

SECURITIES AND EXCHANGE COMMISSION

FORM U-1

Application or declaration under the act 1935

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FILER

BLACKSTONE VALLEY ELECTRIC CO

CIK: **12473** | IRS No.: **050108587** | State of Incorporation: **RI** | Fiscal Year End: **1231**
Type: **U-1** | Act: **35** | File No.: **070-08633** | Film No.: **95536239**
SIC: **4911** Electric services

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File No.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM U-1

DECLARATION WITH RESPECT TO SPECIAL MEETING OF
HOLDERS OF PREFERRED STOCK AND SOLICITATION OF PROXIES
IN CONNECTION THEREWITH

under

The Public Holding Company Act of 1935

Blackstone Valley Electric Company
Washington Highway, P.O. Box 1111
Lincoln, Rhode Island 02865

(Name of company filing this statement
and address of principal executive offices)

EASTERN UTILITIES ASSOCIATES

(Name of top registered holding company parent of 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, Esq.
McDermott, Will & Emery
75 State Street
Boston, Massachusetts 02109

I. DESCRIPTION OF PROPOSED TRANSACTIONS

Blackstone Valley Electric Company (BVEC), an electric utility subsidiary of Eastern Utilities Associates (EUA), a registered holding company, hereby submits to the Commission a declaration pursuant to the Public Utility Holding Company Act of

1935 (the Act) with respect to holding a special meeting of the holders of its preferred stock to permit such shareholders to consider and act upon a proposal to extend, for an additional five year period, the authorization adopted on September 27, 1990 by the holders of BVEC preferred stock permitting BVEC to issue or assume unsecured indebtedness having maturities of less than ten years in excess of the 10% limitation thereon contained in a vote of BVEC stockholders taken at an adjourned meeting of stockholders held November 19, 1956 (the "Preferred Stock Provisions"); and the solicitation of proxies from the holders of BVEC preferred stock in connection therewith.

The provisions relating to the issuance and the terms, limitations and relative rights and preferences of the preferred stock of BVEC are set out in the Preferred Stock Provisions, which are made a part of this application as Exhibit A.

The terms of the preferred stock of BVEC provide that, except with the consent of a majority of the preferred stock then outstanding, the amount of unsecured indebtedness of the company having maturities of less than ten years which the company may issue or assume shall not exceed 10% of the sum of the principal amount of all bonds and other securities representing secured indebtedness and the capital (including premiums on capital stock) and surplus of the company, and that the amount of all unsecured indebtedness of the company issued or assumed shall not exceed 20% of such sum.

At a special meeting of the holders of BVEC preferred stock held on October 8, 1985, it was voted to authorize BVEC, for a five year period ending October 1, 1990, to issue or assume unsecured indebtedness having maturities of less than ten years in excess of the 10% limitation. BVEC's declaration with respect to this action was made effective by the Commission's order dated October 1, 1985 (Release No. 35-23847, File No. 70-7154). Subsequently, at a special meeting of the holders of BVEC preferred stock held on September 27, 1990, it was voted to extend such authorization for an additional five-year period ending October 1, 1995. BVEC's declaration with respect to this subsequent action was made effective by the Commission's order dated September 27, 1990 (Release No. 35-25160, File No. 70-7768).

BVEC expects that it may be necessary to issue or assume unsecured indebtedness having maturities of less than ten years in excess of the 10% limitation at various times during an additional five year period subject to requisite approval of the holders of its preferred stock and to the orders of the Commission. The reasons for proposing these authorizations are set forth in detail under the discussion of the Proposal to Extend Authorization for Increased Amount of Unsecured Debt in the Proxy Statement of BVEC (Exhibit G.1).

BVEC proposes and hereby requests authorization to submit the proposal to extend the authorization permitting the issuance or assumption by BVEC of unsecured indebtedness having maturities of less than ten years in excess of the 10% limitation to the holders of its preferred stock for approval at the aforementioned special meeting to be held on July 6, 1995. In connection therewith, BVEC proposes and hereby requests authorization to solicit proxies from the holders of its preferred stock through the use of the solicitation materials filed herewith as Exhibits G.1 and G.2. Solicitations will be made by mail and by officers or regular employees of BVEC or its affiliates. BVEC requests that such authorization be granted at the time notice of the transaction proposed herein is issued.

Under the applicable provisions of the Preferred Stock Provisions, adoption of the proposal with respect to the unsecured debt limitation requires the affirmative vote of the holders of a majority of the total number of outstanding shares of BVEC's preferred stock (which consists of two series, namely, its 4.25% Series and its 5.60% Series, both having a par value of \$100 per share) voting as a single class.

No associate company or affiliate of BVEC or any affiliate of any such associate company has any material interest, directly or indirectly, in the proposed transactions.

II. FEES, COMMISSIONS AND EXPENSES

A statement of BVEC's estimated fees, commissions and expenses, paid or incurred, or to be paid or incurred, directly or indirectly, in connection with the proposed transactions will be supplied by amendment.

None of such fees, commissions or expenses are to be paid to any associate company or affiliate of the companies, or any affiliate of any such associate company, except for services to be performed, at cost, by EUA Service Corporation.

III. APPLICABLE STATUTORY PROVISIONS

Sections 6(a), 7, and 12(e) and Rules 62 and 65 of the Act are applicable to the proposed adoption of the proposals.

IV. REGULATORY APPROVAL

No consent or approval of any state commission or any federal commission (other than the Securities and Exchange Commission) is required for the transactions proposed herein, other than such approvals, if any, as may be required under state

blue sky laws in connection with the proxy solicitation.

V. PROCEDURE

The Commission is requested to issue an order permitting the declaration to become effective on or before June 1, 1995 with respect to the solicitation of proxies from the holders of BVEC's outstanding preferred stock. The Commission is requested to issue its further order permitting the declaration to become effective as to the proposal on or before July 1, 1995.

BVEC hereby waives a recommended decision by a hearing officer or other responsible officer of the Commission and consents that the Division of Investment Management, Office of Public Utility Regulation, may assist in the preparation of the Commission's decision and/or orders and hereby requests that the Commission's orders become effective forthwith upon issuance.

VI. EXHIBITS AND FINANCIAL STATEMENTS

(a) Exhibits.

(* Denotes filed herewith.

- A. Preferred Stock Provisions of BVEC. (Exhibit A to the Company's Declaration/Application on Form U-1, File No. 70-7154).
- B. None.
- C. None.
- D. None.
- E. Not applicable.
- F. Opinion of Counsel (to be supplied by amendment).
- G-1. Notice and Proxy Statement to be furnished by BVEC to holders of its Preferred Stock with respect to solicitation of proxies.*
- G-2. Form of Proxy to be signed by holders of Preferred Stock.*
- H. Proposed Form of Notice.*

(b) Financial Statements.

Financial Statements of BVEC are being omitted since they are not considered necessary to the proper disposition of the

transactions contemplated herein. Certain financial statements of BVEC for the years 1993 and 1994 are included in BVEC's Form 10-K for the year ended December 31, 1994 on file with the Commission (File No. 0-2602) and unaudited financial statements for the quarter ended March 30, 1995 will be included in BVEC's proxy statement to be furnished to its Preferred Shareholders.

VII. INFORMATION AS TO ENVIRONMENTAL EFFECTS

The transactions described in Item 1 do not involve major federal action significantly affecting the quality of the human environment. No federal agency has proposed or is proposing 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 company has duly caused this statement to be signed on its behalf by the undersigned thereunto duly authorized.

BLACKSTONE VALLEY ELECTRIC COMPANY

Dated: May 10, 1995

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

BLACKSTONE VALLEY ELECTRIC COMPANY

NOTICE OF SPECIAL MEETING
OF PREFERRED STOCKHOLDERS
to be held July 6, 1995

June 6, 1995

To: Holders of Preferred Stock of Blackstone Valley Electric Company

Notice is hereby given that a Special Meeting of the holders of Preferred Stock of Blackstone Valley Electric Company, a Rhode Island corporation, (the "Company") will be held at the office of Eastern Utilities Associates, One Liberty Square, Boston, Massachusetts on July 6, 1995 at 10:00 o'clock in the forenoon, for the following purposes:

1. To consider and act upon a proposal to extend, for an additional five year period, the Company's authorization to issue or assume unsecured notes, debentures, or other securities representing unsecured indebtedness in excess of the amount permitted by one of the limitations on such issuance or assumption, as more fully described in the accompanying Proxy Statement.

2. To transact such other business as may properly come before the meeting or any adjournment thereof.

Only Preferred Stockholders of record on the transfer books of the Company at the close of business June 1, 1995 will be entitled to vote at the meeting of which notice is hereby given and at any and all adjournments thereof.

Please mark, sign, date and return the enclosed proxy card promptly using the enclosed envelope.

By order of the Board of Directors

Clifford J. Hebert, Jr., Secretary

BLACKSTONE VALLEY ELECTRIC COMPANY
PROXY STATEMENT
SPECIAL MEETING OF THE PREFERRED STOCKHOLDERS
JULY 6, 1995

June 6, 1995

The accompanying proxy is solicited on behalf of the Board of Directors of Blackstone Valley Electric Company (the "Company") for use at the Special Meeting of Preferred Stockholders to be held at the office of Eastern Utilities Associates, One Liberty Square, Boston, Massachusetts on July 6, 1995 for the purposes set forth in the foregoing Notice of Special Meeting and at any and all adjournments thereof.

The person giving such a proxy may revoke it, at any time before it is voted, by a later dated proxy delivered pursuant to this solicitation, by other written revocation received by the Secretary or by oral revocation in person at the meeting.

There are outstanding 35,000 shares of 4.25% Preferred Stock and 25,000 shares of 5.60% Preferred Stock, the holders of which are entitled, for each share held of record at the close of business on June 1, 1995, to one vote per share in person or by proxy, on all matters acted on at the meeting.

Eastern Utilities Associates, Boston, Massachusetts owns 184,062 shares of the Common Stock of the Company, which are all of the outstanding shares of said class.

PROPOSAL TO EXTEND AUTHORIZATION FOR INCREASED AMOUNT
OF UNSECURED DEBT

The terms of the Preferred Stock as set forth in certain votes adopted in 1956 by the Company's stockholders provide that, except with the consent of the holders of a majority of the total number of shares of Preferred Stock then outstanding, voting as one class, the Company shall not, with certain exceptions, issue or assume any unsecured notes, debentures, or other securities representing unsecured indebtedness, if immediately after such issue or assumption

(1) the total principal amount of all unsecured notes, debentures or other securities representing unsecured indebtedness issued or assumed by the Company and then outstanding would exceed 20% of the aggregate of (x) the total principal amount

of all bonds or other securities representing secured indebtedness issued or assumed by the Company, and then to be outstanding and (y) the capital (including premiums on capital stock) and surplus of the Company as then stated on the books of account of the Company, or

(2) the total outstanding principal amount of all unsecured indebtedness issued or assumed by the Company of maturities of less than 10 years would exceed 10% of such aggregate.

At a special meeting of the holders of the Preferred Stock held on September 27, 1990, it was voted to authorize the Company for a five year period ending October 1, 1995 to issue or assume unsecured indebtedness in excess of said 10% limitation.

It is proposed that holders of Preferred Stock vote to extend the authorization permitting the issue or assumption by the Company of unsecured indebtedness of maturities of less than 10 years in excess of said 10% limitation provided: (1) such indebtedness shall be issued or assumed within five years from October 1, 1995 and (2) the 20% limitation on all unsecured indebtedness of the Company shall remain in effect.

Based on the capitalization of the Company as of March 31, 1995, the 10% unsecured borrowing limitation was approximately \$8,100,000 and the 20% limitation was approximately \$16,200,000. At that date the Company had \$650,000 of unsecured debt outstanding.

REASONS FOR THE PROPOSAL

The Company's cash requirements for the period 1995-1999 are currently estimated at approximately \$41,000,000, including \$25,000,000 for its ongoing construction program and \$7,500,000 for the cash sinking fund on its first mortgage bonds. The Company expects to provide approximately seventy-eight percent of these cash requirements from internal sources. The remaining cash requirements will be provided on an interim basis through short-term borrowings which will be ultimately funded with appropriate long-term financings.

The principal impact of the 10% limitation on the Company's financing program is its effect on the size and timing of future long-term financings. Under the requirements as stated in the Preferred Stock provisions, the Company will normally be forced to sell permanent securities to refund its short-term borrowing each time that the amount of these borrowings approaches the 10% limitation (currently \$8,100,000). Frequent financings of relatively small amounts will also prove to be expensive to the Company because certain costs such as legal, accounting and printing are generally the same for small or large issues. In addition, since there is less market acceptance of smaller issues, their interest or dividend rates may have to be increased in order to attract investors. Thus, continued observance of

the 10% limitation could well result in additional costs to the Company and its shareholders.

Adoption of the foregoing proposal will permit greater flexibility in the timing of long-term financings to take advantage of favorable market conditions. The longer interval which will be permitted between senior financings with the 20% limitation may also be important in permitting the Company to meet coverage requirements on future long-term financings.

VOTING REQUIREMENTS

Under the terms of the Preferred Stock referred to above, adoption of the foregoing proposal requires the affirmative vote of a majority of the total number of outstanding shares of Preferred Stock voting as one class. No Director or Common Stockholder action is required with respect to the proposal. Abstentions have the effect of a vote against the proposal. A signed proxy that does not indicate a vote will be voted in favor of the proposal.

The proposal cannot be implemented without the approval of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935. The Company has filed a declaration with said Commission requesting approval.

FINANCIAL INFORMATION

Attached hereto as Exhibit A is the financial information contained in the Company's Quarterly Report on Form 10-Q for the Quarter ended March 31, 1995, as filed with the Securities and Exchange Commission. Copies of the Company's Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 1994, including the financial statements and schedules thereto, may be obtained by calling Area Code (617) 357-9590 or by written request directed to Clifford J. Hebert, Jr., Treasurer, Eastern Utilities Associates, P.O. Box 2333, Boston, MA 02107.

OTHER MATTERS

Management does not intend to bring before the meeting any matters other than those specified and has no knowledge of any other matters which may be brought up by other persons.

However, if any other matters not now known properly come before the meeting or any adjournment thereof, the persons named in the enclosed form of proxy, including any substitutes, are expected to vote said proxy in accordance with their judgment on such matters.

EXPENSES

The expenses in connection with the solicitation of the enclosed form of proxy will be borne by the Company. In order to obtain the requisite vote at the meeting, it may be necessary for employees of the Company or its parent or affiliates to solicit proxies by telephone, telegraph or personal interview. The Company does not expect to pay any compensation for the solicitation of proxies, but will pay broker and other persons holding shares in their names or in the names of nominees their expenses, nominal in amount, for sending proxy material to principals and obtaining their proxies.

BLACKSTONE VALLEY ELECTRIC COMPANY

Proxy Solicited on Behalf of the Board of Directors of the Company for
Special Meeting of Preferred Stockholders

P
R
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X
Y

The undersigned appoints Donald G. Pardus, John R. Stevens and Clifford J. Hebert, Jr. and each of them, attorneys, with power of substitution in each, to vote and act on behalf of the undersigned at the special meeting of the holders of Preferred Stock of Blackstone Valley Electric Company at the office of Eastern Utilities Associates, One Liberty Square, Boston, Massachusetts on July 6, 1995 at 10 o'clock in the forenoon and at all adjournments thereof, according to the number of shares of Preferred Stock which the undersigned is entitled to vote, (1) as directed on the reverse on the proposal set forth in the notice of said meeting and accompanying proxy statement and (2) in their discretion upon such other matters as may properly come before the meeting.

This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder(s). If no direction is made, this proxy will be voted "FOR" the proposal.

SEE REVERSE
SIDE

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

(X) Please mark votes as in this example.

The Board of Directors recommends a vote "FOR" the proposal.

- | | | | | |
|----|--|-----|---------|---------|
| 1. | Proposal to extend for a five year period the authorization for an increased amount of unsecured indebtedness. | FOR | AGAINST | ABSTAIN |
| | | () | () | () |

MARK HERE FOR
ADDRESS CHANGE AND ()
NOTE AT LEFT

Executors, administrators, trustees etc., should give full titles as such. If the signer is a corporation, please sign full corporation name by duly authorized officer.

Signature _____ Date _____

Signature _____ Date _____

EXHIBIT H
PROPOSED FORM OF NOTICE

SECURITIES AND EXCHANGE COMMISSION

Release No. (;)

Blackstone Valley Electric Company Notice of Proposal to Increase Unsecured Indebtedness Limitation of Preferred Stock; Order Authorizing Solicitation of Proxies.

May _____, 1995

Blackstone Valley Electric Company ("BVEC"), Washington Highway, P.O. Box 1111, Lincoln, Rhode Island 02865, a wholly owned subsidiary of Eastern Utilities Associates, a registered holding company, has filed a declaration with the Commission subject to Sections 6(a), 7, and 12(e) of the Public Utility Holding Company Act of 1935 ("Act") and Rules 62 and 65 thereunder.

The terms of the preferred stock of BVEC provide that, except with the consent of a majority of the preferred stock then outstanding, the amount of unsecured indebtedness of the company having maturities of less than ten years which the company may issue or assume shall not exceed 10% of the sum of the principal amount of all bonds and other securities representing secured indebtedness and the capital and surplus of the company. The amount of all unsecured indebtedness of the company issued or assumed shall not exceed 20% of such sum.

At a special meeting of the holders of BVEC preferred stock held on October 8, 1985, BVEC was authorized, for a five year period ending October 1, 1990, to issue or assume unsecured indebtedness, having maturities of less than ten years, in excess of the 10% limitation. Subsequently, at a special meeting of the holders of BVEC preferred stock held on September 27, 1990, it was voted to extend such authorization for an additional five year period ending October 1, 1995.

BVEC proposes to extend for an additional five year period the authorization adopted on September 27, 1990 by the preferred stockholders. In connection therewith, BVEC proposes to solicit proxies from its preferred stockholders.

Under applicable provisions of the Preferred Stock

Provisions, adoption of the proposal with respect to the unsecured debt limitation requires the affirmative vote of a majority of the total number of outstanding shares of BVEC's preferred stock (which consists of two series par value of \$100 per share) voting as a single class.

The declaration and any amendments thereto is available for public inspection through the Commission's Office of Public Reference. Interested persons wishing to comment or request a hearing should submit their views in writing by [], 1995, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the declarant at the address specified above. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for a hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of nay hearing, if ordered, and will receive a copy of any notice or order issued in this matter. After said date, the declaration, as filed or as it may be amended, may be permitted to become effective.

It appearing that the declaration, as amended, regarding the proposed solicitation of proxies should be permitted to become effective forthwith pursuant to Rule 62:

IT IS ORDERED, pursuant to Rule 62, that the declaration regarding the proposed solicitation of proxies be, and it hereby is, permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule 24 under the Act.

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