

credit facility for compliance with the conditions of the application and their review will form the basis, in part, of the auditor's report on internal accounting controls in Form N-SAR.

17. No Fund will participate in the credit facility upon receipt of requisite regulatory approval unless it has fully disclosed in its SAI all material facts about its intended participation.

18. A Fund's borrowings through the credit facility, as measured on the day when the most recent loan was made, will not exceed the greater of 125% of the Fund's total net cash redemptions and 102% of sales fails for the preceding seven calendar days.

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

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 03-14562 Filed 6-9-03; 8:45 am]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27684]

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

June 4, 2003.

Notice is hereby given that the following filing(s) has/have been made with the Commission under 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 June 27, 2003, 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 June 27, 2003 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.* (70-9755)

Northeast Utilities ("NU"), located at 174 Brush Hill Avenue, West Springfield, MA 01090-0010, a registered holding company under the Act, Northeast Utilities Service Company ("NUSCO"), its wholly-owned service company subsidiary, located at 107 Selden Street, Berlin, CT 06307, and NU's wholly-owned public-utility subsidiaries, Western Massachusetts Electric Company ("WMECO"), located at 174 Brush Hill Avenue, West Springfield, MA 01090-0010, The Connecticut Light and Power Company ("CL&P"), located at 107 Selden Street, Berlin, CT 06307, Holyoke Water Power Company ("HWP"), located at One Canal Street, Holyoke, MA 01040, Public Service Company of New Hampshire ("PSNH") and North Atlantic Energy Corporation ("NAEC"), both located at 780 North Commercial Street, Manchester, NH 03101, Northeast Nuclear Energy Company ("NNECO") and NU's wholly-owned nonutility subsidiaries, NU Enterprises, Inc. ("NUEI"), a wholly-owned nonutility holding company subsidiary of NU and its direct and indirect wholly-owned subsidiaries, Northeast Generation Company ("NGC"), Northeast Generation Services Company ("NGS"), ES Boulos Company ("Boulos"), Woods Electrical Company, Inc. ("Woods"), Woods Network Services, Inc. ("Woods Network"), Select Energy, Inc. ("Select Energy"), Select Energy New York, Inc. ("SENY"), Mode 1 Communications, Inc. ("Mode 1"); Yankee Energy System, Inc. ("YES"), a wholly-owned holding company subsidiary exempt under 3(a)(1) of the Act by rule 2 and its wholly-owned subsidiaries, Yankee Gas Services Company ("Yankee Gas"), a gas public-utility, Yankee Energy Financial Services Company ("Yankee Financial"), Yankee Energy Services Company ("YESCO") and NorConn Properties, Inc. ("NorConn"); The Rocky River Realty Company ("RR") and The Quinnehtuk Company ("Quinnehtuk"), all located at 107 Selden Street, Berlin, CT 06307; Select Energy Services, Inc., (formerly HEC Inc.) ("SESI"), located at 24 Prime Parkway, Natick, MA 01760 (collectively, the "Applicants"), have filed a post-effective amendment to their application-declaration ("Application") under sections 6(a), 7, 9(a), 10, 12(b), 32 and 33 of the Act and rules 43, 53 and 54.

#### I. Background

NU has seven public-utility company subsidiaries, CL&P, WMECO, PSNH, Yankee Gas, HWP, NAEC and NNECO. CL&P, WMECO and PSNH engage, among other things, in the sale of electric energy at retail and Yankee Gas engages in the sale of natural gas at retail. Prior to the sale by the NU system of all of its nuclear assets, NAEC and NNECO were an owner and a manager, respectively, of various nuclear generating assets. As noted above, YES is an intrastate exempt holding company subsidiary of NU. CL&P, WMECO, PSNH, YES and Yankee Gas are referred to collectively below as the "Utility Borrowers."

Applicant nonutility subsidiaries of NU are: NUSCO, the NU system service company; NGC, an exempt wholesale generator ("EWG"); NUEI, a nonutility holding company; RR, Quinnehtuk and NorConn, each a real estate company; SESI, an energy services company; Select, SENY, NGS, Woods, Boulos and YESCO, each a rule 58 company; Mode 1 and Woods Network, each an exempt telecommunications company under section 34 of the Act ("ETC"); and Yankee Financial, a financial services company. The Applicants, with the exception of NUSCO, are also referred to as "Pool Participants" and NU, YES, Mode 1, Woods Network and NGC are referred to as "Non-borrowing Pool Participants."

By order dated December 28, 2000 (the "Prior Order"), the Commission authorized NU, CL&P, WMECO, PSNH, YES and Yankee Gas, among others, to enter into short-term unsecured debt within specified limits and parameters through June 30, 2003.<sup>1</sup> In addition, the Prior Order authorized all of the Applicants, except NUSCO, to enter into short-term debt transactions with NU and to extend credit to, and acquire promissory notes from, one another through their participation in the NU Money Pool. The Prior Order authorized NUSCO to administer the NU Money Pool.

Applicants now seek the following authorizations:

1. continuation through June 30, 2006 (the "Authorization Period") for NU and the Utility Borrowers to issue short-term unsecured debt to unaffiliated third parties;
2. amendment of the NU, utility and nonutility subsidiary dollar limitations imposed by the Prior Order upon the short-term borrowings of the respective company, whether from unaffiliated third parties or the NU Money Pool;

<sup>1</sup> Holding Co. Act Release No. 27328.

3. authorization through the Authorization Period for the Utility Borrowers to issue short-term secured debt, pending completion of the record;

4. authorization for NU and the Utility Borrowers to enter into interest rate hedging transactions ("Interest Rate Hedges") related to their short-term debt transactions;

5. continuation through June 30, 2004 of the NU Money Pool, with NUSCO as the administrator;

6. participation in the NU Money Pool by those companies authorized to participate by the requested order and previous orders, subject to (a) amendment of the NU Money Pool Agreement to provide for utility subsidiaries' borrowing priority over Nonutility Pool Participants and (b) the Applicants' submission to the Commission by December 31, 2003 of a feasibility study concerning the creation of a separate money pool for nonutility subsidiaries of NU;

7. participation of Boulos, Woods and SENY, each a nonutility subsidiary, in the NU Money Pool both as lenders and borrowers;

8. participation of Woods Network in the NU Money Pool solely as a lender; and

9. addition of any additional participants to the Money Pool.

**II. The Proposed External Financings**

*A. General Terms and Conditions*

Financings with third parties by NU and the Utility Borrowers will be subject to the following conditions ("Financing Parameters"): (i) the effective cost of capital on short-term debt financings will not exceed competitive market rates available at the time of issuance for securities having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality, provided that in no event will the effective cost of capital on short-term debt borrowings exceed 500 basis points over the comparable term London Interbank Offered Rate, and (ii) the underwriting fees, commissions or other similar remuneration paid in connection with the non-competitive issue, sale or distribution of securities requested will not exceed the greater of 5% of the principal or total amount of the securities being issued.

*B. Use of Proceeds*

The proceeds from the short-term debt of NU and the Utility Borrowers authorized by the Commission pursuant to this Application will be used for (i) general corporate purposes, including investments by and capital expenditures

of NU and its subsidiaries, including, without limitation, the funding of future investments in EWGs, foreign utility companies (each to the extent permitted under the Act or Commission order), rule 58 subsidiaries and ETCs, (ii) the repayment, redemption, refunding or purchase by NU or any subsidiary of any of its own securities from non-affiliates pursuant to rule 42, and (iii) financing working capital requirements of NU and its subsidiaries.

*C. Short-Term Debt Limits*

The Applicants seek external short-term debt financing authorization for NU and the five Utility Borrowers, subject to aggregate limits described below. The external financing authorization for HWP, NAEC and NNECO expires on June 30, 2003 and these utility subsidiaries' authorization will be limited to borrowings through the NU Money Pool, also described below. The short-term debt of NU, CL&P, WMECO, PSNH, HWP, NAEC, NNECO, YES and Yankee Gas outstanding at any one time, whether through external financings (which authorization expires on June 30, 2006) or borrowings through the NU Money Pool (which authorization expires on June 30, 2004), pursuant to the authority requested in this Application, will not exceed the following:

Company	Aggregate limits (millions)
NU .....	\$400
CL&P .....	<sup>2</sup> 375
WMECO .....	200
PSNH .....	<sup>3</sup> 100
HWP .....	5
NAEC .....	10
NNECO .....	10
YES .....	50
Yankee Gas .....	100

<sup>2</sup>CL&P's aggregate unsecured debt is also restricted by charter provisions relating to its preferred stock. CL&P is authorized by its preferred stockholders, through March 31, 2004, to issue securities representing unsecured indebtedness to a maximum of 20% of its capitalization. Based on its capitalization as of December 31, 2002, CL&P is limited to \$480 million of unsecured indebtedness, which exceeds the authorization sought here.

<sup>3</sup>PSNH aggregate short-term debt is restricted by New Hampshire law to an amount equal to 10% of its net fixed plant without further New Hampshire Public Utilities Commission ("NHPUC") approval. Any short-term debt of PSNH in excess of 10% of net fixed plant would require NHPUC approval and would be exempt from this Commission's jurisdiction pursuant to rule 52(a). PSNH currently has approval from NHPUC to issue up to \$100 million in short-term debt, which is in excess of 10% of net fixed plant debt limit, for general corporate purposes. NHPUC Order 23,841, November 9, 2001. However, in the event the NHPUC order is revoked, lapses or its rescinded or issuance of short-term debt in an amount to \$100 million is not exempt pursuant to rule 52, PSNH wishes to have the flexibility to issue such debt pursuant to this Commission's authorization.

With respect to the Utility Borrowers, as described below, these limitations would include both unsecured and secured debt amounts.

*D. Northeast Utilities Short-Term Debt*

NU requests authority to issue and sell, through the Authorization Period, short-term unsecured debt in an aggregate principal amount at any time outstanding not to exceed \$400 million. The short-term unsecured debt of NU will take a variety of forms, including commercial paper and notes to banks or other financial institutions, and will be on terms that are generally available to borrowers with comparable credit ratings. All NU short-term unsecured debt will have maturities of less than one year from the date of issuance.

Subject to its short-term debt limit and the Financing Parameters, NU intends to renew and extend outstanding short-term debt as it matures, to refund such short-term debt with other similar short-term debt, to repay such short-term debt or to increase the amount of its short-term debt from time to time.

*E. Utility Borrowers' Short-Term Unsecured and Secured Debt*

The Utility Borrowers request authority to issue and sell, through the Authorization Period, short-term unsecured debt, on terms that are generally available to borrowers with comparable credit ratings, subject to the applicable debt limits, Financing Parameters and the same terms as are applicable to NU, described above. In addition, the Utility Borrowers request the Commission to reserve jurisdiction, through the Authorization Period, over their request to issue and sell short-term secured debt, on terms that are generally available to borrowers with comparable credit ratings, pending their completion of the record. In all other respects the proposed short-term secured debt would be subject to the applicable debt limits, Financing Parameters and, to the extent

appropriate, the same terms as are applicable to NU.

Subject to the applicable short-term debt limits and the Financing Parameters, discussed above, as in the case of NU, the Utility Borrowers intend to renew and extend outstanding short-term debt as it matures, to refund such short-term debt with other similar short-term debt, to repay such short-term debt or to increase the amount of their short-term debt from time to time.

### III. Authorization to Engage in Interest Rate Hedge Transactions

NU and the Utility Borrowers also request authorization to enter into interest rate hedging transactions with respect to its outstanding indebtedness ("Interest Rate Hedges"), subject to the limitations and restrictions below, in order to reduce or manage the effective interest rate cost. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or those of any credit support providers guaranteeing the Approved Counterparties, as published by Standard & Poor's Rating Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investor Service or Fitch IBCA, or through on-exchange transactions.

Interest Rate Hedges will involve the use of financial instruments commonly used in the capital markets, such as options, interest rate swaps, locks, caps, collars, floors, exchange-traded futures and options, and other similar appropriate instruments. The transactions would be for fixed periods and stated notional amounts as are generally accepted as prudent in the capital markets. In no case will the notional principal amount of any Interest Rate Hedge exceed that of the underlying debt instrument. Neither NU nor the Utility Borrowers will engage in speculative transactions within the meaning of such term in Statement of Financial Accounting Standard 133, as amended. Transaction fees, commissions and other amounts payable to brokers in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

### IV. The NU Money Pool

The Applicants request authorization to continue the NU Money Pool through June 30, 2004, with NUSCO as the NU Money Pool administrator. The Applicants also request continued participation in the NU Money Pool by those companies authorized to participate, subject to (a) amendment of

the NU Money Pool Agreement to provide for utility subsidiaries' borrowing priority over Nonutility Pool Participants and (b) the Applicants' submission to the Commission by December 31, 2003 of a feasibility study concerning the creation of a separate money pool for nonutility subsidiaries of NU.

The Pool Participants, other than the Non-borrowing Pool Participants, request authority to continue to enter into, from time to time, short-term unsecured debt transactions through the NU Money Pool, to contribute surplus funds to the NU Money Pool and to lend to (and acquire promissory notes from) one another through the NU Money Pool. The Non-borrowing Pool Participants also request authority solely to contribute surplus funds and to lend to the Pool Participants through the NU Money Pool.

In addition, the Applicants seek authorization for Boulos, Woods and SENY to participate in the Money Pool, as both borrowers and lenders, and for Woods Network to participate in the NU Money Pool, solely as a lender, through June 30, 2004.

Finally, the Nonutility Pool Participants request authorization to borrow from the NU Money Pool to the following limits: Quinnetuk to \$10 million, NUEI to \$100 million, NGS to \$25 million, Select to \$200 million, RR to \$30 million, Yankee Financial to \$10 million, NorConn to \$10 million, YESCO to \$10 million, SESI (formerly HEC, Inc.) to \$35 million, Boulos to \$10 million, Woods to \$10 million and SENY to \$10 million.

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

**J. Lynn Taylor,**

*Assistant Secretary.*

[FR Doc. 03-14563 Filed 6-9-03; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47956; File No. SR-Amex-2003-29]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Relating to Adoption of a Per Contract Licensing Fee for Transactions in Options on iShares Lehman 1-3 Year Treasury Bond Fund (SHY), iShares Lehman 7-10 Year Treasury Bond Fund (IEF), and iShares Lehman 20+ Year Treasury Bond Fund (TLT)

May 30, 2003.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on April 22, 2003, the American Stock Exchange LLC ("Exchange" or "Amex") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by Amex. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Amex proposes to amend its options fee schedule by adopting a per contract license fee in connection with specialist and registered options traders ("ROTs") transactions in options on iShares Lehman 1-3 Year Treasury Bond Fund (SHY), iShares Lehman 7-10 Year Treasury Bond Fund (IEF), and iShares Lehman 20+ Year Treasury Bond Fund (TLT) (collectively, the "iShares Lehman Treasury Funds").

The text of the proposed rule change is available at Amex and at the Commission.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Amex included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Amex has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.