

among mutual funds with similar management and investment objectives. In addition, Applicants state that the elimination of four of the FAA funds after the proposed substitution will allow FMR, the advisor for the VIP and VIPII portfolios (as well as for the FAA funds), to eliminate duplicative efforts and realize further economies of scale (through the addition of assets to the VIP and VIPII portfolios), which can be then passed on to owners of the Contracts issued by the Separate Account in the form of lower expense ratios and the opportunity for better investment performance.

6. Applicants represent that the substitution will take place at relative net asset value with no increase or decrease in the amount of any Contract owner's Contract value. In addition, the substitution will result in no additional fees for Contract owners, nor will current charges be increased. None of the contractual obligations currently assumed by the Company will in any way be abridged or modified as a result of the substitution.

7. Applicants further represent that Contract owners will in no way bear any added cost or expense in connection with the proposed substitution, including any additional brokerage costs or expense. In addition, Contract owners will be apprised of the substitution well in advance of the Exchange Date. The Contracts permit exchanges among funds as often as once per business day with no charge. Accordingly, Contract owners will be free to re-allocate their investment in the Contracts, if they choose to do so, prior to the Exchange Date. The proposed substitution will in no way alter a Contract owner's right to surrender a Contract in accordance with its terms.

8. Applicants further represent that the proposed substitution should in no way affect whatever tax benefits Contract owners currently enjoy as a result of holding the Contracts and will not engender any adverse tax consequences.

Conclusion

For the reasons summarized above, applicants assert that the proposed substitution is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-2358 Filed 1-30-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 35-26654]

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

January 24, 1997.

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 18, 1997, 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 Service Corporation, et al. (70-8941)

Allegheny Power Service Corporation ("APSC"), 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601, a wholly-owned subsidiary service corporation of Allegheny Power System, Inc. ("APS"), a registered holding company, and Monongahela Power Company, 1310 Fairmont Avenue, West Virginia 26554, The Potomac Edison Company, 10435 Downsville Pike, Hagerstown, Maryland 21740 and West Penn Power Company, 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601, all public-utility subsidiary companies of APS (collectively, "Operating Companies"), have filed a declaration under section 13(b) of the Act and rules 87(b)(1), 90 and 91 thereunder.

APSC proposes to amend Exhibit I ("Proposed Amendment") to its service agreements with the Operating Companies ("Service Agreements") to reflect changes in the scope of services

APSC will provide to the Operating Companies. The changes are in large part a further consolidation of services already performed by APSC, some of which began on January 1, 1996, and the rest on July 1, 1996. In addition, the Operating Companies propose to enter into a service agreement among themselves, similar to the existing Service Agreements, that will the Operating Companies to perform services for one another and properly allocate the costs of such services.

In 1995, APS announces its intention to undertake a restructuring designed to consolidate and reengineer its operations to better meet the competitive challenges of the changing electric utility industry and remain the energy supplier of choice in the future for its customers. Beginning January 1, 1996, APSC began to realign its organization to create distinct power generation and energy transmission and distribution groups. As of July 1, 1996, the Operating Companies restructured, including the reengineering of processes and the consolidation of functions with services already provided by APSC. In addition, although the Operating Companies have not changed their legal corporate names, nor altered in any manner ownership of capital assets, they began doing business under the trade name "Allegheny Power" as of September 1, 1996.

The restructuring is an effort to further control costs, operate more efficiently, and prepare for the anticipated increases in retail and wholesale competition among suppliers of electricity, beginning with the Energy Policy Act of 1992. APS' goal is to expand by attracting new customers to its service area and, to the extent legally permitted, aggressively pursue new business within and outside its service area, using its resources efficiently and capitalizing on its competitive strengths.

Allegheny Power expects to realize a number of benefits from its restructuring. Beginning in 1996 and continuing into the future, increased efficiencies and synergies are expected to result from the elimination of layers of management and the elimination of previously duplicated functions. The flattening, streamlining and consolidation of functions within the organization will lead to enhanced efficiency and communication, which should translate into a reduction in the rate of growth in operating and maintenance costs and thereby minimize the need for future rate increases.

In general, the restructuring consolidated in APSC certain functions which previously were either performed

separately by employees of each APS' three Operating Companies, or by employees of the Operating Companies along with employees of APSC. Except for the union work force and possibly some other employees, the management, engineering, maintenance, legal, accounting, payables and administrative and support functions previously performed by employees of the Operating Companies will be supplied, after the realignment, by employees of APSC. APS has been restructured into the following functional units: Operating Business Unit; Retail Marketing; Corporate Affairs; Generation Business Unit; Transmission Business Unit; Planning and Compliance Business Unit; and Corporate Services, which serves the business units. The restructuring did not involve the formation of any new legal entities, nor did it require the writedown of any rate base assets. No capital assets were transferred among companies within APS in connection with the restructuring. APSC's current method of allocations will be maintained in the restructured organization. No new methods of allocations will be used.

The overall goals of the restructuring have been to realign functions by process and consolidate functions where feasible. As a result thereof, most of the functions which were performed exclusively by the Operating Companies have been consolidated into three units: (1) Operating Business Unit; (2) Retail Marketing Business Unit; and (3) Corporate Affairs. The Vice Presidents of these groups all report to a Senior Vice President of APSC, who also holds the title of President of each of the Operating Companies. Some of the main goals of the restructuring of these functions include establishing a team-oriented environment, maintaining fewer layers of management, establishing broader job classifications, and establishing an integrated work management system to schedule, design, track, and finish jobs.

GPU, Inc., et al. (70-8967)

GPU, Inc. ("GPU"), of 100 Interpace Parkway, Parsippany, New Jersey 07054, a registered holding company, and its electric utility subsidiaries, Jersey Central Power & Light Company ("JCP&L"), Metropolitan Edison Company ("Met-Ed") and Pennsylvania Electric Company ("Penelec"), each of 2800 Pottsville Pike, Reading, Pennsylvania 19605 (JCP&L, Met-Ed and Penelec, collectively, "Operating Companies"), have filed a declaration

under sections 6(a), 7 and 12(b) of the Act and rule 54 thereunder.

The Operating Companies presently maintain insurance policies providing coverage for workers compensation claims and employee claims asserted directly against the Operating Companies.¹ Under these policies, the insurance company administers and pays all claims and expenses as they arise; subsequently, however, the Operating Companies reimburse the insurance company for the amount of each claim paid up to the deductible and all expenses paid. Pursuant to orders of the Commission, the Operating Companies are authorized, among other things, to enter into letter of credit reimbursement agreements with banks and to deliver to the insurance company irrevocable bank letters of credit ("L/Cs") from time to time through December 31, 1998, as security for the Operating Companies' obligations to pay the deductible.²

The Operating Companies state that it might be more efficient for the insurance policies to cover, in addition to their employees, the Pennsylvania and New Jersey employees of GPU Service, Inc., GPU Nuclear, Inc. and GPU Generation, Inc., service company subsidiaries of GPU (collectively, "Service Companies"). To support the obligations of the Service Companies to pay the deductible, the applicants intend that corresponding, additional L/C coverage provided to the insurance companies.

The applicants also state that it would be cost-effective and less burdensome administratively for GPU to provide L/Cs for the Operating Companies and Service Companies. GPU seeks authorization to obtain and deliver L/Cs and enter related reimbursement agreements from time to time through December 31, 2006 in support of the Operating Companies' and Service Companies' reimbursement obligations to the insurance companies. The aggregate face amount of L/Cs which may be outstanding at any time would not exceed \$40 million: \$20 million in respect of all Pennsylvania employees of the Operating Companies and Service Companies, and the remaining \$20 million in respect of all New Jersey employees of the Operating Companies

¹ The service territory of JCP&L is in New Jersey and the service territories of Met-Ed and Penelec are in Pennsylvania.

² Met-Ed and Penelec, together, and JCP&L, alone, are authorized to deliver L/Cs in the aggregate face amount not to exceed \$20 million and \$15 million, respectively. Holding Co. Act Release No. 25793 (Apr. 14, 1993) (Met-Ed and Penelec); Holding Co. Act Release No. 26003 (Mar. 15, 1994) (JCP&L).

and Service Companies. Drawings under the L/C would bear interest at not more than five percent above the issuing bank's prime rate as in effect from time to time. The term of each L/C would not exceed three years.

GPU will allocate the fees of each L/C to the Operating Companies and Service Companies on whose behalf the L/C was issued based on loss exposure (determined generally by payroll) in the applicable state. GPU will also seek reimbursement for a drawing under an L/C from the Operating Company or Service Company that failed to reimburse the insurance company for the applicable deductible resulting in such drawing.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-2359 Filed 1-30-97; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice No. 2508]

Advisory Committee on Religious Freedom Abroad; Meeting

The Department of State announces a meeting of the Secretary of State's Advisory Committee on Religious Freedom Abroad on Thursday, February 13, 1997 at 10:00 a.m. in the Loy Henderson room at the U.S. Department of State, Washington, DC. The Advisory Committee will consider topics related to the promotion of freedom of religion. Topics for consideration could include: Assessing religious freedom abroad and instances of persecution, and assessing the role of religious institutions in promoting an atmosphere in which human rights and freedom of conscience can be enjoyed.

For more information, contact Alexandra Arriaga, Executive Secretary, Advisory Committee on Religious Freedom Abroad, Bureau of Democracy, Human Rights, and Labor, Department of State, Washington, DC 20520, telephone: 647-1422.

Dated: January 28, 1997.

John Shattuck,

Assistant Secretary of State Bureau of Democracy, Human Rights and Labor, Chairman, Advisory Committee on Religious Freedom Abroad.

[FR Doc. 97-2577 Filed 1-29-97; 1:06 pm]

BILLING CODE 4710-07-M