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 licensee's letter dated October 31, 1997, which is available for public inspection at the Commission's Public Document Room, which is located at The Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Tomlinson Library, Arkansas Tech University, Russellville, AR 72801.

Dated at Rockville, Maryland, this 18th day of September 1998.

For the Nuclear Regulatory Commission.

William D. Reckley,

Senior Project Manager, Project Directorate IV–1, Division of Reactor Projects III/IV, Office of Nuclear Reactor Regulation.

[FR Doc. 98–25692 Filed 9–24–98; 8:45 am]

BILLING CODE 7590–01–P

POSTAL SERVICE

Sunshine Act Meeting

TIMES AND DATES: 9:00 a.m., Monday, October 5, 1998; 8:30 a.m., Tuesday, October 6, 1998.

PLACE: Honolulu, Hawaii, at the Halekulani Hotel, 2199 Kalia Road, in Ballroom One.

STATUS: October 5 (Closed); October 6 (Open).

MATTERS TO BE CONSIDERED:

Monday, October 5–9:00 a.m. (Closed)

1. Items Returned to the Postal Rate Commission for Reconsideration in Rate Case R97–1.
2. Postal Rate Commission Decision in Docket No. MC98–1, Mailing Online.
3. Compensation Issues.

Tuesday, October 6–8:30 a.m. (Open)

1. Minutes of the Previous Meeting, August 31–September 1, 1998.
2. Remarks of the Postmaster General/Chief Executive Officer.
3. Board of Governors 1999 Meeting Schedule.
4. Office of the Governors FY 1999 Budget.
5. Amendments to BOG Bylaws.
6. Briefing on Year 2000.
7. Report on the Honolulu Performance Cluster.
8. Tentative Agenda for the November 2–3, 1998, meeting in Washington, DC.

CONTACT PERSON FOR MORE INFORMATION: Thomas J. Koerber, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza, SW., Washington, DC 20260–1000. Telephone (202) 268–4800.

Thomas J. Koerber,

Secretary.

[FR Doc. 98–25897 Filed 9–23–98; 3:44 pm]

BILLING CODE 7710–12–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23442; 812–11314]

Gradison-McDonald Cash Reserve Trust, et al.; Notice of Application

September 22, 1998.

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

ACTION: Notice of application under section 6(c) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 15(a) of the Act.

SUMMARY: The requested order would permit the implementation, without prior shareholder approval, of new investment advisory and subadvisory agreements (the ''New Agreements'') for a period of up to 150 days following the later of the date on which a merger between McDonald & Company Investments, Inc. (''McDonald'') and KeyCorp is consummated (the ''Merger Date'') or the date on which the requested order is issued and continuing until the date the New Agreements are approved or disapproved by the shareholders (but in no event later than April 1, 1999) (''Interim Period''). The order also would permit McDonald & Company Securities, Inc. (the ''Adviser''), and Blairlogie Capital Management (the ''Subadviser'') to receive all fees earned under the New Agreements during the Interim Period following shareholder approval.

APPLICANTS: Gradison-McDonald Cash Reserves Trust (''Cash Reserves Trust''), Gradison Custodian Trust (''Custodian Trust''), Gradison-McDonald Municipal Custodian Trust (''Municipal Trust''); Gradison Growth Trust (''Growth Trust'') (collectively, the ''Trusts''), each on behalf of its separate portfolios (the ''Funds''), the Adviser, and the Subadviser.

FILING DATES: The application was filed on September 21, 1998.

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 applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on October 13, 1998, and should be accompanied by proof of service on applicants 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 Fifth Street, NW., Washington, DC 20549; Trusts and Adviser, 580 Walnut Street, Cincinnati, Ohio 45202; and Subadviser, 125 Princes Street, Edinburgh, Scotland EH2, 4AD.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Attorney Adviser, at (202) 942–0574, or Edward P. Macdonald, Branch Chief, at (202) 942–0564 (Office of Investment Company Regulation, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549 (tel. 202–942–8090).

Applicants' Representations

1. Each Trust is registered under the Act as an open-end management investment company, and each Trust, except the Cash Reserves Trust which is a Massachusetts business trust, is an Ohio business trust. The Cash Reserves Trust, the Custodian Trust, and the Municipal Trust each offer one Fund, and the Growth Trust offers four Funds.

2. The Adviser, a wholly-owned subsidiary of McDonald, is registered under the Investment Advisers Act of 1940 (the ''Advisers Act'') and serves as investment adviser to the Funds. The Subadviser, organized as a Scottish limited partnership, is registered under the Advisers Act. The Subadviser acts as subadviser to the International Fund series of the Growth Trust under a subadvisory agreement with the Adviser.

3. On June 15, 1998, McDonald and Key Corp, a bank holding and financial services company, entered into an Agreement and Plan of Merger under which Key Corp will acquire McDonald and its direct and indirect subsidiaries including the Adviser (the ''Merger''). Upon consummation of the Merger, McDonald will merge into KeyCorp with KeyCorp as the surviving entity.

McDonald and KeyCorp currently intend to combine the businesses of the Adviser and Key Capital Markets, Inc., a wholly-owned subsidiary of KeyCorp, into one wholly-owned subsidiary of KeyCorp with the Adviser continuing as the surviving entity.

4. Applicants state that the Merger will result in an assignment, and thus automatic termination, of the Adviser's existing investment advisory agreements with the Trusts and the Subadviser's existing investment subadvisory agreement with the Adviser (the ''Existing Agreements''). Applicants anticipate that the Merger will occur on or about October 12, 1998.

5. Applicants request an exemption to permit the implementation, during the Interim Period and prior to obtaining shareholder approval, of the New Agreements. The requested exemption would cover an Interim Period of not more than 150 days, beginning on the later of the Merger Date or the date the requested order is issued and continuing until the date the New Agreements are approved or disapproved by each Fund's shareholders (but in no event later than April 1, 1999).[1] The requested order also would permit the Adviser and Subadviser to receive all fees earned under the New Agreements during the Interim Period if, and to the extent, the New Agreements are approved by the Fund's shareholders. Applicants state that the terms and conditions of the New Agreements will substantially identical to those of the Existing Agreements, except for the effective and termination dates and the inclusion of escrow arrangements described below.

6. Each Trust's board of trustees (the ''Boards''), including a majority of each Board's trustees who are not interested persons of the Funds, within the meaning of section 2(a)(19) of the Act (''Independent Trustees'') met on July 31, 1998 and September 14, 1998 and received information deemed reasonably necessary to evaluate whether the terms of the New Agreements are in the best interest of the Funds and their respective shareholders. Each Board, including the Independent Trustees, approved the respective New Agreement in accordance with section 15(c) of the Act and voted to recommend that shareholders of the respective Fund approve the New Agreement during the Interim Period.

7. Proxy materials for the approval of the New Agreements are expected to be mailed to the Funds' shareholders on or about January 15, 1999. Applicants state that although no decisions have been made with respect to the Funds, KeyCorp will likely recommend that the Funds be merged or reorganized into funds of the KeyCorp family of mutual funds during or by the close of the Interim Period. Applicants state that commencing the proxy solicitations on or about January 15, 1999, will allow the Funds to undertake a single proxy solicitation for obtaining shareholder approval of the New Agreements and any proposed mergers or reorganizations, rather than conducting multiple proxy solicitations within a relatively short period of time, and thus, should reduce costs and minimize any potential shareholder confusion that may arise in the circumstances.

8. Fees earned by the Adviser or the Subadviser under the New Agreements during the Interim Period will be maintained in an interest-bearing escrow account with an unaffiliated bank. An escrow agent will make payment of fees (including any interest earned) to the Adviser only if each Fund's shareholders approve the respective New Agreement. The amounts in the escrow account (including interest earned on such paid fees) will be paid (i) to the Adviser or Subadviser only upon approval of the New Agreements by the shareholders of the respective Fund; or (ii) to the respective Fund, in the absence of shareholder approval. The escrow agent will notify the relevant Boards when fees are paid from the escrow account.

Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in pertinent part, that it shall be unlawful for any person to serve or act as an investment adviser of a registered investment company, except pursuant to a written contract that has been approved by the vote of a majority of the outstanding voting securities of such registered investment company. Section 15(a) of the Act further requires that such written contract provide for automatic termination in the event of its ''assignment.'' Section 2(a)(4) of the Act defines ''assignment'' to include any direct or indirect transfer of a contract by the assignor, or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor. Applicants state that the Merger will result in an assignment, and thus automatic termination, of the Existing Agreements.

2. Rule 15a–4 under the Act provides, in pertinent part, that if an investment advisory contract with an investment company is terminated by an assignment in which the adviser does not directly or indirectly receive a benefit, the adviser may continue to act as such for the company for 120 days under a written contract that has not been approved by the company's shareholders, provided that: (a) The new contract is approved by that company's board of directors (including a majority of the non-interested directors); (b) the compensation to be paid under the new contract does not exceed the compensation that would have been paid under the contract most recently approved by the company's shareholders; and (c) neither the adviser nor any controlling person of the adviser ''directly or indirectly receives money or other benefit'' in connection with the assignment. Applicants state that they cannot rely on rule 15a-4 because the Adviser may be deemed to receive a benefit in connection with the Merger.

3. Section 6(c) provides that the SEC may exempt any person, security, or transaction from any provision of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

4. Applicants submit that the requested relief meets this standard. Applicants state that the terms and timing of the Merger were determined by McDonald and KeyCorp in response to a number of factors beyond the scope of the Act and substantially unrelated to the Funds. Applicants also state that there is not a sufficient opportunity to secure shareholder approval of the New Agreements before the Merger Date. Applicants assert that the requested relief would permit the continuity of investment management of the Funds, without interruption, during the period following the consummation of the Merger.

5. Applicants submit that the scope and quality of the investment advisory and subadvisory services provided to the Funds during the Interim Period will be equivalent to the scope and quality of the services currently provided to the Funds. Applicants state that the Existing Agreements were approved by the Boards and the

[1] Applicants state that if the Merger Date precedes the issuance of the requested order, the Adviser and, if applicable, the Subadviser will serve after the Merger Date and prior to the issuance of the order in a manner consistent with their fiduciary duty to provide investment advisory services to the Funds even though approval of the New Agreements has not been secured from the Funds' respective shareholders. Applicants submit that in such an event, the Adviser and, if applicable, the Subadviser will be entitled to receive from the Funds, with respect to the period from the Merger Date until the issuance of the order, no more than the actual out-of-pocket cost to the Adviser and, if applicable, the Subadviser for providing investment advisory services to the Funds.

shareholders of the Funds. Applicants represent that the New Agreements will have substantially the same terms and conditions as the Existing Agreements, except for the dates of commencement and termination and the inclusion of the escrow arrangements. Accordingly, applicants assert that each Fund will receive, during the Interim Period, substantially identical investment advisory and/or subadvisory services, provided in the same manner, as it received prior to the Effective Date. Applicants state that, in the event of any material change in the personnel of the Adviser or the Subadviser providing services during the Interim Period, the Adviser or Subadviser will apprise and consult the Boards to assure that the Boards, including a majority of the Independent Directors, are satisfied that the services provided by the Adviser and Subadviser will not be diminished in scope or quality.

6. Applicants contend that to deprive the Adviser and the Subadviser of their customary fees during the Interim Period would be an unduly harsh and unreasonable penalty. Applicants note that the fees payable to the Adviser and the Subadviser under the New Agreements will be the same as the fees paid under the Existing Agreements. Applicants also note that the fees will not be released by the escrow agent to the Adviser or the Subadviser without the approval of the Funds' shareholders.

Applicants' Conditions

Applicants agree as conditions to the issuance of the exemptive order requested by the application that:

1. Each New Agreement will have the same terms and conditions as the respective Existing Agreement, except for their effective and termination dates and the inclusion of escrow arrangements.

2. Fees earned by the Adviser or the Subadviser in accordance with a New Agreement during the Interim Period will be maintained in an interest-bearing escrow account with an unaffiliated bank, and amounts in the account (including interest earned on such paid fees) will be paid: (a) to the Adviser and, if applicable, the Subadviser, upon approval of the New Agreements by the respective Fund's shareholders; or (b) to the respective Fund, in the absence of shareholder approval.

3. Each Fund will promptly schedule a meeting of shareholders to vote on approval of the respective New Agreement to be held within 150 days following the commencement of the Interim Period (but in no event later than April 1, 1999).

4. McDonald, KeyCorp and/or one or more of their subsidiaries, but not the Funds, will pay the costs of preparing and filing the application and the costs relating to the solicitation of shareholder approval of the New Agreements.

5. The Adviser and Subadviser will take all appropriate actions to ensure that the scope and quality of advisory and other services provided to the Fund during the Interim Period will be at least equivalent, in the judgment of the respective Board, including a majority of the Independent Trustees, to the scope and quality of services provided under the Existing Agreement. In the event of any material change in personnel providing services under the New Agreements, the Adviser or Subadviser will apprise and consult the Boards to assure that the Boards, including a majority of the Independent Trustees, are satisfied that the services provided will not be diminished in scope or quality.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 98–25726 Filed 9–24–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26917]

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

September 18, 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 October 13, 1998, to the Secretary, Securities and Exchange Commission, Washington, DC 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 October 13, 1998, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Entergy Corporation (70–9049)

Entergy Corporation (''Entergy''), a registered holding company, 639 Loyola Avenue, New Orleans, Louisiana 70113, has filed an application-declaration under sections 6(a), 7, 12(b), 32 and 33 of the Act and rules 45, 53 and 54 under the Act.

Entergy, through its direct and indirect subsidiary companies, is engaged, among other things, in investing in and developing exempt wholesale generators (''EWGs'') and foreign utility companies (''FUCOs''), as each is defined in the Act. Entergy is currently authorized by several orders to finance these activities through the issuance and sale of debt and equity securities. Under the terms of two such orders,[1] Entergy is authorized to issue and sell up to 30 million shares of its common stock (''Common Stock'') under its dividend reinvestment and stock purchase plan. Under the terms of another such order, dated February 26, 1997 (HCAR No. 26674), Entergy is authorized to issue unsecured notes through December 31, 2002, in an aggregate principal amount at any time outstanding not to exceed $500 million.

Entergy now requests that the Commission exempt Entergy from the requirements of rule 53(a)(1) under the Act, to allow Entergy to issue securities for the purpose of investing in EWGs and FUCOs, and to issue guarantees relative to the obligations of these entities.[2] Under the proposal, the aggregate amount of these securities and guaranties outstanding at any time would not, when added to Entergy's aggregate investment in EWGs and FUCOs, exceed 100% of Entergy's consolidated retained earnings.

The consolidated retained earnings of Entergy through March 31, 1998 were about $2.1936 billion. Entergy had aggregate investments of about $1.1838

[1] HCAR No. 25541 (June 6, 1996) and HCAR No. 26693 (March 25, 1997).

[2] Entergy is currently seeking Commission approval in a separate filing to finance its investments in EWGs and FUCOs through providing guarantees or other forms of credit support in respect of the securities or other obligations.