

securities registered under Section 12(b) of the Exchange Act and listed on the NYSE;

(3) The transfer agent of the debt security is registered under Section 17A<sup>78</sup> of the Exchange Act;

(4) The trust indenture for the debt security is qualified under the Trust Indenture Act of 1939;<sup>79</sup> and

(5) The NYSE has complied with the undertakings to distinguish between debt securities registered under Section 12(b) of the Exchange Act and listed on the NYSE and debt securities trading under this order, as set forth in the NYSE's exemptive application.

By the Commission.

[NAME]

[TITLE]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52001; File No. 4-208]

### Intermarket Trading System; Order Granting Approval of the Twenty First Amendment to the ITS Plan Relating to the Recognition of the Automatic Generation of Outgoing ITS Commitments

July 8, 2005.

On April 27, 2005, the Intermarket Trading System Operating Committee ("ITSOC") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 11A of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 11Aa3- thereunder,<sup>2</sup> a proposed amendment ("Twenty First Amendment") to the restated ITS Plan.<sup>3</sup> The proposed amendment recognized the automatic generation of outgoing ITS commitments in circumstances where members in the Participants' markets send such commitments contemporaneously with trading at inferior prices, disseminating a locking bid/offer in their own market, or a block

trade. Notice of the proposed amendment appeared in the **Federal Register** on June 6, 2005.<sup>4</sup> The Commission received no comments on the proposed amendment. This order approves the proposed amendment.

The Commission finds that the proposed amendment is consistent with the Act, in particular, with Sections 11A(a)(1)(C)(ii) and (D),<sup>5</sup> which provide for fair competition among the Participants and their members, and the linking of all markets for qualified securities through communications and data processing facilities which foster efficiency, enhance competition, increase the information available to brokers, dealers, and investors, facilitate the offsetting of investors' orders, and contribute to best execution of such orders. Further, the Commission finds that the amendment is consistent with Rule 11A3-2(c)(2) under the Act,<sup>6</sup> which requires among other things, that a plan amendment must be necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, and shall remove impediments to, and perfect the mechanisms of, a national market system. Specifically, the Commission believes that the proposed amendment, which permits the members in the Participants' markets to send computer generated commitments contemporaneously with trading at inferior prices, disseminating a locking bid/offer, or a block trade, should enable Participants to effect transactions that otherwise would appear to violate the trade-through rule while simultaneously fulfilling their obligations under the ITS Plan.

*It is therefore ordered*, pursuant to Section 11A(a)(3)(B) of the Act<sup>7</sup> that the proposed Twenty First Amendment be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**J. Lynn Taylor,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27997]

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

July 7, 2005.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to 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 August 2, 2005, 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 August 2, 2005, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

#### Western Massachusetts Electric Company (70-10308)

Western Massachusetts Electric Company ("WMECO"), a public utility subsidiary of Northeast Utilities, a registered public utility holding company, has filed with the Commission an application/declaration ("Application") under sections 6(a) and 7 of the Act seeking authorization to maintain its common equity-to-total capitalization ratio below the Commission's threshold of 30% (the "30% Threshold") when certain Rate Reduction Bonds (non-recourse securitization bonds) are included in the calculation of the ratio, through December 31, 2006 (the "Authorization Period"). The term "total capitalization" is defined to include, where applicable, common stock equity (comprised of common stock, additional paid in capital, retained earnings, accumulated

<sup>78</sup> 15 U.S.C. 78q-1.

<sup>79</sup> 15 U.S.C. 77aaa-77bbbb.

<sup>1</sup> 15 U.S.C. 78k-1.

<sup>2</sup> 17 CFR 240.11Aa3-2.

<sup>3</sup> The ITS Plan is a National Market System ("NMS") plan, which was designed to facilitate intermarket trading in exchange-listed equity securities based on current quotation information emanating from the linked markets. See Securities Exchange Act Release No. 19456 (January 27, 1983), 48 FR 4938 (February 3, 1983).

The ITS Participants include the American Stock Exchange LLC (Amex), the Boston Stock Exchange, Inc. ("BSE"); the Chicago Board Options Exchange, Inc. ("CBOE"); the Chicago Stock Exchange ("CHX"), Inc., the Cincinnati Stock Exchange, Inc. ("CSE"), the National Association of Securities Dealers, Inc. ("NASD"), the New York Stock Exchange, Inc. ("NYSE"), the Pacific Exchange, Inc. ("PCX"), and the Philadelphia Stock Exchange, Inc. ("Phlx") ("Participants").

<sup>4</sup> See Securities Exchange Act Release No. 51755 (May 27, 2005), 70 FR 32853.

<sup>5</sup> 15 U.S.C. 78k-1(a)(1)(C)(ii) and (D).

<sup>6</sup> 17 CFR 240.11A3-2(c)(2).

<sup>7</sup> 15 U.S.C. 78k1(a)(3)(B).

<sup>8</sup> 17 CFR 200.30-3(a)(29).

other comprehensive income or loss and/or treasury stock), minority interests, preferred stock, preferred securities, equity linked securities, long-term debt (including Rate Reduction Bonds), short-term debt and current maturities.

On March 7, 2000, the Commission issued an order in file 70-9541 (HCAR 35-27147, the "Prior Order") granting WMECO's and its affiliates' previously-submitted application/declaration ("Original Application") in which the Commission recognized the fact that WMECO (and other affiliated utilities) would fall below the 30% Threshold when the impact of Rate Reduction Bonds were included in its capitalization calculation and authorized this through December 31, 2004. The Commission noted that restructuring legislation in Massachusetts where WMECO operates allowed for the issuance of Rate Reduction Bonds to finance a portion of the utility's cost incurred in the sale of its regulatory assets and/or renegotiation of its obligations under purchase power contracts. Rate Reduction Bonds are securities issued in accordance with state law by a special purpose subsidiary of the utility to finance a portion of a utility's cost incurred in the sale of its regulatory assets and/or renegotiation of its obligations under purchase power contracts, and are non-recourse to WMECO or the NU system. As stated in the Original Application, because of the state-mandated divestiture of generating assets and issuance of Rate Reduction Bonds, NU's utilities, including WMECO, experienced a significant decrease in the amount of tangible assets that each owned and received a significant influx of cash causing each of NU's electric utilities to fall below the 30% Threshold when the impact of Rate Reduction Bonds and the effects of capital restructuring associated with the asset divestitures were considered. On May 17, 2001, WMECO Funding LLC, a subsidiary of WMECO, issued \$155 million of Rate Reduction Bonds causing WMECO to fall below the 30% Threshold at that time.<sup>1</sup>

The Original Application also stated that the ratings of the respective senior debt securities of WMECO would be unaffected or would be improved by the issuance of the Rate Reduction Bonds, as such bonds are not considered obligations of the utilities by the ratings agencies. The Original Application

stated that the senior debt ratings of WMECO issued by Standard & Poor's ("S&P") were "BBB-" while the senior debt ratings of WMECO issued by Moody's Investor Service, Inc. ("Moody's") were "Baa3". Since that time, WMECO's credit ratings have improved. As of the date of this filing, WMECO's senior unsecured debt ratings from S&P and Moody's were BBB+ and Baa2, respectively.

By order issued December 28, 2004 the Commission authorized an extension for WMECO's utility affiliates, Connecticut Light and Power Company ("CL&P") and Public Service of New Hampshire ("PSNH"), to remain below the 30% Threshold when the impact of the Rate Reduction Bonds is considered. The Commission reserved jurisdiction on the request by CL&P and PSNH to remain below the 30% Threshold through December 31, 2007 but granted authority beyond December 31, 2006. WMECO was not an applicant for that extension of authority and did not receive the extension granted to its utility affiliates. During the fourth quarter of 2004, WMECO was forecasted to be at 30.6% common equity ratio at year's end and to improve thereafter. WMECO's actual common equity ratio at December 31, 2004 was 30.7%, but at March 31, 2005 its actual common equity ratio was at 30.8%, slightly lower than had been forecast.

In preparing the budget and financing plans for WMECO for 2005, management noted that there is a risk that WMECO could fall below the 30% Threshold, when the impact of the Rate Reduction Bonds is considered, at some point during the Authorization Period and is forecast to remain only slightly above 30% through December 31, 2005. Management's forecast does anticipate that WMECO's common equity ratio will end the year at 31.7%. WMECO states, however, that there is inherent uncertainty in forecasts, and therefore is WMECO now seeking authorization through the Authorization Period for its common equity ratio to remain below the 30% Threshold when the impact of Rate Reduction Bonds is considered while remaining above 30% when the impact of Rate Reduction Bonds is excluded.

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

**J. Lynn Taylor,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-51991; File No. SR-BSE-2005-23]

### Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto To Add New Account Identification Codes

July 7, 2005.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 23, 2005, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the BSE. On July 7, 2005, the BSE filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The BSE filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>4</sup> and Rule 19b-4(f)(6) thereunder,<sup>5</sup> which renders the proposal effective upon filing with the Commission.<sup>6</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The BSE proposes to amend its rules regarding Account Identification Codes.<sup>7</sup> The text of the proposed rule change is available on the BSE's Internet Web site (<http://www.bostonstock.com>), at the BSE's Office of the Secretary, and

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

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

<sup>3</sup> In Amendment No. 1, the Exchange made non-substantive changes to re-format certain account identification code headings and clarify references made to rules of the New York Stock Exchange, Inc. ("NYSE") and the American Stock Exchange LLC ("AMEX"). The effective date of the original proposed rule change is June 23, 2005, and the effective date of Amendment No. 1 is July 7, 2005. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers such period to commence on July 7, 2005, the date on which the Exchange filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4(f)(6).

<sup>6</sup> The BSE has asked the Commission to waive the five-day pre-filing notice requirement and the 30-day operative delay. See Rule 19b-4(f)(6)(iii), 17 CFR 240.19b-4(f)(6)(iii). See also discussion *infra* Section III.

<sup>7</sup> See *infra* Section II.A.1 for a complete description of the terms and purpose of the proposed rule change.

<sup>1</sup> In a financing order issued July 2, 2004, HCAR No. 27868A, the Commission noted that WMECO's Debt/Equity Ratio had improved to a level of 66.6% / 33.4%.