



The Commonwealth of Massachusetts

Office of the Commissioner of Banks

One South Station

Boston, Massachusetts 02110

ARGEO PAUL CELLUCCI
GOVERNOR

JANE SWIFT
LIEUTENANT GOVERNOR

THOMAS J. CURRY
COMMISSIONER

March 1, 2001

Cynthia J. Williams, Esq.
Day, Berry & Howard
260 Franklin Street
Boston, Massachusetts 02110-3179

Dear Ms. Williams:

This letter is in response to your correspondence dated February 22, 2001 to the Division of Banks (the "Division"). Your letter is written in behalf of your clients, Western Massachusetts Electric Company (WMECO) and WMECO Funding LLC. ("WMECO Funding"). Specifically, your letter concerns the proposed issuance of electric rate reduction bonds (the "Bonds"). The issue raised by your letter is whether WMECO or any other entity would be required to obtain a collection agency license under the provisions of General Laws chapter 93, section 24 and its implementing regulations 209 CMR 18.00 *et seq.*

As stated in your letter, the Bonds transaction requires that WMECO or a successor servicer collect certain charges from ratepayers on behalf of WMECO Funding. Such charges are established and approved by the Massachusetts Department of Telecommunications and Energy ("DTE") and that agency also supervises WMECO and WMECO Funding. That fact the Bonds transaction, in general, and WMECO Funding, in addition to WMECO, are under the supervision of DTE raises the issue of whether the proposed transaction is eligible for an exemption to the licensing requirement set out in said section 24.

That exemption, in part, is applicable to an agent or independent contractor employed for the purpose of collecting charges or bills owed by a customer to a corporation subject to the jurisdiction of DTE. According to your letter, DTE authorized the formation of WMECO Funding to facilitate the Bonds transaction. Additional aspects of the entire transaction are described in detail in your letter. As stated in your letter, the entire transaction was designed so as to maximize ratepayer savings.

The Division has reviewed your request and the information set out in your letter. WMECO Funding is a subsidiary of WMECO and is an "affiliate company" under the provisions of section 85 of chapter 164 of the General Laws. WMECO Funding is subject to the supervision of DTE under other provisions of said chapter 164.



Cynthia J. Williams, Esq.
Page Two
March 1, 2001

Based upon the entire record of this proposed transaction, it is the position of the Division that since WMECO Funding is supervised by DTE, it falls within the language of the exemption provision of section 24 of chapter 93. Accordingly, in the proposed transaction, WMECO and any successor servicer is an agent for the purpose of collection charges owed by a customer as long as they collect charges only for the supervised entity WMECO Funding. Therefore, WMECO and any successor servicer would be exempt under section 24 and would not be required to obtain a debt collection agency license.

The conclusions reached in this letter are based solely on the facts presented. Fact patterns which vary from that presented may result in a different position statement by the Division.

Sincerely,



Joseph A. Leonard, Jr.
Deputy Commissioner of Banks
and General Counsel

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