in the Diversified International Series that were substituted, and disclosing that the International Equity Sub-Account will henceforth invest in the Diversified International Series.

e. For sixty days following the receipt of Notice of the Substitution, a Holder may transfer assets as substituted to any other Sub-Account available under the Contract. No transfer charge or limitation on the number of transfers currently is in effect, and none will be imposed before the expiration of sixty days from the date on which Notice of the Substitution is given.

f. After the Substitution, Holders may transfer among Sub-accounts in accordance with the terms of their Contracts. Currently, the Contracts neither limit allowable transfers nor do they currently impose a charge for transfers.

g. The Substitution will not alter the insurance benefits to Holders or the contractual obligations of AUSA.

h. AUSA has been advised by counsel that the Substitution will not give rise to any tax consequences to the Holders.

i. Currently, Holders may withdraw amounts credited to them following the Substitution without any Contract charge, subject to a penalty tax upon premature withdrawals, if applicable.

j. The Substitution will: (A) provide a more appropriate international equity investment option within the context of the overall investment program available under the Contracts; (B) avoid the confusion which would be caused by having two international equity investment options available through the Variable Account; and (C) provide economic benefits to Holders through lower investment advisory fees and other expenses.

Applicants' Conclusions

Applicants assert that, for the reasons and upon the facts set forth in the application, the requested order approving the proposed substitution meets the standards set forth in Section 26(b) of the 1940 Act and should be granted.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–20346 Filed 8–8–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 35–26550]

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

August 2, 1996.

Notice is hereby given that the following filing(s) summarized below. The application(s) and/or declaration(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 August 26, 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.

The Columbia Gas System, Inc. (70–8801)

The Columbia Gas System, Inc. ("Columbia"), 20 Montchanin Road, Wilmington, Delaware 19807, a registered public utility holding company, has filed an amendment to its application-declaration with this Commission under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rules 45 and 54 thereunder.[1]

Columbia proposes: (1) to acquire the common stock of one or more existing or new direct or indirect subsidiaries through December 31, 1997; (2) to engage, through such subsidiaries or one or more new joint ventures, in marketing and/or brokering of various energy commodities; (3) to provide guarantees, through August 31, 2001, to any such subsidiary or joint venture; and (4) that such subsidiaries utilize market hedging and certain other techniques in order to minimize their financial exposure and Columbia's exposure from its guarantees.

By orders of the Commission dated September 26, 1986 and April 22, 1993 (HCAR Nos. 24199 and 25802, respectively), Columbia was authorized to establish, respectively, TriStar Ventures Corporation and its subsidiaries (collectively, "TriStar") (to invest in and operate electric cogeneration facilities) and Columbia Energy Services Corporation ("CES") to market natural gas products and services). Columbia now proposes to market and broker other forms of energy either through TriStar or CES, through one or more new direct or indirect subsidiaries of Columbia (any one an "Energy Products Company") or through a joint venture entity to be formed with a third party.[2]

The services provided by Energy Products Companies will include the marketing and/or brokering of electric energy at wholesale, and, to the extent permitted by state law, at retail. In addition, it is proposed that Energy Products Companies market any form of natural gas or manufactured gas, propane, natural gas liquids, oil, refined petroleum and petroleum products, coal, food products, compressed air, hot or chilled water, or steam. It is also requested that Energy Products company market emission allowances. Columbia states that authorization to market a broad array of energy products will enable Energy Products Companies to compete effectively with other energy suppliers.

Energy Products Companies will initially concentrate their efforts in those states currently served by the Columbia System's natural gas pipeline and local distribution companies (generally Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia). Columbia states that an Energy Products Company's potential customer base may include individuals and entities located outside of this geographic area.

Columbia proposes to provide Energy Products Coompanies with up to $5 million in funding through December 31, 1997, through the purchase from time to time of shares of common stock of Energy Products Companies, $25 par value, at a purchase price at or above par value. In addition, Columbia proposes to provide guarantees, through August 31, 2001, to Energy Products Companies and/or to any joint venture in which an Energy Products Company is a participant, so long as such

[1] A notice of Columbia's original proposal, filed February 15, 1996 in this application-declaration was issued by the Commission on March 1, 1996 (HCAR No. 26480). On July 10, 1996, Columbia filed Amendment No. 1 to the application-declaration, substantially revising its proposal. This notice supersedes the March notice.

[2] Columbia requests authorization for Energy Products Companies to invest funds for the development of joint venture entities, subject to a reservation of jurisdiction over the acquisition by an Energy Products Company of any ownership interest in a joint venture entity. It is proposed that such a joint venture engage in the marketing or brokering of energy commodities in the same manner in which an Energy Products Company would be authorized.

guarantees in the aggregate do not exceed $100 million at any time outstanding.

To minimize financial exposure of Energy Products Companies and of Columbia resulting from its guarantees, it is proposed that Energy Products Companies utilize market hedging techniques (including the use of futures contracts, options of futures, and price swap agreements), the matching of obligations to market prices, contractual limitation of damages and volume limitations, and relatively short-term contracts. Energy Products Companies will use market hedging measures solely to minimize risk and will limit hedging activity to no more than the total amount of commodities of Energy Products Companies that are subject to market price fluctuation.

Columbia states that Energy Products Companies will not own or operate facilities used for the distribution of gas at retail or facilities used for the generation, transmission, or distribution of electric energy for sale. Furthermore, Energy Products Companies will limit their activities to ensure they do not come within the definitions of either ''electric utility company'' or ''gas utility company,'' as defined by sections 2(a)(3) and 2(a)(4) of the Act, respectively.

Northeast Utilities, et al. (70–8875)

Northeast Utilities (''NU''), 174 Brush Hill Avenue, West Springfield, Massachusetts 01809, a registered holding company, and its wholly owned subsidiary companies (''Subsidiaries''), Holyoke Water Power Company (''HWP''), Canal Street, Holyoke, Massachusetts 01040, Western Massachusetts Electric Company (''WMECO''), 174 Brush Hill Avenue, West Springfield, Massachusetts 01809, Public Service Company of New Hampshire (''PSHN'') and North Atlantic Energy Corporation (''NAEC''), both of 1000 Elm Street, Manchester, New Hampshire 03015 and The Connecticut Light & Power Company (''CL&P''), 107 Selden Street, Berlin, Connecticut 06037 (all companies collectively, ''Applicants''), have filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rules 43, 45 and 54 thereunder.

By order dated December 28, 1994 (HCAR No. 26207) (''December 1994 Order''), the Commission authorized, through December 31, 1996: (1) NU to make open account advances to its subsidiary companies; (2) the continuation of the Northeast Utilities System Money Pool (''Money Pool''); (3) the issuance of short-term notes pursuant to lines of credit by NU, (4) the issuance and sale of commercial paper by NU, CL&P and WMECO, CL&P, PSNH and HWP; and WMECO. The funds from those short-term borrowings were to be utilized by NU's subsidiary companies for operational, maintenance and construction expenses and to meet certain cash needs. The December 1994 Order limited the aggregate amount of all short-term borrowing, whether through the issuance of short-term notes, commercial paper, open account advances, borrowing from the Money Pool, or through existing revolving credit agreements, to the following maximum amounts: NU, $150 million; WMECO, $60 million; CL&P, $325 million; PSNH, $175 million; NAEC, $50 million and HWP, $5 million.

The Applicants now propose: (1) to make short-term borrowings from time to time through December 31, 2000, evidenced (i) in the case of NU, CL&P, WMECO and PSNH by short-term notes (''Short-Term Notes'') issued to lending institutions through formal and informal credit lines, and (ii) in the case of NU, WMECO and CL&P, by commercial paper (''Commercial Paper''); (2) the continued use, through December 31, 2000, of the Money Pool to assist in meeting the short-term borrowing needs of the Applicants and certain other NU subsidiaries; (3) in the case of all Applicants by borrowing under the existing revolving credit agreements until those agreements are terminated; and (4) that NU make open account advances, through December 31, 2000, to PSNH, HWP, Northeast Nuclear Energy Company, NAEC, the Quinnehtuk Company, Rocky River Realty Company and HEC, Inc.

NU, CL&P and WMECO propose to enter into a revolving credit facility (''Facility'') permitting borrowings aggregating up to $450 million with certain lending institutions. The Facility will be used to repay outstanding borrowings and for working capital and other corporate purposes. The Facility will be unsecured unless, subject to some exceptions, an Applicant incurs any secured indebtedness or secures any outstanding indebtedness which is now unsecured in which event such Applicant must cause the Facility to be secured equally and ratably with such other indebtedness.

The Applicants state that one or more of the banks which lend to the Applicants and other NU subsidiaries under existing revolving credit agreements may want to continue their present lending arrangements rather than becoming lenders under the Facility. In that event, such bank would not be lenders under the Facility until their existing credit agreements are terminated.

The Applicants will pay interest on any borrowings under the Facility at a rate determined, at their election, by reference to the base rate of certain reference banks, the federal funds rate, or the London interbank offering rate (''LIBOR''), in each case plus a margin which will depend on the lower of the Standard & Poor's or Moody's rating of the borrowing Applicant's long-term senior debt. In no event will the margin exceed 1% above the base rate, 1½% above the federal fund rate, or 2% above LIBOR, unless the loan is in default. The Applciants will pay an annual facility fee based on each lender's pro-rata share of the commitment, whether used or unused. The amount of the fee will depend on the credit rating of the borrowing applicant but will not exceed .75%.

The aggregate amount of all short-term borrowings through December 31, 2000, whether through the issuance of Short-Term Notes, Commercial Paper or borrowings from the Money Pool or revolving credit facilities or pursuant to open account advances, will not exceed $200 million for NU, $375 million for CL&P, $150 million for WMECO, $225 million for PSNH, $5 million for HWP, and $50 million for NAEC.

Short-Term Notes will be issued by NU, CL&P, WMECO and PSNH both on a transactional basis (''Transactional Notes''), with a separate note evidencing each loan, and on a ''grid-note'' basis (''Grid Notes''). Each Transactional Note will be dated the date of issue, will have a maximum term of 270 days, and will bear interest at a fixed or floating rate, as described below. Transactional Notes will be issued no later than December 31, 2000, and will, with certain exceptions, be subject to prepayment at any time at the borrower's option.

Grid Notes will be issued to a particular lending institution at or prior to the first borrowing under the Grid Note from that lender. Each repayment and reborrowing subsequent to the first borrowing will be recorded on a schedule to the note without the necessity of issuing additional notes. Also recorded on a schedule to the Grid Note at the time of a borrowing will be the date of the borrowing, the maturity (which may not exceed 270 days from the date of the borrowing), the number of days the borrowing is outstanding, the interest rate or method of determining the interest rate, the amount of interest due, and the date of the payment. Except as described below, borrowings on a Grid Note basis will be subject to prepayment at any time at the borrower's option.

The interest rate on all Short-Term Notes will be determined on the basis of competitive quotations from several lending institutions, and will either be at a fixed interest rate or a floating interest rate determined with reference to an agreed-upon index (such as a lending institution's prime rate, LIBOR certificate of deposit rates, money market rates or commercial paper rates). The interest rate in any case will not exceed two percentage points above the Federal Funds Effective Rate. The Applicants will select the lending institution(s) from which to make a particular short-term borrowing and determine whether to borrow at a fixed or a floating rate on the basis of the lowest expected effective interest cost for borrowings of comparable sizes and maturities.

Borrowings bearing floating interest rates will generally be subject to prepayment at the borrower's option. In order to realize the benefits of fixed interest rates when a fixed-rate borrowing is evaluated to be the lowest cost borrowing available, the Applicants may from time to time agree with individual lenders that such borrowings may not be prepaid or may only be prepaid if the lender is made whole for its losses (including lost profits) as a result of the prepayment.

NU, CL&P, WMECO and PSNH propose to secure both formal and informal credit lines with a number of lending institutions. Formal credit lines may be subject to compensating balance and/or fee requirements and will therefore be used only when an Applicant determines that such a credit line offers advantages as compared with other available credit options. Compensating balance requirements will not exceed 5% of the committed credit line amount, and fees will not exceed 0.30% per annum. Each Applicant participating in a credit line would be able to draw funds to the exclusion of the other Applicants. The Applicants may change their credit lines and may obtain additional lines over time. The continued availability of such credit lines is subject to the continuing review of the lending institutions.

CL&P, WMECO and NU propose to sell Commercial Paper publicly. Such Commercial Paper will be issued through The Depository Trust Company in the form of book entry notes in denominations of not less than $50,000, of varying maturities, with no maturity more than 270 days after the date of issue. The Commercial Paper will not be repayable prior to maturity. The Commercial Paper will be sold through a placement agent or agents in a co-managed commercial paper program at either the discount rate per annum or the interest rate per annum prevailing at the date of issuance for commercial paper of comparable quality and of the particular maturity sold by public utility issuers thereof. No Commercial Paper will be issued unless the issuing Applicant believes that the effective interest cost to the Applicant will be equal to or less than the effective interest rate at which the Applicant could issue Short-Term Notes in an amount at least equal to the principal amount of such Commercial Paper. The placement agent or agents will receive a commission for the sale of the Commercial Paper of not more than ⅛ of 1% per annum on a discounted basis.

The Applicants also propose the continued use, through December 31, 2000, of the Money Pool, which is composed of available funds loaned by the NU and participating subsidiaries and borrowed by those subsidiaries to assist in meeting their respective short-term borrowing needs. Another potential component of the Money Pool is funds borrowed by NU through the issuance of Short-Term Notes, by selling Commercial Paper or by borrowing through the Facility (or existing revolving credit agreements if all are not terminated when the new Facility becomes effective) for the purpose of making open account advances through the Money Pool. NU requests that its authority for such borrowings be extended through December 31, 2000. The amounts to be borrowed by NU for the purpose of making open account advances and to be borrowed through the Money Pool by the recipients set forth above will also be subject to the short-term limits on aggregate amount outstanding for which approval is sought in this filing.

All borrowings from and contributions to the Money Pool, including the open account advances, will be documented and will be evidenced on the books of each Applicant that is borrowing from or contributing surplus funds to the Money Pool. Except for loans from the proceeds of external borrowings by NU, all loans made under the Money Pool will bear interest for both the borrower and lender, payable monthly, equal to the daily Federal Funds Effective Rate as quoted by the Federal Reserve Bank of New York. Loans from the proceeds of external borrowings by NU will bear interest at the same rate paid by NU on the borrowings, and no such loans may be prepaid (unless NU is made whole for any additional costs that may be incurred because of such prepayment). To the extent that there are any excess funds available in the Money Pool, such funds will be invested with the earnings allocated on a pro rata basis.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–20347 Filed 8–8–96; 8:45 am]

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[Release No. 34–37522; File No. SR–Amex–96–29]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by American Stock Exchange, Inc. Relating to Restrictions on the Available Exercise Prices for FLEX Equity Call Options and Elimination of the Requirement that Members Sign the Trade Sheet to Create a Binding FLEX Contract

August 2, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on July 29, 1996, the American Stock Exchange, Inc. (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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

The American Stock Exchange, Inc. proposes to amend Exchange Rule 906G to restrict the available exercise prices for FLEX equity call options and Rule 904G to eliminate the requirement that members sign the Trade Sheet when creating a binding FLEX contract.

The text of the proposed rule changes is available at the Office of the Secretary, the 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, the self-regulatory organization 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. The self-regulatory organization has prepared summaries, set forth in