be temporarily invested in securities meeting the requirements of Section 9(c)(i) of the Act or of Rule 40(a)(1) or (2).

If it becomes necessary to do so to obtain more favorable terms for the New Debt, EUA proposes and requests authorization to guaranty, or to provide an equity maintenance agreement (similar to the agreements previously authorized by the Commission in three orders dated October 24, 1991, November 12, 1991, and September 25, 1992 (HCAR Nos. 35-25396, 35-25412, and 35-25643, respectively), pursuant to which EUA agreed to maintain the consolidated common equity of Cogenex at 20% of consolidated capitalization through June 30, 1995 and 30% thereafter) for all or a portion of the obligations of Cogenex with respect to the New Notes.

Additionally, Cogenex proposes and requests authority to extend from December 31, 1995 through December 31, 1997 its authorization to provide financial support to NEM and Cogenex Canada, as set forth in orders dated January 28, 1994 (HCAR No. 35-25982) and September 30, 1994 (HCAR No. 35-26135), respectively. NEM and Cogenex Canada request authority to extend from December 31, 1995 through December 31, 1997 their respective authorizations to borrow funds from Cogenex and outside parties as set forth in the above-referenced orders.

NOTICE IS FURTHER GIVEN that any interested person may, not later than \_\_\_\_\_, 1995, request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by said application/declaration which he desires to controvert; or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 450 5th Street, N.W., Judiciary Plaza, Washington, D.C. 20549. A copy of such request should be served personally or by mail upon the applicant/declarant at the above-stated address and proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. At any time after said date the application/declaration, as filed or as it may be amended, may be granted and permitted to become effective as provided in Rule 23 of the General Rules and Regulations promulgated under the Act, or the Commission may grant exemption from such rules as provided in Rules 20(a) and 100 thereof or take such other

action as it may deem appropriate. Persons who request a hearing or advice as to whether a hearing is ordered will receive any notices and orders issued in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

Secretary