

prepare an environmental impact statement for the proposed action.

For further details with respect to this action, see the request for exemption dated February 10, 1995, which is available for public inspection at the Commission's Public Document Room, The Gelman Building, 2120 L Street, NW., Washington, DC and at the local public document room located at the Van Wylen Library, Hope College, Holland, MI 49423.

Dated at Rockville, Maryland, this 21st day of February, 1995.

For the Nuclear Regulatory Commission,
John N. Hannon,

Director, Project Directorate III-1, Division of Reactor Projects—III/IV, Office of Nuclear Reactor Regulation.

[FR Doc. 95-4730 Filed 2-24-95; 8:45 am]

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[Docket Nos. 50-272 and 50-311]

**Public Service Electric and Gas Co.;
Environmental Assessment and
Finding of No Significant Impact**

The U.S. Nuclear Regulatory Commission (the Commission) is considering issuance of amendments to Facility Operating License Nos. DPR-70 and DPR-75, issued to Public Service Electric and Gas Company, et al. (PSE&G or the licensee) for operation of Salem Nuclear Generating Station (SNGS), Units 1 and 2, located in Salem County, New Jersey.

Environmental Assessment

Identification of the Proposed Action

By letter dated April 16, 1993 (NLR-N83042), PSE&G requested a license amendment to reflect changes to the Updated Final Safety Analysis Report (USFAR) for Salem, Units 1 and 2. The proposed USFAR change would add an exception to a general statement in the containment isolation system description. The general statement is that automatic containment isolation valves that receive signals to close, fail closed on loss of air or power. The proposed exception would apply to the outboard isolation valves for the control air system. These four valves (11, 12, 21, and 22CA330, collectively identified as CA-330) fail closed on loss of air but fail as-is upon loss of the vital 125 VDC power supply to their solenoid control valves.

Need for Proposed Action

The revision of the licensing basis is needed to exempt the CA-330 valves from the general statement in the USFAR that automatic containment isolation valves that receive signals to

close, fail closed on loss of air or power. The staff has examined the design of the isolation system for the control air header piping penetration. With the exception of the failure position for valve CA-330 on loss of its 125 VDC power supply, the design meets all applicable criteria. Failure of the 125 VDC power supply results in a slight degradation in containment isolation reliability. Upon failure of the 125 VDC power supply, the valve will remain in the "as is" position. Since the valve is normally open, this means that the valve will stay open and will not close on an isolation signal or loss of air header pressure. For all other single failures, the valve will automatically close upon either loss of air or an isolation signal.

Environmental Impacts of the Proposed Action

The staff has evaluated the conditions for the "as-is" failure and finds that the reduction in safety margin due to this condition is acceptably small. First of all, there is a check valve in series with the air-operated valve so that containment integrity is maintained at all times. Secondly, the probability of loss of air pressure is quite low since the normal air supply is backed up with a safety grade supply which is activated automatically upon sensing low air pressure. With an operable air supply, the penetration is not a containment leak path since the air pressure is greater than the peak calculated containment pressure.

The change will not increase the probability or consequences of accidents, no changes are being made in the types of any effluents that may be released offsite, and there is no significant increase in the allowable individual or cumulative occupational radiation exposure. Accordingly, the Commission concludes that there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential nonradiological impacts, the proposed action does involve features located entirely within the restricted area as defined in 10 CFR Part 20. It does not affect nonradiological plant effluents and has no other environmental impact. Accordingly, the Commission concludes that there are no significant nonradiological environmental impacts associated with the proposed action.

Alternatives to the Proposed Action

Since the Commission has concluded there is no measurable environmental impact associated with the proposed action, any alternatives with equal or

greater environmental impact need not be evaluated. As an alternative to the proposed action, the staff considered denial of the proposed action. Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

Alternate Use of Resources

This action does not involve the use of any resources not previously considered in the Final Environmental Statement for the Salem Nuclear Generating Station, Units 1 and 2, dated April 1973.

Agencies and Person Contacted

In accordance with its stated policy, the staff consulted with the New Jersey State official regarding the environmental impact of the proposed action. The State official had no comments.

Finding of No Significant Impact

Based upon the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the application for license amendments dated April 16, 1993, which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and the local public document room located at the Salem Free Public Library, 112 West Broadway, Salem, NJ 08079.

Dated at Rockville, Maryland, this 21st day of February 1995.

For the Nuclear Regulatory Commission,
John F. Stolz,

Director, Project Directorate I-2, Division of Reactor Projects—I/II, Office of Nuclear Reactor Regulation.

[FR Doc. 95-4731 Filed 2-24-95; 8:45 am]

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**SECURITIES AND EXCHANGE
COMMISSION**

[Release No. 35-26233]

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

February 17, 1995.

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 March 15, 1995, 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 issues 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.

Eastern Utilities Associates, et al. (70-8523)

Eastern Utilities Associates ("EUA"), P.O. Box 2333, Boston, Massachusetts 02107, a registered holding company, and its wholly owned subsidiary, EUA Cogenex Corporation ("Cogenex"), P.O. Box 2333, Boston, Massachusetts 02107, have filed an application-declaration pursuant to Sections 6(a), 7, 9(a), 10, 12(b) and 12(f) of the Act and Rules 43(a) and 45(a) promulgated thereunder.

Cogenex requests authority to acquire a non-associate company, Highland Energy Group, Inc. ("Highland Energy"), in a transaction structured as a statutory merger of Highland Energy with a subsidiary of EUA to be established for the acquisition. Highland Energy is a national energy services company that has extensive experience in the industry of energy efficiency. Highland Energy designs, executes, finances, monitors, maintains, and guarantees energy savings programs for public consumers, such as schools and hospitals, and for private energy consumers, such as office buildings and businesses, under multi-year contracts.

To effect the acquisition, EUA would establish a subsidiary ("Newco") which would acquire the shares of Highland Energy in exchange for shares of EUA. The initial authorized capitalization of would be 200,000 shares of common

stock, \$.01 par value, of which 10,000 would be issued to EUA for \$100. Following the establishment of Newco and its acquisition of the shares of Highland Energy, Newco would change its name to EUA Highland Corporation ("EUA Highland") and Cogenex would acquire all the shares of EUA Highland from EUA for \$100.

The consideration for the acquisition by Newco of Highland Energy will be in EUA common shares to be paid at the time Highland Energy shares are transferred to Cogenex ("Closing") plus a contingent earn-out amount, to be paid in EUA common shares at a later time. Any amounts representing fractional shares will be paid in cash. The payment made at the Closing will be worth an estimated \$4.2 million ("Closing Amount"), measured by the average closing market price over a 5-day period before the Closing.

The earn-out amount to be paid later in EUA common shares will range from zero to \$3.8 million, measured by the average closing market price over a 5-day period before the date the earn-out amount is due. The amount owed at that time will be based on the earnings performance of EUA Highland over the three year period following the Closing. Notwithstanding the foregoing, EUA's obligation to pay the earn-out amount in EUA shares is limited to the number of shares used to pay the Closing Amount. Any excess of the earn-out amount over the value, measured as described in this paragraph, of the number of shares issued by EUA to pay the earn-out amount will be payable in cash. Assuming an EUA common share price of \$22.00 per share, up to 363,636 common share of EUA could be issued in the acquisition.

Additionally, Cogenex requests authority through December 31, 1997 to make investments in EUA Highland in any combination of capital contributions or short-term loans not to exceed a combined aggregate amount of \$10 million. The terms of such short-term borrowing will be the same terms as those for funds borrowed by Cogenex from EUA under its system lines of credit. Further, Cogenex requests authorization to guarantee performance obligations of EUA Highland in connection with ongoing operations, in amounts that in aggregate will not exceed \$10 million.

New England Electric System, et al. (70-8555)

New England Electric System ("NEES"), a registered holding company, and its wholly owned nonutility subsidiary company, New England Electric Resources, Inc.

("NEERI"), both of 25 Research Drive, Westborough, Massachusetts 01582, have filed an application-declaration under sections 6(a), 7, 9, 10 and 12(b) of the Act and rule 45 thereunder.

By Commission orders dated September 4, 1992 (HCAR No. 25621) and April 1, 1994 (HCAR No. 26017), NEERI was authorized to provide electrical related and consulting services to nonaffiliates and NEES was authorized to provide financing to NEERI. By Commission order May 25, 1994 (HCAR No. 26057), NEERI was authorized to invest in a company formed to develop, manufacture and market a low harmonic distortion uninterruptible power supply and NEES was authorized to provide additional financing to NEERI.

NEERI now proposes to engage in preliminary research and development activities ("Development Activities") in connection with potential investments in exempt wholesale generators and foreign utility companies. NEES proposes to provide up to \$10 million to NEERI from time-to-time through December 31, 1997, through capital contributions and/or non-interest bearing subordinated loans, for NEERI's Development Activities.

Central and South West Corporation, et al. (70-8557)

Central and South West Corporation ("CSW"), a registered holding company, its service company subsidiary, Central and South West Services, Inc. ("Services"), both located at 1616 Woodall Rodgers Freeway, Dallas, Texas 75202, CSW's public-utility subsidiary companies, Central Power and Light Company ("CPL"), 539 North Carancahua Street, Corpus Christi, Texas 78401-2802, Public Service Company of Oklahoma ("PSO"), 212 East Sixth Street, Tulsa, Oklahoma 74119-1212, Southwestern Electric Power Company ("SWEPCO"), 428 Travis Street, Shreveport, Louisiana 71156-0001, West Texas Utilities Company ("WTU"), 301 Cypress Street, Abilene, Texas 79601-5820, and a nonutility subsidiary company, Transok, Inc. ("Transok"), 2 West Sixth Street, Tulsa, Oklahoma 74119 (collectively, "Subsidiaries") have filed an application-declaration under Sections 6(a), 7, 9(a), 10, 12(b) and 12(f) of the Act and Rules 43, 45 and 54 thereunder.

CSW and its Subsidiaries propose to continue, through March 31, 1997, their short-term borrowing program, which includes the sale of commercial paper by CSW to commercial paper dealers and financial institutions and the sale of short-term notes to banks and their trust

departments by CSW and the Subsidiaries ("External Program") and the CSW System money pool ("Money Pool"), as previously authorized by orders dated March 31, 1993, September 28, 1993, March 18, 1994, June 15, 1994, and February 1, 1995 (HCAR Nos. 25777, 25897, 26007, 26066 and 26226, respectively) ("Prior Orders"). The External Program would be coordinated through the use of the Money Pool, whereby CSW and its Subsidiaries would make loans to, and the Subsidiaries would borrow from, the Money Pool. Loans to the Subsidiaries through the Money Pool will be made pursuant to open-account advances or loans evidenced by notes.

The External Program and the Money Pool would make funds available to the Subsidiaries for the interim financing of their capital expenditure programs and their other working capital needs, and to CSW to loan and, when approved by the Commission, to make capital contributions to any of the Subsidiaries and in both instances to repay previous borrowings incurred for such purposes. Funds for the Money Pool would be available from surplus funds from the treasuries of CSW and the Subsidiaries, from proceeds from the sale of commercial paper by CSW and bank borrowings by CSW and its Subsidiaries. Funds to be loaned to the Subsidiaries are obtained in the following order of priority: (1) Available surplus funds of the Subsidiaries will be used to satisfy the borrowing needs of other Subsidiaries before any funds of CSW are used; (2) available surplus funds in CSW's treasury; and (3) external borrowings by CSW from the sale of commercial paper and/or bank borrowings. External borrowings by CSW would not be made unless there were no surplus funds in the treasuries of the Subsidiaries or CSW sufficient to meet borrowing needs. However, no loan will be made by CSW or any Subsidiary if the borrowing company could borrow more cheaply directly from banks or through the sale of its own commercial paper. When more than one Subsidiary is borrowing, each borrowing Subsidiary will borrow *pro rata* from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

The interest rate applicable on any day to the then outstanding loans through the Money Pool will be the composite weighted average daily effective cost incurred by CSW for short-term borrowings from external sources. If there are no borrowings outstanding then the rate would be the certificate of

deposit yield equivalent of the 30-day Federal Reserve "AA" Industrial Commercial Paper Composite Rate ("Composite"), or if no composite is established for that day then the applicable rate will be the Composite for the next preceding day for which the Composite is established.

The aggregate principal amounts of short-term borrowing outstanding at any one time requested by CSW and its Subsidiaries are: (1) CSW—\$1.2 billion; (2) CP&L—\$300 million; (3) PSO—\$125 million; (4) SWEPCO—\$150 million; (5) WTU—\$65 million; (6) Services—\$110 million; and (7) Transok—\$200 million. These amounts reflect an increase in borrowing levels from those authorized in the Prior Orders for: (1) CSW of \$250 million to accommodate additional investments in CSW International, Inc., CSW Energy, Inc., CSW Communications and new Money Pool and short-term borrowing requirements; (2) PSO of \$25 million to provide interim financing for additional capital expenditures and other temporary working capital needs; and (3) WTU of \$15 million to provide interim financing for additional capital expenditures and other temporary working capital needs. The aggregate principal amount of outstanding borrowings for CSW and its Subsidiaries together will not exceed \$1.2 billion.

To provide funds for the Money Pool, CSW proposes to issue and sell commercial paper ("Commercial Paper"). The Commercial Paper will mature in 270 days or less and will be issued from time-to-time through March 31, 1997 to commercial paper dealers ("Dealers") and certain financial institutions.

The Commercial Paper issued to Dealers will be in the form of either physical or book-entry unsecured promissory notes. Such notes will be issued and sold by CSW directly to Dealers at a rate not to exceed the rate per annum prevailing at the time of issuance for commercial paper of comparable quality and maturity sold by issuers thereof to Dealers. No commission or fee will be payable in connection with the issuance and sale of the Commercial Paper. The purchasing dealer, however, will reoffer the notes at a rate less than the rate to the issuer and, as principal, will reoffer such notes in such a manner as not to constitute a public offering under the Securities Act of 1933.

Sales of Commercial Paper directly to financial institutions will be undertaken only if the resulting cost of money is equal to or less than that available from Dealers or banks. Terms for directly

placed notes would be similar to those of dealer placed notes.

CSW and its Subsidiaries further propose to borrow money from banks, from time-to-time through March 31, 1997, to the extent that the surplus funds of CSW and the Subsidiaries are insufficient to meet the Subsidiaries' requests for short-term loans and subject to the limitations on aggregate principal amounts, above. Such borrowing will not be made unless it would produce a lower cost of money than the issue of CSW's Commercial Paper and, in any event, they will not bear a rate of interest higher than the effective cost of money for unsecured prime commercial bank loans prevailing on the date of borrowing. The borrowings will be evidenced by promissory notes maturing no later than March 31, 1997 and will be subject to prepayment by the borrower, or under certain circumstances with consent of the lending bank, in whole at any time or in part from time-to-time, without penalty.

Compensation arrangements under lines of credit with banks maintained by CSW and its Subsidiaries are on a balance or fee basis. In general, fees range from $\frac{1}{10}$ to $\frac{1}{5}$ of 1% per annum on the average unused portion of the commitment and balance arrangements require average balances of 3% of the amount of the commitment. CSW also proposes, from time-to-time through March 31, 1997, to borrow funds managed by the trust departments of banks if such borrowings result in a cost of money equal to or less than that available from the sale of commercial paper or other bank borrowings.

Neither CSW nor the Subsidiaries will use the proceeds from the proposed borrowings to finance the acquisition of an "exempt wholesale generator" or "foreign utility company," as respectively defined in Sections 32 and 33 of the Act, without further Commission authorization.

The Southern Company, et al. (70-8567)

The Southern Company ("Southern"), 64 Perimeter Center East, Atlanta, Georgia 30346, a registered holding company, and its wholly owned subsidiary company, Southern Nuclear Operating Company, Inc. ("Southern Nuclear"), 40 Inverness Center Parkway, Birmingham, Alabama 35204, have filed an application-declaration under Sections 6(a), 7, 9(a), 10 and 12(b) of the Act and Rules 45 and 54 thereunder.

Southern Nuclear proposes to borrow, from time to time through March 31, 1998, from Southern or other lenders up to an aggregate principal amount of \$10 million at any time outstanding.

Borrowings from Southern will have maturities not to exceed ten years and will accrue interest at a rate equal to the average effective interest cost of Southern's outstanding obligations for borrowed money on the first day of each month, or if no obligations are outstanding at the time, at a rate equal to the weekly average of the thirty-day certificate of deposit rate (secondary market) as reported in the Federal Reserve statistical release H.15 (519) for the next to the last complete business week of the preceding calendar month. However, this rate will not exceed the prime rate in effect at a nationally recognized bank to be designated by Southern. Loans obtained from lenders other than Southern will have maturities not to exceed ten years and will accrue interest at a rate not to exceed the prime rate plus 2% for variable rate loans and the prime rate at the time of borrowing plus 3% for fixed rate loans. Such loans may be secured or unsecured and may be guaranteed by Southern.

Southern proposes through March 31, 1998, to make up to \$5 million in open account advances to Southern Nuclear from time to time, which, at the option of Southern, may be converted into capital contributions or additional shares of common stock of Southern Nuclear. To the extent any such advances are converted to equity, the borrowing authority sought herein shall be reduced by the amount of the advances so converted, so that the total capitalization of Southern Nuclear does not exceed \$11.6 million (including its present common equity of \$1.6 million). The rate of return on Southern Nuclear's common equity capital will not exceed the average of the most recent rates of return allowed by the Alabama Public Service Commission and the Georgia Public Service Commission.

Southern Nuclear states that the funds will be used by Southern Nuclear in connection with its working capital needs, including the purchase of equipment and office furniture, leasehold improvements and loans to employees for purposes such as residential energy programs, purchases of computers and employee transfer expenses.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35394; File No. SR-CHX-95-03]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to Proposed Rule Change by Chicago Stock Exchange, Incorporated Relating to Reporting and Disclosure Requirements

February 17, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on February 8, 1995, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change, and on February 16, 1995, filed Amendment No. 1 to the proposed rule change,¹ 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 CHX, pursuant to Rule 19b-4 of the Securities Exchange Act of 1934 ("Act"), proposes to (1) amend Article VI, Rule 5 and add an interpretation thereto to require that members and member organizations maintain *written* procedures to ensure compliance with the securities laws (and SEC regulations promulgated thereunder) and the Rules of Exchange; (2) amend Article XI Rule 4 to provide the Exchange with the authority to require that a member or member organization have an accounting firm audit its books and to clarify that all members and member organizations are required to comply with the disclosure requirements of Rule 17a-5; and (3) add Article XI, Rule 9 to require that floor brokers who do not clear their own trades procure a letter of guarantee prior to trading.

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

¹ Amendment No. 1 made non-substantive, clarifying changes to the proposal. See Letter from Jay O. Wright, Esq., Foley & Lardner, to Elisa Metzger, Senior Counsel, SEC, dated February 14, 1995.

of these statements may be examined at the place specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The CHX has two purposes for amending Article VI, Rule 5 to require that members and member organizations maintain written supervisory procedures: (1) Requiring written procedures allows the CHX to more easily verify the *existence* of procedures; and (2) such a requirement facilitates the CHX's verification of the *content* of the procedures. The visibility of such written procedures will remind members and member organizations of their obligations to comply with the securities laws, SEC rules, and the Exchange's rules, thus enhancing compliance.

The CHX's purpose for adding Article XI, Rule 4(c) thereto is to clarify that all CHX members and member organizations are required to file monthly and quarterly Focus Reports with the CHX in accordance with SEC Rule 17a-5 unless the member or member organization is exempt.

The CHX's purpose for adding Article XI, Rule 9 is to enhance the safety and soundness of the clearing system by ensuring that Floor Brokers have sufficient financial resources to stand behind their trades. As a result, fewer disruptions due to the financial distress of a floor broker are likely to occur. The reliability of the clearing system is thus augmented.

2. Statutory Basis

The proposed rule changes are consistent with Sections 6(b)(1) and 6(b)(5) of the Act in that the proposed rule changes will aid the Exchange in enforcing compliance by its members and member organizations with the securities laws and the Exchange's rules as well as aiding in preventing fraudulent or manipulative acts in the clearing of trades.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.