Investment Company customers the greatest flexibility and convenience in custody arrangements.

10. Section 6(c) of the Act provides, in relevant part, that the SEC may exempt any person or class of persons from any provision of the Act or from any rule thereunder, if such exemption is necessary or appropriate in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act. Applicants believe the requested order satisfies this standard.

Conditions

Applicants agree that any order of the SEC granting the requested relief may be conditioned upon the following:

1. The foreign custody arrangement proposed regarding PFPC will satisfy the requirements of rule 17f–5 in all respects other than PFPC's level of shareholders' equity, except to the extent that relief may be needed for PFPC to act as primary custodian for U.S. Investment Companies under the specific terms provided in the application.

2. PNC, any U.S. Investment Company, and any custodian for a U.S. Investment Company, will deposit Foreign Assets with PFPC only in accordance with an agreement (the ''Agreement'') required to remain in effect at all times during which PFPC fails to satisfy the requirements of rule 17f–5 (and during which such Foreign Assets remain deposited with PFPC). Each Agreement will be a three-party agreement among PNC, PFPC and the U.S. Investment Company or the custodian for a U.S. Investment Company pursuant to which PNC or PFPC, as the case may be, will undertake to provide specified custody services. If PNC is acting as a custodian for the U.S. Investment Company, the Agreement will authorize PNC to delegate to PFPC such of the duties and obligations of PNC as will be necessary to permit PFPC to hold in custody the U.S. Investment Company's Foreign Assets. If PNC is not acting as a custodian for the U.S. Investment Company, the Agreement will authorize PFPC to provide custody services directly, and no delegation from PNC to PFPC will be necessary. In each case, the Agreement will provide that PNC will be liable fore any loss, damage, cost, expense, liability, or claim arising out of or in connection with the performance by PFPC of its responsibilities under the Agreement to the same extent as if PNC had itself been required to provide custody services under the Agreement. Further, the Agreement will specifically provide that, in the event of loss, a U.S. Investment Company may pursue a claim for recovery against PNC, regardless of whether PFPC acted as PNC's delegate or as direct custodian or subcustodian.

3. PFPC will act as primary custodian for a U.S. Investment Company's Assets only in accordance with a supplement or addendum to the Agreement (the ''Supplemental Agreement''), which would be required to remain in effect at all times, regardless of whether PFPC satisfies the requirements of rule 17f–5. PFPC will act as primary custodian for a U.S. Investment Company's Assets only if PFPC is also custodian for the Company's Foreign Assets. The Supplemental Agreement will provide that PFPC will delegate to PNC all of the duties and obligations of PFPC necessary to permit PNC to provide full and complete custody services with respect to the U.S. Investment Company's U.S. Assets. PNC will remain directly liable to the U.S. Investment Company under the Agreement, for any loss, damage, cost, expense, liability or claim arising out of or in connection with the performance of PFPC of its responsibilities under the Agreement, including the Supplemental Agreement.

4. PNC currently satisfies and will continue to satisfy the Qualified U.S. Bank requirement set forth in rule 17f–5(c)(3).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–2061 Filed 1–31–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 35–26464]

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

January 26, 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 20, 1996, to the Secretary, Securities and Exchange Commission, Washington, D.C. 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.

Allegheny Power System, Inc., et al. (70–7888)

Allegheny Power System, Inc. (''Allegheny''), Tower Forty Nine, 12 East 49th Street, New York, New York 10017, a registered holding company, Allegheny Power Service Corporation (''APSC''), 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601, Allegheny's service company subsidiary, three electric utility subsidiary companies of Allegheny—(i) Monongahela Power Company (''Monongahela''), 1310 Fairmont Avenue, Fairmont, West Virginia 26554, (ii) The Potomac Edison Company (''Potomac Edison''), 10435 Downsville Pike, Hagerstown, Maryland 21740, and (iii) West Penn Power Company (''West Penn''), 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601, and Allegheny Generating Company (''AGC''), Tower Forty Nine, 12 East 49th Street, New York, New York 10017, an electric public utility subsidiary of Monongahela, Potomac Edison and West Penn (collectively, ''Applicants'') have filed a post-effective amendment to their application-declaration filed under sections 6(a), 7, 9(a), 10 and 12(b) and rules 45, 53 and 54 thereunder.

By order dated November 28, 1995 (HCAR No. 26418) (''November 1995 Order''), Applicants were authorized to engage in the following transactions from December 31, 1995 to December 31, 1997: (i) Issuance of promissory notes for short-term bank borrowing by Allegheny, Potomac Edison, Monongahela, West Penn and AGC; (ii) issuance and sale of commercial paper by Allegheny, Monongahela, Potomac Edison, West Penn and AGC; (iii) entry into a revolving credit facility by AGC and the issuance of notes to evidence borrowing thereunder; (iv) guarantees

by Monongahela, Potomac Edison and West Penn of the amounts that AGC borrows under a revolving credit agreement; and (v) operation of a system money pool by Allegheny, APSC, Monongahela, Potomac Edison, West Penn and AGC. In addition, the November 1995 Order provided that the issuance of short-term debt would not exceed the following aggregate amounts outstanding at any one time for each of the following Applicants: Allegheny—$165 million; Monongahela—$100 million; Potomac Edison—$115 million; West Penn—$170 million; AGC—$75 million.

Allegheny now proposes that the aggregate limit on its short-term debt financing be increased from $165 million to $400 million, subject to the same terms and conditions outlined in the November 1995 Order.

Eastern Utilities Associates (70–8769)

Eastern Utilities Associates (''EUA''), P.O. Box 2333, Boston, Massachusetts 02107, a registered holding company, has filed an application-declaration under sections 6, 7, 9(a), 10, 12(b), 12(f) and 13(b) of the Act and rules 45, 52, 54, 90 and 91 thereunder.

EUA proposes to acquire an interest in a new subsidiary, EUA Energy Services, Inc. (''Energy Services''), which has a 30% ownership interest in Duke/Louis Dreyfus (New England) LLC (''LLC''), a limited liability company formed to provide energy services to customers in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. The remaining interest in LLC is owned by Duke/Louis Dreyfus LLC, a Nevada limited liability company.

LLC's business includes buying, selling and brokering electric power and fuel, and providing engineering, consulting, financing, leasing, operations and maintenance services with respect to equipment for the production of electricity and steam, efficiency services and processes and equipment retrofit. LLC will initially conduct its power marketing activities in wholesale energy markets in its territory, and will sell energy to wholesale and retail customers to the extent permitted without becoming an ''electric utility company'' or ''gas utility company'' under the Act.

EUA states that LLC will use options, puts, futures and other similar transactions to offset the price risk of a purchase or sale of energy or energy products. LLC may also acquire or lease generating facilities in the future, if such acquisition would not subject it to regulation as an electric utility subsidiary of EUA under the Act.

EUA seeks authorization (1) for LLC and the companies in the EUA system, other than the utility subsidiaries and EUA Service Corporation, to provide goods or services to each other at market prices or on terms no less favorable than those that would result from armslength bargaining, and (2) for LLC on the one hand and EUA Service Corporation and the utility subsidiaries on the other to provide goods or services to each other, in each case pursuant to an exception from the requirements of section 13(b) and rules 90 and 91 thereunder.

To effect the acquisition of an interest in LLC's business and related transactions, authorization is sought, through the period ending December 31, 2000: (1) For EUA to acquire 100 shares of common stock, $.01 par value, of Energy Services, for a purchase price of $1000; (2) to the extent not exempt from the requirement of prior Commission approval, for EUA to make capital contributions, open account advances and/or short term loans bearing interest at EUA's effective cost of borrowing to, and purchase additional shares of capital stock from, Energy Services, from time to time, in an aggregate amount not to exceed $3 million (''Investments''); (3) for EUA to provide credit support for Energy Services and/or LLC, from time to time, in an aggregate amount that, together with the Investments, will not exceed $15 million; (4) to the extent not exempt from the requirement of prior Commission approval, for Energy Services to issue securities to EUA in connection with the Investments; (5) to the extent not exempt from the requirement of prior Commission approval, for Energy Services to make investments in and provide credit support to LLC, from time to time, without limitation as to amount, on such terms as are appropriate on the basis of market conditions; (6) to the extent not exempt from the requirement of prior Commission approval, for LLC to issue securities to Energy Services to evidence its investments in LLC; and (7) for EUA to issue and sell short-term notes to banks from time to time in aggregate amounts at any one time outstanding not to exceed $15 million.

EUA's short-term borrowings from banks will be made pursuant to informal credit line arrangements; will be evidenced by notes that will mature no more than one year from the date of issuance and, in any event, no later than September 30, 2001; will bear interest at a floating prime rate or at fixed money market rates; will be prepayable without premium only if they bear a floating interest rate; and will be subject in some cases to commitment fees.

Louisiana Power & Light Company (70–8771)

Louisiana Power & Light Company (''LP&L''), 639 Loyola Avenue, New Orleans, Louisiana 70113, an electric utility subsidiary company of Entergy Corporation (''Entergy''), a registered holding company, has filed a declaration pursuant to sections 6(a) and 7 of the Act.

LP&L proposes to cause the issuance and sale of up to $326 million in secured lease obligation bonds (''Refunding Bonds''), in one or more series through December 31, 1997, in order to redeem approximately $310 million in previously issued and sold secured lease obligation bonds (''Original Bonds'').

By orders dated September 26, 1989 (HCAR No. 24956) and September 27, 1989 (HCAR No. 24958) (''Original Orders''), LP&L sold to and leased back from three separate trusts (''Lessors''), for the benefit of an owner participant (''Owner Participant''), on a long-term net lease basis pursuant to three separate facility leases (''Leases''), an approximately 9.3% aggregate ownership interest (''Undivided Interests'') in Unit No. 3 of the Waterford nuclear power plant (''Waterford 3'') in three almost identical but separate transactions. The First National Bank of Commerce (''Owner Trustee'') is the trustee for these trusts. LP&L now has an approximately 90.7% undivided ownership interest and an approximately 9.3% leasehold interest in Waterford 3.

The purchase price of the Undivided Interests was $353.6 million. About $43,603,000 was provided through equity contributions of the Owner Participant in each of the three Lessor trusts. About $309,997,000 was provided through issuance of the Original Bonds by the Owner Trustee in an underwritten public offering. The Original Bonds consist of three separate series of secured lease obligation bonds, with an annual interest rate of 10.30%, to mature on January 2, 2005, issued in an aggregate principal amount of $140,452,000 (''2005 Bonds''), and three separate series of secured lease obligation bonds, with an annual interest rate of 10.67%, to mature to January 2,1 2017, issued in an aggregate principal amount of $169,545,000 (''2017 Bonds'').

LP&L now proposes to have the Owner Trustee issue the Refunding Bonds either under three amended and supplemented Indentures of Mortgage and Deeds of Trust dated September 1, 1989 or under comparable instruments

(''Indentures''). The proceeds from the sale of the Refunding Bonds, together with any funds provided by LP&L and/or the Owner Participant, will be applied to the cost of redeeming the Original Bonds. Additionally, these funds may be applied to pay a portion of the transaction expenses incurred in issuing the Refunding Bonds and a portion of the premium on the Original Bonds. The 2005 Bonds were first optionally redeemable on July 2, 1994 and are currently redeemable at 104.120% of their principal amount. The 2017 Bonds were first optionally redeemable on July 2, 1994 and are currently redeemable at 107.469% of their principal amount.

Each series of Refunding Bonds will have such interest rate, maturity date, redemption and sinking fund provisions, be secured by such means, be sold in such manner and at such price and have such other terms and conditions as shall be determined through negotiation at the time of sale or when the agreement to sell is entered into, as the case may be. No series of Refunding Bonds will be issued at rates in excess of those rates generally obtainable at the time of pricing for sales of bonds having the same or reasonably similar maturities, issued by companies of the same or reasonably comparable credit quality and having reasonably similar terms, conditions and features. Each series of Refunding Bonds will mature not later July 2, 2017. The Refunding Bonds will be structured and issued under the documents and pursuant to the procedures applicable to the issuance of the Original Bonds, or comparable documents having similar terms and provisions.

LP&L is obligated to make payments under the Leases in amounts that will be at least sufficient to provide for scheduled payments, when due, of the principal of and interest on the Refunding Bonds. Upon refunding of the Original Bonds, amounts payable by LP&L under the Leases will be adjusted pursuant to the terms of supplements to the Leases which supplements will be entered into at that time. In the event that the Owner Participants elects to provide an additional equity investment to pay a portion of the transaction costs incurred in issuing the Refunding Bonds or a portion of the premium on the Original Bonds, the adjustment of the amounts payable by LP&L under the Leases will reflect such additional equity investment.

The Refunding Bonds will not be direct obligations of or guaranteed by LP&L. However, under certain circumstances, LP&L might assume all or a portion of the Refunding Bonds. Each Refunding Bond will be secured by, among other things, (i) a lien on and security interest in the Undivided Interest of the Lessor that issues the Refunding Bond and (ii) certain other amounts payable by LP&L thereunder.

Instead of Refunding Bonds issued through the Owner Trustee, LP&L might arrange for a funding corporation to issue the Refunding Bonds, in which case the proceeds from the Refunding Bonds would be loaned by the funding corporation to the Lessors, which would issue notes (''Lessor Notes'') to the funding corporation to evidence the loans and secure the Refunding Bonds, and the Lessors would use the loans to redeem the Original Bonds.

The terms of the Lessor Notes and the indentures for their issuance would reflect the redemption and other terms of the Refunding Bonds. The rental payments of LP&L would be used for payments on principal and interest on the Lessor Notes, which payments would be used for payments of Refunding Bonds when due. The Refunding Bonds would be secured by the Lessor Notes, which would be secured by a lien on and security interest in the Undivided Interests and by certain rights under the Leases.

Another alternative to Refunding Bonds issued by the Owner Trustee or a funding corporation would be for LP&L to use a trust structure in which the Lessors would issue Lessor Notes to one or more passthrough trusts and the trusts would issue certificates in evidence of ownership interests in the trusts. The debt terms of the Refunding Bonds would be comparable to the terms of the Lessor Notes and the indentures for their issuance.

American Electric Power Service Corporation (70-8777)

American Electric Power Service Corporation (''AEPSC''), 1 Riverside Plaza, Columbus, Ohio 43215, a subsidiary service corporation of American Electric Power Company, Inc., a registered holding company, has filed a declaration under section 13(b) of the Act and rules 80 through 94 thereunder.

AEPSC proposes to amend (''Proposed Amendment'') Schedule A to its service agreements (''Service Agreements'') with AEP and the direct and indirect subsidiaries of AEP. The Proposed Amendment will reflect changes in the services provided by AEPSC and the related cost allocations that began on January 1, 1996 pursuant to reorganization of AEPSC and AEP's eight subsidiary electric utility companies currently served by AEPSC (AEP Generating Company, Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company ad Wheeling Power Company (collectively, ''Electric Utility Companies'')).

AEPSC and the Electric Utility Companies began to realign their organizations of January 1, 1996 to create four functional business units: (1) Power Generation; (2) Energy Transmission and Distribution; (3) Nuclear Generation; and (4) Corporate Development. No new entities will be formed and no utility assets will be transferred. Some management, engineering, maintenance and a variety of administrative and support services previously performed by the Electric Utility Companies are being rendered by AEPSC after the realignment.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–2055 Filed 1–31–96; 8:45 am]

BILLING CODE 8010–01–M

SOCIAL SECURITY ADMINISTRATION

Prehearings Conducted by Adjudication Officers; Testing of New Procedures

AGENCY: Social Security Administration.

ACTION: Notice of the test sites and the duration of tests involving prehearing procedures and decisions by Adjudication Officers.

SUMMARY: The Social Security Administration (SSA) is announcing the locations and the duration of additional tests it will conduct under the final rules published in the Federal Register on September 13, 1995 (60 FR 47469). These final rules authorize the testing of procedures to be conducted by an adjudication officer, who, under the *Plan for a New Disability Claim Process* published in the Federal Register on September 19, 1994 (59 FR 47887), would be the focal point for all prehearing activities. Under the final rules, when a request for a hearing before an administrative law judge is requested, the adjudication officer will conduct prehearing procedures and, if appropriate, issue a decision wholly favorable to the claimant.

FOR FURTHER INFORMATION CONTACT: Mary Glenn-Croft, Appeals Team Leader, Disability Process Redesign Team, Social Security Administration, 6401 Security Boulevard, Baltimore, Maryland 21235, 410–966–8331.