

Dated: July 24, 1998.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26899; International Series Release No. 1147]

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

July 23, 1998.

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 under the Act. 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 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 18, 1998, to this 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 should 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 August 18, 1998, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

The Southern Company, et al. (70-8733)

The Southern Company ("Southern"), a registered holding company, 270 Peachtree Street, N.W., Atlanta, Georgia 30303, and its nonutility subsidiaries Southern Energy, Inc. (formerly SEI Holdings, Inc.) ("Southern Energy"), Mobile Energy Services Holdings, Inc. ("Holdings"), Southern Energy Resources, Inc. (formerly Southern Energy, Inc.) ("Resources"), Southern Energy North America, Inc. ("SENA") and Mobile Energy Services Company, L.L.C. ("MESCA"), each at 900 Ashwood Parkway, Atlanta, Georgia

30338, have filed a post-effective amendment under sections 6(a), 7, 9(a), 10, 12(c), 12(d) and 12(f) of the Act and rules 43, 45, and 54 under the Act to an application-declaration filed under sections 6(a), 7, 9(a), 10, 12(b), 12(f), 13, 32 and 33 of the Act and rules 43, 45 and 54 under the Act.

MESC is a limited liability company established under Alabama law that owns and operates a dedicated, "inside-the-fence," industrial cogeneration complex in Mobile, Alabama. Holdings, a direct nonutility subsidiary of Southern, owns 99% of the outstanding membership interests of MESC, and Resources, an indirect nonutility subsidiary of Southern, owns the remaining one percent of the membership interests.¹ Southern Energy is a direct nonutility subsidiary of Southern engaged in owning interests in certain businesses, including qualifying facilities (as defined in the Public Utility Regulatory Policies Act of 1978). SENA is a direct subsidiary of Southern Energy, which owns interests in Southern Energy's domestic businesses.

Applicants propose to restructure the ownership of membership interests in MESC. Alabama law provides for the bifurcation of membership interests of limited liability companies into economic interests and voting interests. Economic interests encompass the right to share in profits and losses and voting interests include all rights of management and control. Applicants propose that Holdings and Resources transfer a 99% economic interest and a 1% voting interest in MESC to a direct or indirect subsidiary of Southern Energy. Applicants state that the proposed relocation of economic interest in MESC to a Southern Energy subsidiary will facilitate evaluations of the performance of Southern's independent energy portfolio by interested parties, including the investment community.

Applicants propose to accomplish this restructuring in several steps. Southern Energy would establish a special purpose subsidiary ("SE Mobile") as a vehicle to hold its interests in MESC. Holdings would exchange its existing membership interests in MESC for two classes of membership interests, one representing voting interests and the other nonvoting economic interests. Holdings would then transfer a 98% nonvoting economic interest in MESC to SE Mobile and Resources would then contribute its one percent economic and voting interest to SE Mobile. As a result, Holdings would

¹ Alabama law requires that domestic limited liability companies have at least two members.

retain its 99% voting interest and a one percent economic interest in MESC and SE Mobile would own a 99% economic interest and a one percent voting interest in MESC.

The Applicants request authority to complete the restructuring by June 30, 2000.

UtiliCorp United Inc. (70-9325)

UtiliCorp United Inc. ("UtiliCorp"), 20 West Ninth Street, Kansas City, Missouri 64105, a Delaware public utility holding company claiming exemption from registration under rule 10 of the Act, has filed a declaration under section 3(b) and rules 10 and 11(b)(1) under the Act.

UtiliCorp is a publicly traded corporation which engages primarily, through divisions, in the sale and distribution of gas and electrically to retail and wholesale customers in nine states, Canada, New Zealand and Australia. UtiliCorp is a public-utility holding company solely because of its ownership of West Kootenay Power and Light Company, Limited,² a Canadian public utility company, WEL Energy Group Limited,³ a New Zealand electric utility company, and United Energy Ltd.,⁴ an Australian electric distribution company. As of December 31, 1997, UtiliCorp had sales of \$8.926 billion, earnings before interest and taxes of \$359.1 million and total assets of \$5.113 billion.

UtiliCorp states that the government of the State of Victoria, Australia ("Victoria government") has decided to privatize its natural gas industry to develop a competitive energy market in order to facilitate lower gas prices and improved service for consumers. Through one or more subsidiaries, UtiliCorp proposes to participate in the bidding process for one or more following seven businesses, each organized under the laws of Australia and each operating solely in Australia: (1) Kinetick Energy ("Kinetick"), a retail gas company, serving the northeastern and western suburbs of Melbourne; (2) Westar ("Westar"), a gas distribution company, serving the western suburbs of Melbourne, with fixed assets valued at approximately N.Z. \$591.8 million; (3) Ikon Energy ("Ikon"), a gas retail company, operating primarily in the western central and southeastern suburbs of Melbourne; (4) Multinet ("Multinet"), a gas distribution company, operating in the eastern

¹ UtiliCorp United Inc., Holding Company Act Release No. 24204 (Oct. 1, 1986).

² UtiliCorp United Inc., Holding Company Act Release No. 25850 (July 8, 1993).

³ UtiliCorp United Inc., Holding Company Act Release No. 26353 (Aug. 7, 1995).

metropolitan area of Melbourne, with fixed assets valued at approximately N.Z. \$650.5 million; (5) Energy 21 ("Energy 21"), a gas retail company, serving eastern Melbourne, the Morningstar Peninsula and northern and western Victoria; (6) Stratus ("Stratus"), a gas distribution company, with fixed assets valued at approximately N.Z. \$650.5 million, serving the northern and southeastern suburbs of Melbourne and the Morningstar Peninsula; and (7) Gas Transmission Corporation ("GTC"), a gas transmission and supply company (Kinetick, Westar, Ikon, Multinet, Energy 21, Stratus and GTC collectively, "Australian Companies").

The bidding process for the Australian Companies will be conducted by the Victorian government in two phases, commencing in June 1998 and ending in November 1998. For purposes of the bidding process, the paired companies of Kinetick and Westar, Ikon and Multinet, and Energy 21 and Stratus, are regarded as "stapled" businesses. UtiliCorp expects to submit bids for the Australian Companies through one or more subsidiaries, which may invest as a member of a group or consortium. For Australian tax considerations, UtiliCorp explains that it may structure the proposed acquisitions as a series of asset and stock acquisitions.

UtiliCorp proposes to acquire an equity ownership interest of up to, but not more than, 50% in one or more of the three stapled businesses. With respect to GTC, UtiliCorp proposes to acquire a less than twenty percent interest. UtiliCorp plans to invest no more than \$500 million in any combination of permissible acquisitions under the bidding rules established by the Victorian government.⁵

Neither UtiliCorp nor any corporation owned or controlled by UtiliCorp is a holding company subject to regulation under the Act or a subsidiary company of a holding company subject to regulation under the Act. None of the Australian Companies is a public utility company operating in the United States. None of the Australian Companies presently serves, and following the proposed acquisitions by UtiliCorp none will serve, customers in the United States. None of the Companies is qualified to do business in any state of

the United States; each operates exclusively within Australia.

UtiliCorp requests an order under section 3(b) of the Act exempting each of the Australian Companies from all provisions of the Act. UtiliCorp states that none of the Australian Companies will derive any material part of its income, directly or indirectly, from sources within the United States. Further, none of the Australian Companies will be, or have any subsidiary company which is, a public utility company operating in the United States. UtiliCorp asserts that rule 10(a)(1) will provide an exemption for UtiliCorp and any subsidiary of UtiliCorp insofar as they are holding companies of the Australian Companies. Further, UtiliCorp asserts that rule 11(b)(1), together with rule 10(a)(1), will provide an exemption from the approval requirements of sections 9(a)(2) and 10 to which UtiliCorp would otherwise be subject.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40260; File No. 4-208]

RIN 3235-AH49

Intermarket Trading System ("ITS") Plan; Proposed Amendments to Expand the ITS/Computer Assisted Execution System Linkage to all Listed Securities and to Eliminate the Unanimous Vote Provision

AGENCY: Securities and Exchange Commission.

ACTION: Proposed amendments to national market system plan.

SUMMARY: The Securities and Exchange Commission ("Commission") is proposing amendments to the plan governing the operation of the Intermarket Trading System ("ITS Plan" or "Plan") that was approved pursuant to Rule 11Aa3-2 under the Securities Exchange Act of 1934, as amended ("Exchange Act" or "Act"). The proposed amendments expand the ITS/Computer Assisted Execution System ("CAES") linkage to all listed securities, including non-Rule 19c-3 securities. The amendments to the Plan also eliminate the requirement that amendments to the ITS Plan be approved by a unanimous vote of all

Participants; instead, a two-thirds supermajority of the Participants would be required for amendments.

DATES: Comments should be submitted by August 31, 1998.

ADDRESSES: All comments should be submitted in triplicate and addressed to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Mail Stop 6-9, 450 Fifth Street, NW., Washington, DC 20549. Comments also may be submitted electronically at the following E-mail address: rule-comments@sec.gov. All comments should refer to File No. 4-208; this file number should be included in the subject line if E-mail is used. Comment letters will be available for public inspection and copying at the Commission's Public Reference Room at the same address. Electronically submitted comment letters will be posted on the Commission's web site (<http://www.sec.gov>).

FOR FURTHER INFORMATION CONTACT: Katherine A. England, Assistant Director at (202) 942-0154; Elizabeth Prout Lefler, Special Counsel at (202) 942-0170; Heather A. Seidel, Attorney at (202) 942-4165; or Christine Richardson, Attorney at (202) 942-0748, Office of Market Supervision, Division of Market Regulation, Securities and Exchange Commission, Mail Stop 10-1, 450 Fifth Street, NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Commission is proposing amendments to the ITS Plan¹ to expand the NASD's ITS/CAES linkage to all listed securities. The Commission is also proposing amendments to the Plan to eliminate the unanimous vote requirement for amendments to the ITS Plan. The amendments, published by the Commission on its own initiative pursuant to Rule 11Aa3-2 under the Exchange Act,² are necessary to

¹ ITS is a communications and order-routing network linking eight national securities exchanges and the electronic over-the-counter ("OTC") market operated by the National Association of Securities Dealers, Inc. ("NASD"). ITS was designed to facilitate intermarket trading in exchange-listed equity securities based on current quotation information emanating from the linked markets. Participants to the ITS Plan are the American Stock Exchange, Inc. ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Board Options Exchange, Inc. ("CBOE"), the Chicago Stock Exchange, Inc. ("CHX"), the Cincinnati Stock Exchange, Inc. ("CSE"), the NASD, the New York Stock Exchange, Inc. ("NYSE"), the Pacific Exchange, Inc. ("PCX"), and the Philadelphia Stock Exchange, Inc. ("Phlx").

² Rule 11Aa3-2 (17 CFR 240.11Aa3-2) establishes procedures for initiating or approving amendments to national market system plans such as the ITS Plan. Paragraph (b)(2) of Rule 11Aa3-2 states that the Commission may propose amendments to an effective national market system plan by publishing the text thereof together with a statement of purpose

⁵ UtiliCorp expects to acquire the Australian Companies in the near term using bank borrowings at a subsidiary level, which may require a guarantee by UtiliCorp or from its existing earnings and/or debt facilities at the UtiliCorp level. UtiliCorp states that its obligations are subject to multiple state approvals.