

[Investment Company Act Release No. 22533; 811-5331]

Hampton Utilities Trust; Notice of Application

February 27, 1997.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: Hampton Utilities Trust.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on December 3, 1996 and amended on February 21, 1997.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 24, 1997, and should be accompanied by proof of service on the applicant, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 777 Mariners Island Blvd., San Mateo, California 94404.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942-0584, or Mary Kay Frech, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

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

Applicant's Representations

1. Applicant is a closed-end, diversified management investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. On September 15, 1987, applicant registered under section 8(a) of the Act and filed a registration statement on Form N-2 pursuant to section 8(b) of the Act and the Securities Act of 1933 to register its shares of

beneficial interest. On March 7, 1988, applicant's registration statement was declared effective, and the initial public offering of applicant's shares commenced on the same date.

2. On December 16, 1993, applicant's board of trustees approved an Agreement and Plan of Reorganization (the "Agreement") between applicant and Franklin Custodian Funds, Inc. on behalf of its Utilities Series, pursuant to which applicant would transfer substantially all of its assets to the Utilities Series in exchange for shares of common stock of Utilities Series. In accordance with rule 17a-8 of the Act, applicant's board determined that the sale of applicant's assets to Utilities Series was in the best interests of applicant and that the interests of the existing shareholders would not be diluted as a result of the sale.¹

3. The board's conclusion was based on a number of factors, including that the sale of applicant's assets to the Utilities Series in exchange for shares of Utilities Series would permit shareholders to pursue their investment goals in a larger fund with enhanced ability to effect portfolio transactions on more favorable terms and with greater investment flexibility. The board also considered that as shareholders of an open-end fund, the holders of applicant's Capital Shares would have redemption rights and exchange privileges that were not previously available.

4. As of March 7, 1994, applicant was a closed-end investment company with two classes of shares outstanding: The Cumulative Preferred Shares and the Capital Shares. On that date, in accordance with applicant's Restated Declaration of Trust, dated December 16, 1993, all of the Cumulative Preferred Shares were redeemed by applicant in cash at \$50.00 per share.

5. On or about May 30, 1994, proxy materials soliciting shareholder approval of the Agreement were furnished to holders of applicant's Capital Shares and filed with the SEC. Applicant's shareholders approved the Agreement at an annual meeting held on July 14, 1994.

6. On August 4, 1994, there were 1,032,684 Capital Shares of applicant

¹ Applicant and Franklin Custodian Funds, Inc., may be deemed to be affiliated persons of each other solely by reason of having a common investment adviser, common director, and/or common officers. Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a-8 provides an exemption from 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.

outstanding at a net asset value of \$12.54 per share. At such date, aggregate net assets amounted to \$12,950,208.48.

7. On August 5, 1994 (the "Closing Date"), applicant transferred substantially all of its net assets to the Utilities Series in exchange solely for shares of common stock of Utilities Series having an aggregate net asset value equal to the aggregate value of net assets transferred. The number of shares was determined by dividing the aggregate value of applicant's assets to be transferred on the Closing Date by the net asset value per share of common stock of Utilities Series as of 1:00 p.m. Pacific time on Closing Date. Shares of Utilities Series were distributed to the holders of applicant's Capital Shares pro rata in accordance with their respective interest in applicant.

8. The expenses incurred in connection with the reorganization were approximately \$90,370. These expenses included printing and mailing costs for proxy materials and related documents. One half of these costs were borne by Franklin Advisers, Inc. through a reimbursement of the amounts advanced by applicant and Utilities Series, and the remainder of the costs were borne by applicant.

9. Applicant has no securityholders, assets, or liabilities. Applicant is not a party to any litigation or administration proceeding. Applicant is not now engaged, and does not propose to engage, in any business activities other than those necessary for the winding up of its affairs.

10. A Notice of Termination of Trust was filed with the Massachusetts Secretary of State on October 4, 1994.

For the SEC, by the Division of Investment Management, under delegated authority.
Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-5468 Filed 3-5-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 35-26679]

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

February 28, 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 March 24, 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.

Western Massachusetts Electric Company (70-8959)

Western Massachusetts Electric Company ("WMECO" or the "Applicant"), a wholly owned electric utility subsidiary of Northeast Utilities, a registered holding company, located at 174 Brush Hill Avenue, West Springfield, Massachusetts 01089, has filed an application-declaration under sections 6(a), 7, 9(a) and 10 of the Act and rule 54 thereunder.

WMECO requests that: (i) WMECO be allowed to organize a wholly-owned special purpose corporation to be called WMECO Receivables Corporation ("WRC") for the sole purpose of acquiring certain of WMECO's eligible accounts receivable; (ii) WRC be allowed to issue shares of Common Stock; (iii) WMECO be allowed to acquire shares of capital stock of WRC; and (iv) WMECO be allowed to make, directly and indirectly, general and initial equity contributions to WRC.

WMECO has entered into a Receivables Purchase and Sale Agreement dated as of September 11, 1996, as amended ("Existing Agreement") under which WMECO may sell (from time to time in its discretion and subject to the satisfaction of certain conditions precedent) fractional, undivided ownership interests expressed as a percentage ("Undivided Interests") in: (i) Billed and unbilled indebtedness of customers, as booked to Accounts 142.01 and 173 under the Federal Energy Regulatory Commission Chart of Accounts ("Receivables"); and (ii) certain related assets, including any security or guaranty for any Receivables, and collections thereon, and related

records and software ("Related Assets"). The purchaser ("Purchaser") is a special purpose Delaware corporation which acquires receivables and other assets and issues commercial paper to finance these acquisitions. A Swiss bank will act as agent ("Agent") for the Purchaser for transactions under the Existing Agreement.

The Existing Agreement is structured so that any sales made thereunder would be accounted for as sales under generally accepted accounting principles. In order for such sales made on or after January 1, 1997 to be so treated, they must comply with the requirements of the Statement of Financial Accounting Standards No. 125 ("FAS 125") issued in June 1996. The formation of WRC is intended to satisfy certain of the requirements of FAS 125: (i) WRC, as purchaser and transferee, will be a "qualifying special purpose entity" within the meaning of FAS 125, and (ii) once transferred, WMECO will no longer have effective control over the assets, so that such transfers should be labeled "true sales" in the event of WMECO's bankruptcy or receivership. The Existing Agreement contemplates that a restructured purchase and sales program involving WRC will be in place by March 31, 1997, at which date the Existing Agreement will terminate.

The restructured accounts receivable purchase and sales program will consist of two agreements which will replace the Existing Agreement, and is intended to accomplish sales to the Purchaser in a manner substantially similar to that under the Existing Agreement. Applicant states that the addition or WRC serves merely as a vehicle to isolate the Receivables as required by FAS 125, and that restructured purchase and sales arrangements are on essentially the same terms to WMECO as the Existing Agreement. Under the first agreement ("Company Agreement"), WMECO will sell or transfer as equity contributions from time to time all of its receivables and related assets to WRC. The purchase price will take into account historical loss statistics in WMECO's receivables pool. Under the second agreement ("WRC Agreement"), WRC will sell Undivided Interests to the Purchaser from time to time. Such Undivided Interests may be funded and repaid on a revolving basis. The purchase price for an Undivided Interest will be calculated according to a formula. Such formula will include reserves based on, among other things, a multiple of historical losses, a multiple of historical dilution (such as, e.g., adjustments due to billing errors), customer concentrations that exceed specified levels and carrying

costs and other costs associated with the agreements. The formula will also take into account the cost of servicing, which will be returned to WMECO in the form of a servicing fee.

Primarily because of the reserves, the purchase price paid by the Purchaser for Undivided Interests will be lower than the purchase price paid by WRC to WMECO for Receivables and Related Assets. WMECO states that it expects WRC to have sufficient assets to pay WMECO the full purchase price for Receivables purchased from WMECO.

WMECO anticipates that the availability of Receivables and Related Assets will vary from time to time in accordance with the Energy use of its customers. Therefore, since WRC's only source of funds are its participation in the program and WMECO's capital contributions, it may not have funds available at a particular time to purchase the Receivables and Related Assets available to it. WMECO proposes to accommodate this situation by (i) allowing WRC to make the purchase and owe the balance to WMECO on a deferred basis, or (ii) by making a capital contribution to WRC in the form of the Receivables and Related Assets for which WRC lacks the purchase price funds at the time.¹

Under the WRC Agreement, purchases may be funded by the Purchaser's issuance of commercial paper or drawing under its bank facilities. Initially, the aggregate purchase price paid by the Purchaser for Undivided Interests is not intended to exceed \$50,000,000.

The Agent will have the right to appoint a servicer on behalf of it and WRC, to administer and collect receivables and to notify the obligors of the sale of their receivables, at the Agent's option. WMECO will be appointed as the initial servicer.

Certain obligations under the Company Agreement create limited recourse against WMECO. In order to secure these obligations, WMECO will grant to WRC a lien on, and security interest in, any rights which WMECO may have in respect of Receivables and Related Assets. The WRC Agreement creates comparable recourse obligations against WRC, and WMECO states that WRC will grant a security interest to the Purchaser in all rights in the Receivables retained by WRC, the Related Assets and certain other rights

¹ WMECO also states that if WRC develops a substantial cash balance, it will likely dividend the excess cash to WMECO, so that WRC will not itself retain substantial cash balances at any one time, and substantially all of the net cash realized from the collection of Receivables will be made available to WMECO.

and remedies (including its rights and remedies under the Company Agreement) to secure such recourse obligations.²

WMECO and WRC will be obligated to reimburse the Purchaser and the Agent for various costs and expenses associated with the Company Agreement and the WRC Agreement. WRC will also be required to pay to the Agent certain fees for services in connection with such agreements.

The arrangements under the Company Agreement and the WRC Agreement are scheduled to terminate on September 4, 2001. WRC may, upon at least five business days' notice to the Agent, terminate in whole or reduce in part the unused portion of its purchase limit in accordance with the terms and conditions of the WRC Agreement. The WRC Agreement allows the Purchaser to assign all of its rights and obligations under the WRC Agreement (including its Undivided Interests and the obligation to fund Undivided Interests) to other persons, including the providers of its bank facilities.

WMECO intends that the above-described transactions will permit it, in effect, through this intermediary device, to accelerate its receipt of cash collections from accounts receivable and thereby meet its short-term cash needs.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-5525 Filed 3-5-97; 8:45 am]

BILLING CODE 8010-01-M

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following closed meeting during the week of March 10, 1997.

A closed meeting will be held on Tuesday, March 11, 1997, at 10:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain

² WMECO states that neither WRC's nor the Purchaser's recourse to WMECO will include any rights against WMECO should customer defaults on the Receivables result in collections attributable to the Undivided Interests sold to the Purchaser being insufficient to reimburse the Purchaser for the purchase price paid by it for the Undivided Interests and its anticipated yield. The Purchaser will bear the risk for any credit losses on the Receivables which exceed the reserves for such losses included in the Undivided Interests.

staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Wallman, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Tuesday, March 11, 1997, at 10:00 a.m., will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: March 4, 1997.

Jonathan G. Katz,
Secretary.

[FR Doc. 97-5669 Filed 3-4-97; 12:08 pm]

BILLING CODE 8010-01-M

[Release No. 34-38351; File No. SR-Amex-97-06]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the American Stock Exchange, Inc. Relating to Audit Trail Identifiers

February 27, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 30, 1997, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 and to grant accelerated approval to the proposed rule change.

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to implement audit trail identifiers relating to competing market-maker and "short exempt" transactions, substantially identical to those previously approved for use at the New York Stock Exchange. The text of the proposed rule change 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 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

Amex member firm procedures currently require that Amex clearing members provide comparison and clearing reports with the following trade details with respect to each transaction processed by them: security, volume, price, trade date, clearing member number and contra clearing member number. In addition, for each trade processed by them, clearing members are responsible for providing the Exchange with additional audit trail information, including the following account types: agency (market with identifier "A"), principal ("P"), specialist principal ("S"), registered trader ("G") and Amex options specialist or market-maker trading an Amex Paired Security ("V").

The Exchange proposes to require that the audit trail information provided by clearing members include the following additional account types:

Oproprietary transactions for a competing market-maker that is affiliated with the clearing member.

T—transactions for the account of an unaffiliated member's competing market-maker (that is, transactions were an Amex member is acting as agent for another member's competing market-maker account).