applicants 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, DC 20549. Applicant, 101 Huntington Avenue, Boston, MA 02199–7603.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942–0584, or Alison E. Baur, Branch Chief, (202) 942–0564 (Office of Investment Company Regulation, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch

Applicant's Representations

1. Applicant, a registered open-end investment company, was organized as a Massachusetts business trust. On December 1, 1976, applicant registered under section 8(a) of the Act and filed a registration statement on Form N–1A pursuant to section 8(b) of the Act and the Securities Act of 1933. The registration statement was declared effective on January 28, 1977 and applicant commenced its public offering of shares soon thereafter

2. At a meeting held on December 11, 1995, applicant's Board of Trustees (the ''Board'') approved unanimously the agreement and plan of reorganization (the ''Agreement'') (the transactions contemplated by the Agreement are referred to as the ''Reorganization'') and recommended that applicant's shareholders approve the Agreement. The Agreement provided that applicant would transfer all of its assets and liabilities to John Hancock Tax-Free Bond Fund (''Tax-Free Bond Fund'') in exchange for shares of beneficial interest of the Tax-Free Bond Fund with an aggregate net asset value equal to the net asset value of applicant's assets transferred pursuant to the Reorganization. The Board considered the following reasons, among others, in determining that the Reorganization would benefit applicant and its shareholders: that both funds' investment objectives and policies are substantially similar and that simultaneous offerings of both impedes both funds' growth; and that the larger asset base may give opportunities for economies of scale.

3. Applicant and the Tax-Free Bond Fund may be deemed to be affiliated persons of each other solely by reason of having a common investment adviser, common directors and/or common officers. In order to comply with rule 17a–8, which governs mergers of certain affiliated investment companies, the Board determined that the reorganization was in the best interests of applicant and applicant's shareholders.[1] In compliance with rule 17a–8, the Board found that (1) participation in the Reorganization was in the best interests of applicant and that (2) the interests of the existing shareholders of applicant would not be diluted.

4. A proxy statement was filed with the Commission and mailed to shareholders in connection with the solicitation by the Board of proxies for the purpose of voting on the Reorganization. At a meeting held on May 2, 1996, the shareholders approved the agreement and the transactions contemplated thereby.

5. On May 3, 1996, applicant transferred all of its assets and liabilities to Tax-Free Bond Fund in exchange for shares of beneficial interest of Tax-Free Bond Fund with an aggregate net asset value equal to the net asset value of the assets transferred by applicant. Immediately thereafter, applicant distributed to its shareholders the shares of Tax-Free Bond Fund received. Upon completion of the Reorganization, each shareholder of applicant owned shares of Tax-Free Bond with the same aggregate net asset value as the shares of applicant owned by the shareholder immediately prior to the Reorganization.

6. Applicant and Tax-Free Bond Fund each assumed its own expenses in connection with the Reorganization. Legal, accounting and other expenses in the approximate amount of $82,500 relating to the Reorganization were borne by applicant. Reorganization expenses (legal, printing and mailing and registration fees) of $39,000 were incurred by Tax-Free Bond Fund.

7. Applicant has no assets, liabilities, outstanding debts or shareholders as of the time of filing the application, and is not a party to any litigation or administrative proceeding application. Applicant is not engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

[1] Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a–8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.

8. Applicant was terminated as a Massachusetts business trust on May 3, 1996 pursuant to the termination of trust filed with the Secretary of State of the Commonwealth of Massachusetts.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–27437 Filed 10–24–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 35–26594]

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

October 18, 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 November 12, 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.

EUA Energy Investment Corporation (70–8617)

EUA Energy Investment Corporation (''EEIC''), P.O. Box 2333, Boston, Massachusetts 02107, a wholly-owned nonutility subsidiary of Eastern Utilities Associates, a registered holding company, has filed a post-effective amendment, under sections 9(a) and 10 of the Act and rule 54 thereunder, to its application-declaration, under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rules 43(a) and 45(a) thereunder, in the above file.

By order dated June 21, 1995 (HCAR No. 26314), among other things, EEIC was authorized to form a wholly-owned nonutility subsidiary to participate as one of two general partners in a joint venture, BIOTEN Partnership (''Partnership''), formed to develop and commercialize biomass-fired combustion turbine power generation facilities and products and/or services offered in connection with such facilities; to make capital contributions to the Partnership in an aggregate amount of up to $1.907 million to be disbursed in connection with the testing and development of a commercial prototype plant and possibly, an additional $2 million (''Additional Contribution'') through December 31, 1998; and to provide the Partnership with a working capital line of credit in an aggregate total amount of up to $3 million through December 31, 1998.

EEIC now requests authorization to increase the working capital line of credit from up to $3 million to up to $6 million through December 31, 1998. Advances made under the increased working capital line of credit will bear interest at an annual rate equal to the prime lending rate announced from time to time by The First National Bank of Boston, N.A., plus (a) 6% at any time the Additional Contribution has been made but not yet repaid to EEIC and (b) 2% after the Additional Contribution made to the Partnership has been repaid, but in no event to exceed 16% per annum.

All advances made under the increased working capital line of credit will become due and payable three years after the later of (a) the date of the partnership agreement establishing the Partnership and (b) the date such line of credit is first drawn upon. All advances under the increased working capital line of credit will be evidenced by a promissory note and the Partnership's obligations under the note will be secured by a first priority security interest in the assets of the Partnership.

EEIC states that additional funding is needed for working capital purposes due to unavoidable technical delays in developing the prototype plant, scheduled for acceptance testing in November 1996. EEIC believes that the long-term profitability of its investment in the Partnership would not be adversely affected by the requested increase.

Houston Industries, Inc., et al. (70–8907)

Houston Industries Incorporated (''HI''), an exempt public utility holding company, and its electric public utility subsidiary company, Houston Lighting & Power Company (''HL&P''), both of 1111 Louisiana, Houston, Texas, 77002, have filed an application under section 3(a)(2) of the Act.

HI and HL&P propose to merge and then to merge a new subsidiary company with NorAm Energy Corp. (''NorAm''). The application requests an order from the Commission under section 3(a)(2) of the Act that exempts the public utility holding company to be formed, and all subsidiary companies thereof, from all provisions of the Act except section 9(a)(2).

HI owns two principal public utility subsidiary companies.[1] HL&P is engaged in the generation, transmission, distribution and sale of electric power to 1.5 million customers in a 5,000 square-mile area of the Texas Gulf Coast, which area includes Houston. HI also owns Houston Industries Energy, Inc. (''HI Energy''), which participates in domestic and foreign power generation projects and invests in foreign electric utilities.[2]

HI is exempt from the provisions of the Act, other than section 9(a)(2), pursuant to section 3(a)(1) because both HI and HL&P ''are predominantly intrastate in character and carry on their business substantially in'' Texas.

NorAm is a public utility company that provides retail natural gas service to 2.75 million customers in 1,300 municipalities. NorAm also owns several non-utility subsidiary companies. Its natural gas distribution business operates through three divisions—(i) Entex, the local gas distribution company in Houston and in other areas in Texas, Louisiana and Mississippi; (ii) Arkla, which distributes retail natural gas in Arkansas, Louisiana, Oklahoma and Texas; and (iii) Minnegasco, which distributes natural gas in Minnesota.

NorAm also operates interstate gas pipeline facilities through two subsidiary companies, NorAm Gas Transmission Company and Mississippi River Transmission Corporation, and operates natural gas acquisition assets in Oklahoma, Louisiana, Arkansas and Texas through NorAm Field Services Corp. Another subsidiary company, NorAm Energy Services, Inc., with certain affiliates, markets wholesale natural gas and provides risk management services.

In addition, NorAm provides retail energy services to industrial and large commercial concerns through NorAm Energy Management. Finally, NorAm plans to form one or more subsidiary companies to invest in certain gas distribution systems in Latin America.[3] In 1995, the natural gas business of NorAm accounted for 58% of its consolidated revenues.

On August 11, 1996, HI, HL&P and a new HI subsidiary company, HI Merger, Inc. (''HI Merger''), entered into an Agreement and Plan of Merger (''Merger Agreement'') with NorAm. Under the Merger Agreement, HI will merge with HL&P and the outstanding common stock of HI will become the common stock of HL&P, which will be renamed Houston Industries, Inc. (''Houston''). Thereafter, NorAm will merge with HI Merger, which will be renamed NorAm Energy Corp. The new NorAm Energy Corp. will be a wholly owned subsidiary company of Houston after these two mergers (''Basic Mergers''). After the Basic Mergers, the electric power business of HL&P will be conducted by Houston under the name of HL&P.[4]

Under the Merger Agreement, the shareholders of NorAm common stock will receive (i) cash in the amount of $16.00 per share or (ii) Houston common stock.[5] If the closing occurs after May 11, 1997, the cash (but not stock) consideration increases thereafter by two percent (simple interest) per quarter until closing.

The total value of the cash and stock consideration to be issued in exchange for all NorAm common stock and common stock equivalents is expected to be about $2.5 billion.

The Boards of Directors of all parties have approved the Merger Agreement. Consummation of the Basic Mergers is subject to usual closing conditions and approval by HI and NorAm

[1] HI also owns several other non-utility subsidiary companies. HL&P, however, accounts for substantially all of the consolidated income and common stock equity of HI.

[2] Foreign electric utilities in which HI Energy has invested are exempt foreign utility companies under section 33(a) of the Act.

[3] See SEC File No. 70–8811.

[4] The application states that, if the order is not granted, and if HL&P determines that, upon consummation of the Basic Mergers, Houston would not be an exempt public utility holding company, then NorAm and HI will both be merged with and into HL&P. HL&P would be the surviving corporation and would be renamed Houston Industries Incorporated. The application also states that, if, when all conditions for consummation of the transaction have been satisfied or waived, the Act does not constrain the structure of the transaction, then (i) HI will not merge with and into HL&P and (ii) NorAm will merge with and into HI Merger. HI Merger would be the surviving corporation and would be renamed NorAm Energy Corp. In that event, both NorAm and HL&P would be wholly owned subsidiaries of HI.

[5] The market value of the stock component will be equal to about $16.00 per share if the average New York Stock Exchange closing sales price of HI common stock is within a specified price range in a twenty-day period prior to the closing date of the Basic Mergers.

shareholders. The parties contemplate shareholder meetings to approve the transactions prior to the end of 1996. The application states that consummation of the Basic Mergers is also subject to regulatory approvals, including those from state regulatory agencies,[6] and the submission of the notifications under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

The Merger Agreement provides for termination upon the occurrence of certain events, to include failure to consummate the Basic Mergers by August 11, 1997. The Merger Agreement provides for a termination fee to be paid in certain circumstances, which fee ranges from $10 million to $75 million.

The application states that, on a gross-to-gross basis, the gross operating revenues of NorAm ($1.72 billion) in 1995 were approximately 47% of those of HL&P ($3.68 billion).

The application requests an order from the Commission under section 3(a)(2) of the Act, which exempts a public utility holding company if ‘‘such holding company is predominantly a public-utility company whose operations as such do not extend beyond the State in which it is organized and States contiguous thereto.’’

Entergy Gulf States, Inc. (70–8911)

Entergy Gulf States, Inc. (‘‘Gulf States’’), 350 Pine Street, Beaumont, Texas 77701, a wholly owned public-utility subsidiary of Entergy Corporation (‘‘Entergy’’), a registered holding company, has filed an application-declaration under sections 9(a), 10 and 12(d) of the Act and rule 44 thereunder.

Gulf States provides steam and associated byproduct electrical energy to Exxon Corporation (‘‘Exxon’’) at its petrochemical manufacturing facilities that surround and are contiguous to Gulf States’ cogeneration facility, Louisiana Station No. 1, located in East Baton Rouge Parish, Louisiana (‘‘Louisiana Station’’). Louisiana Station was originally constructed to serve the steam and electrical requirements of the Exxon facility and has been primarily dedicated to that purpose since its construction.

Pursuant to an arrangement between Exxon and Gulf States, Exxon supplies fuel to Louisiana Station that is converted into steam and byproduct electricity which is then delivered to the Exxon facility. The amount of electricity produced from this process is not normally sufficient to met Exxon’s requirements and Exxon purchases additional electricity from Gulf States pursuant to an electric service contract.

Gulf States and Exxon propose to enter into an agreement that would allow for the modernization of the Louisiana Station to improve its reliability and efficiency and potentially increase its capacity for the continued production of steam and electric energy produced from fuel supplied by Exxon. To facilitate the above-mentioned transaction, Gulf States now proposes to enter into an Agreement for Lease of Generating Facilities (‘‘Lease’’), a Base Facility Sublease and Lease of Additions and Betterments (‘‘Sublease’’) and other related agreements.

Pursuant to the Lease, Gulf States will lease to Exxon its generating facilities and certain property located within and surrounding the Louisiana Station upon which Exxon proposes to construct a new gas-fired turbine and associated facilities. All capital and other costs to effect such modernization will be borne by Exxon. Gulf States has certain termination rights should Exxon fail to commence the modernization of Louisiana Station by appropriating funds within one (1) year of the date of the grant of all necessary regulatory approvals.

The Lease has an initial term in excess of twenty (20) years with two (2) optional term extensions of ten (10) years. The initial term is divided into two (2) stages, Phases 1 and 2. Generally, Phase 1 is the period during which Exxon is to complete modernization of Louisiana Station, which should not exceed thirty (30) months from the date Gulf States secures all necessary regulatory approvals. Phase 2 is the twenty (20) year period thereafter.

During Phase 1 of the Lease, the Sublease will be in effect in order that Gulf States may continue to use the facilities to fulfill its obligations to Exxon under an existing steam contract. Pursuant to the Sublease, Gulf States will pay the same monthly rent that Exxon is obligated to pay under the Lease. Steam and electric service rendered by Gulf States to Exxon during the same period will be paid for at the rates as set forth in an Amended and Restated Steam Contract (‘‘Steam Contract’’), and any additional electricity shall be provided to Exxon pursuant to the existing Electric Agreement.

By structuring the transaction to include both the Lease and the Sublease, Exxon may immediately commence modernization of Louisiana Station and Gulf States may continue to fulfill its contractual obligations to the Steam Contract.

Phase 2 of the Lease will commence once improvements and modernization to Louisiana Station are complete, and Exxon shall begin to pay Gulf States a monthly fixed rent and a monthly variable rent up to a stated maximum amount depending upon the quantity of steam generated by Louisiana Station. The Sublease will no longer be in effect.

Also during Phase 2, Gulf States will provide equipment, personnel and services required for operation and maintenance of the facility pursuant to an operating and maintenance service agreement (‘‘Operating Agreement’’). Gulf States will be compensated for its services under this Operating Agreement by a fee structure that includes, in addition to reimbursement of its expenses, the payment of an overhead fee and an incentive fee. The overhead fee is fixed initially at a stated minimum per year and will not be subject to renegotiation more than every two (2) years. The incentive fee is fixed at a stated maximum per year based upon Gulf States attainment of certain performance goals, and the company has the opportunity to earn other incentives based on cost savings.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–27391 Filed 10–24–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Rel. No. 22293; 812–10256]

Van Kampen American Capital Equity Opportunity Trust, et al.; Notice of Application

October 21, 1996.

AGENCY: Securities and Exchange Commission (‘‘SEC’’).

[6] The application states that the Basic Mergers are subject to review by regulatory commissions in each state other than Texas in which NorAm conducts utility operations. HI and NorAm will request prior approval of the Basic Mergers from the Minnesota Public Utilities Commission, the Arkansas Public Service Commission, the Oklahoma Corporation Commission, the Louisiana Public Service Commission, and the Mississippi Public Service Commission. Each of those agencies regulates rates and services provided by a NorAm division and is expected to review the transaction to assure that it is not inconsistent with the public interest. Texas statutes do not require HI and NorAm to obtain approval of the transaction from the Texas Railroad Commission (‘‘Railroad Commission’’) or the Texas Public Utility Commission (‘‘TPUC’’). However, the Basic Mergers will not affect the authority of the Railroad Commission over operations of NorAm or the authority of the TPUC over the operations of HL&P. In addition, NorAm and HI are currently engaged in informal discussions with the Railroad Commission and the TPUC on the Basic Mergers.