

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23225]

Allied Capital Financial Corporation (file no. 811-3811) and Allied Investment Corporation (File No. 811-2707); Notice of Proposed Deregistration

May 28, 1998.

AGENCY: Securities and Exchange Commission ("SEC").**ACTION:** Notice of proposed deregistration under section 8(f) of the Investment Company Act of 1940 (the "Act").

SUMMARY OF NOTICE: The SEC proposes to declare by order on its own motion that the registrations of Allied Capital Financial Corporation ("Allied Financial") and Allied Investment Corporation ("Allied Investment") under the Act have ceased to be in effect as of January 5, 1998, the date upon which each elected to be regulated as a business development company ("BDC").

HEARING OR NOTIFICATION OF HEARING: An order will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving the relevant registrant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on June 23, 1998, and should be accompanied by proof of service on the registrant, 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, D.C. 20549. Allied Financial and Allied Investment, 1666 K Street, N.W., 9th Floor, Washington, D.C. 20006-2803.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Senior Counsel, at (202) 942-0572, or Christine Y. Greenlees, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

SUPPLEMENTARY INFORMATION:**Statement of Facts**

1. Allied Financial and Allied Investment, both Maryland corporations and closed-end investment companies registered under the Act, filed Notifications of Registration under the Act on July 21, 1983 and November 23,

1976, respectively. Both companies were formed as wholly-owned subsidiaries of Allied Capital Corporation. Therefore, no public offering of Allied Financial's or Allied Investment's shares were made and they were not required to register their shares under the Securities Act of 1933.

2. Section 54(a) of the Act provides that any company that satisfies the definition of a BDC under sections 2(a)(48) (A) and (B) of the Act may elect to be subject to the provisions of sections 55 through 65 of the Act and be regulated as a BDC by filing with the SEC a notification of the election, if the company: (i) has a class of its equity securities registered under section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"); or (ii) has filed a registration statement pursuant to section 12 of the Exchange Act for a class of its equity securities. On January 5, 1998, Allied Financial and Allied Investment each elected BDC status by filing a Form N-54A and a registration statement under the Exchange Act.

3. Section 8(a) of the Act, which requires registration of investment companies, does not apply to BDC's. After an existing registered investment company has filed an election to be regulated as a BDC, the SEC on its own motion will declare by order under section 8(f) that the company's registration under the Act has ceased to be in effect. The order will be effective retroactively, as of the date the SEC received the company's election. See Investment Company Act Release No. 11703 (March 26, 1981).

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. 35-26878]

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

May 27, 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 June 22, 1998, 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 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 June 22, 1998, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

NIPSCO Industries, Inc.

(70-9197)

NIPSCO Industries, Inc. ("NIPSCO"), 801 East 86th Avenue, Merrillville, Indiana 46410, an Indiana public utility holding company exempt under section 3(a)(1), under rule 2, from all provisions of the Act except section 9(a)(2), has filed an application under sections 9(a)(2) and 10 of the Act, in connection with a proposed acquisition of Bay State Gas Company ("Bay State"), a Massachusetts public utility holding company exempt under section 3(a)(2), under rule 2, from all provisions of the Act except section 9(a)(2).

NIPSCO owns all of the issued and outstanding common stock of three public utility subsidiary companies that provide electric and retail natural gas¹ service exclusively within Indiana.

¹ As of December 31, 1997, the NIPSCO gas distribution system was comprised of approximately 13,400 miles of distribution mains and 729,400 customer meters. NIPSCO currently purchases approximately 89% of its total system gas requirements from production in the on-shore and off-shore Texas and Louisiana producing areas, and approximately 8% from production in the Mid-Continent (Oklahoma and Kansas), Permian (west Texas) and San Juan (New Mexico) Basins. It is anticipated, however, that, beginning as early as 1999, with the completion of construction of new pipeline capacity from western Canada to the upper Midwest markets, NIPSCO will begin to purchase significant amounts of lower-cost gas produced in the Western Canadian Sedimentation Basin (Alberta and British Columbia). NIPSCO estimates that, by 2002, western Canadian gas could potentially account for as much as 40% of its total system supply. Currently, NIPSCO subsidiaries have contracted for "firm" transportation capacity and storage service on five different long-haul interstate

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