Applicants maintain that the Commission's intent in adopting paragraph (c)(4) of Rule 6e–3(T) was to tailor the general terms of section 2(a)(35) to flexible premium viable life insurance policies in order, among other things, to facilitate verification by the Commission of compliance with the sales load limits set forth in sub-paragraph (b)(13)(i). According to their analysis, paragraph (c)(4) does not depart, in principal, from section 2(A)(35).

11. Section 2(a)(35) excludes deductions from purchase payments for ''issue taxes'' from the definition of sales load under the 1940 Act. Applicants suggest that this indicates that it is consistent with the protection of investors and the purposes intended by the policies and provisions of the 1940 Act to exclude charges for expenses attributable to federal taxes from sales load. Applicants argue that, by extension, it is equally consistent to exclude such charges, including the tax burden charge described above, from the Rule 6e–3(T)(c)(4) definition of sales load.

12. Applicants argue that the section 2(a)(35) reference to administrative expenses or fees that are ''not properly chargeable to sales or promotional activities'' (quoted and emphasized above) suggest that only charges or deductions intended to fall within the definition of sales load are those that are properly chargeable to such activities. Because the proposed tax burden charge will be used to pay costs attributable to the Company's federal tax liabilities, which are not properly chargeable to sales or promotional activities, Applicants assert that language is another indication that not treating such deductions as sales load is consistent with the purposes intended by the policies and provisions of the 1940 Act.

13. Applicants note that the Rule 6e–3(T)(c)(4)(v) limitations of the premium tax exclusion from the definition of ''sales load'' to state premium taxes is probably a historical accident, related to the fact that, when Rule 6e–3(T) was initially adopted in 1984 and when it was amended in 1987, the additional section 848 tax burden attributable to the receipt of premiums did not exist.

14. Applicants represent that, for the reasons summarized above, deducting a charge from variable life insurance policy premium payments for an insurer's tax burdens attributable to its receipt of such payments, and excluding the charge from sales load, is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act. This is because such a charge is, Applicants represent, for a legitimate expense of the insurer and is not designed to cover sales and distribution expenses. Applicants assert that, in adopting Rule 6e–3(T), the Commission considered similar deductions for tax burdens in respect of premium taxes and permitted deductions for such taxes to be made and to be treated as other than sales load. Applicants assert that the propriety of a charge for an insurer's tax burden attributable to premium payments received is the same whether such burden arises under state or federal law.

Request for ''Class Relief''

15. Applicants also request exemptions for any Future Account that the Company may establish to support flexible premium variable life insurance contracts as defined in Rule 6e–3(T)(c)(1). Applicants believe that the terms of any exemption sought for Future Accounts to permit the deduction of a tax burden charge would be substantially identical to those they describe in the application. Applicants assert that any additional requests for exemptive relief for such Future Accounts would present no issues under the 1940 Act that have not already been addressed in the application. Nevertheless, the Company would have to obtain exemptions for each Future Account it establishes unless class relief is granted in response to the application.

16. The requested exemptions are appropriate in the public interest because they would promote competitiveness in the variable life insurance market by eliminating the need for the Company to file redundant exemptive application, thereby reducing its administrative expenses and maximizing the efficient use of its resources. The delay and expense involved in having repeatedly to seek the same exemptions would impair the Company's ability to effectively take advantage of business opportunities as they arise. Likewise, the requested exemptions are consistent with the protection of investors and the purposes intended by the policy and provisions of the 1940 Act for the same reasons. Investors would receive no benefit or additional protection if the Company were required repeatedly to seek Commission orders with respect to the same issues addressed in the application. Indeed, they might be disadvantaged as a result of the Company's increased expenses.

Applicants' Conditions

1. The Company will monitor the reasonableness of the 1.25 percent charge.

2. The registration statement for the existing Contracts and any future Contracts under which the 1.25 percent charge is deducted will include:

(a) Disclosure of the charge;

(b) Disclosure explaining the purpose of the charge; and

(c) A statement that the charge is reasonable in relation to the Company's increased tax burden as a result of Section 848 of the Code.

3. The Company also will include as an exhibit to the registration statement for the existing Contracts and any future Contracts under which the 1.25 percent charge is deducted an actuarial opinion as to:

(a) The reasonableness of the charge in relation to the Company's increased tax burden as a result of section 848 of the Code;

(b) The reasonableness of the after tax rate of return used in calculating the charge; and

(c) The appropriateness of the factors taken into account by the Company in determining the after tax rate of return.

Conclusion

For the reasons summarized above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–1037 Filed 1–23–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 35–26453]

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

January 17, 1996.

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 thereunder. 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 amendments thereto is/are available for public inspection through the

Commission's Office 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 February 8, 1996, to the Secretary, Securities and Exchange Commission, Washington, DC 20549, 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 case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact 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 said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Columbia Gas System, Inc. et al. (70–8471)

Columbia Gas System, Inc. (''Columbia''), 20 Montchanin Road, Wilmington, Delaware, 19807, a registered holding company, nineteen wholly-owned subsidiary companies of Columbia,[1] all of which are engaged in the natural gas business, and twelve subsidiary companies of TriStar Ventures Subsidiaries''),[2] have filed a post-effective amendment to the application-declaration previously filed under sections 6, 7, 9(a), 10, 12(b), 12(c), and 12(f) of the Act and Rules 42, 43, 45, and 46 thereunder.

By order dated December 22, 1994 (HCAR No. 26201), (''Order''), Columbia, and fourteen of the subsidiary companies (''Subsidiaries''),[3] were authorized to recapitalize Columbia Gulf, Columbia Development, and Columbia Coal, to implement the 1995 and 1996 Long-Term and Short-Term Financing Programs of the Subsidiaries, and to continue the Intrasystem Money Pool (''Money Pool'') through 1996.

By order dated March 14, 1995 (HCAR No. 26251), the TriStar Ventures Subsidiaries were authorized to invest in, but not to borrow from, the Money Pool. By order dated November 8, 1995 (HCAR No. 26404), Gas Transmission and Energy Marketing were authorized to invest in, but not to borrow from, the Money Pool.[4]

Columbia now proposes that the cost of money on all short-term advances from, and the investment rate for money invested in, the Money Pool will be the interest rate per annum (i) equal to the composite weighted average rate on short-term borrowings by Columbia deposited in the Money Pool and/or the weighted average short-term investment rate of the Money Pool, or (ii) should there be no Columbia short-term borrowings deposited in the Money Pool and no Money Pool investments, the interest rate will be the average Federal Funds rate published in the Federal Reserve Statistical Release, Publication H.15(519). A default rate equal to 2% per annum above the pre-default rate on unpaid principal or interest amounts will be assessed if interest or principal payment becomes past due.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–1038 Filed 1–23–96; 8:45 am]

BILLING CODE 8010–01–M

[1] Columbia Gas of Pennsylvania, Inc. (''Columbia Pennsylvania), 200 Civic Center Drive, Columbus, Ohio 43215; Columbia Gas of Ohio, Inc. (''Columbia Ohio''), 200 Civic Center Drive, Columbus, Ohio 43215; Columbia Gas of Maryland, Inc. (''Columbia Maryland, Inc. ''Columbia Maryland''), 200 Civic Center Drive, Columbus, Ohio 43215; Columbia Gas of Kentucky, Inc. (''Columbia Kentucky''), 200 Civic Center Drive, Columbus, Ohio 43215; Commonwealth Gas Services, Inc. (''Commonwealth Services''), 200 Civic Center Drive, Columbus, Ohio 43215; Columbia Gulf Transmission Co. (''Columbia Gulf''), 1700 MacCorkle Avenue, SE., Charleston, West Virginia 25314; Columbia Gas Development Corp. (''Columbia Development''), One Riverway, Houston, Texas 77056; Columbia Natural Resources, Inc. (''Columbia Resources''), 900 Pennsylvania Avenue, Charleston, West Virginia 25302; Columbia Coal Gasification Corp. (''Columbia Coal''), 900 Pennsylvania Avenue, Charleston, West Virginia 25302; Columbia Energy Services Corp. (''Columbia Services''), 2581 Washington Road, Upper Saint Clair, Pennsylvania 15241; Columbia Gas System Service Corp. (''Service Corporation''), 20 Montchanin Road, Wilmington, Delaware 19807; Columbia Propane Corp. (''Columbia Propane''), 800 Moorehead Park Drive, Richmond, Virginia 23236; Commonwealth Propane, Inc. (''Commonwealth Propane''), 800 Moorefield Park Drive, Richmond, Virginia 23236; Tristar Ventures Corp. (''TriStar Ventures''), 20 Montchanin Road, Wilmington, Delaware 19807; Tristar Capital Corp. (''TriStar Capital''), 20 Montchanin Road, Wilmington, Delaware 19807; Columbia Atlantic Trading Corp. (''Columbia Atlantic''), 20 Montchanin Road, Wilmington, Delaware 19807; Columbia LNG Corp. (''Columbia LNG''), 20 Montchanin Road, Wilmington, Delaware 19807; Columbia Gas Transmission Corp. (''Gas Transmission''), 1700 MacCorkle Avenue, SE, Charleston, West Virginia, 25314; and Columbia Energy Marketing Corp. (''Energy Marketing), 2581 Washington Road, Pittsburgh, Pennsylvania, 15241.

[2] TriStar Pedrick Limited Corporation, TriStar Pedrick General Corporation, TriStar Binghamton Limited Corporation, TriStar Binghamton General Corporation, TriStar Vineland Limited Corporation, TriStar Vineland General Corporation, TriStar Rumford Limited Corporation, TriStar Georgetown General Corporation, TriStar Georgetown Limited Corporation, TriStar Fuel Cells Corporation, TVC Nine Corporation, and TVC Ten Corporation, all of 20 Montchanin Road, Wilmington, Delaware 19807.

[3] Columbia Pennsylvania, Columbia Ohio, Columbia Maryland, Columbia Kentucky, Commonwealth Services, Columbia Gulf, Columbia Development, Columbia Resources, Columbia Coal, Service Corporation, Columbia Propane, Commonwealth Propane, TriStar Capital, and Columbia Atlantic.

[4] Columbia, Columbia Maryland, and thirty other subsidiary companies of Columbia have pending before the Commission a post-effective amendment that seeks authorization for the sale of securities by Columbia Maryland to Columbia, the proceeds of which will be used to refund other securities previously sold by Columbia Maryland to Columbia and to meet the capital needs of Columbia Maryland in 1996. The Commission issued a notice of the filing of the post-effective amendment on November 17, 1995 (HCAR No. 26411).

[Investment Company Act Release No. 21688; 811–8446]

Van Kampen Merritt California Quality Municipal Trust II; Notice of Application

January 18, 1996.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: Van Kampen Merritt California Quality Municipal Trust II.

RELEVANT ACT SECTION: Section 8 (f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on December 27, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on February 12, 1996, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC. 20549. Applicant, One Parkview Plaza, Oakbrook Terrace, Illinois 60181.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942–0584, or H.R. Hallock, Jr., Special Counsel, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the