contain ''unimportant quantities'' of source material, it is likely that the number of FUSRAP sites over which NRC may have jurisdiction would be very small even absent the CERCLA permit waiver.

The Corps' Authority Under the Appropriations Act

In its response, the Corps states that the AEA also exempts FUSRAP activity from NRC licensing because Congress intended the Corps to fill the shoes of DOE, an agency exempt from NRC regulatory requirements under most circumstances. DOE disagrees with this characterization, claiming that, for the most part, it has no role in the FUSRAP program at this time (regulatory, contractual, or otherwise). As such, in DOE's view, the Corps cannot rely on any exemption in the AEA to avoid regulation by NRC. Nevertheless, DOE acknowledges that the transfer to the Corps did not completely eliminate the Department's involvement with FUSRAP. While the issues have yet to be resolved, DOE may have responsibility for inventory reporting of government-owned FUSRAP sites to the General Services Administration and may be required to conduct post-cleanup monitoring at some sites after the Corps' clean up activities cease.

DOE and the Corps are working on an MOU to address their disagreements regarding the nature of the transfer of the FUSRAP program and their respective responsibilities under the program. Until the disagreement has been resolved, either by the agencies or by further direction from Congress, the NRC staff need not reach a conclusion on the matter. Nevertheless, in view of the clear applicability of CERCLA § 121(e)(1) to the Corps' activity at FUSRAP sites, the staff does not believe that it would be appropriate to require the Corps to obtain an NRC license for its activity at FUSRAP sites.

IV. Conclusion

In sum, Congress has given NRC no clear directive to oversee USACE's ongoing effort under CERCLA to complete the FUSRAP cleanup project. Indeed, Congress has provided NRC no money and no personnel to undertake an oversight role. In addition, Congress has made it clear that the Corps is to undertake FUSRAP cleanup pursuant to CERCLA which waives permit requirements for onsite activities. In these circumstances, we are disinclined to read our statutory authority expansively, and to commit scarce NRC resources, to establish and maintain a regulatory program in an area where, under Congressional direction, a sister federal agency already is at work and has committed itself to following appropriate safety and environmental standards.

Accordingly, I deny the petition insofar as it requests NRC to impose licensing and other regulatory requirements on the Corps for that agency's handling of radioactive material at FUSRAP sites. Both the permit waiver provision of CERCLA and the ambiguity regarding DOE's role in the program lead me to the conclusion that NRC should not inject itself into the FUSRAP program at this time. Absent specific direction from Congress to the contrary, NRC will continue to refrain from regulating the Corps in its clean up activities at FUSRAP sites.

As provided by 10 C.F.R. § 2.206, a copy of this Decision will be filed with the Secretary of the Commission for the Commission's review. The Decision will become the final action of the Commission 25 days after issuance, unless the Commission, on its own motion, institutes review of the Decision within that time.

Dated at Rockville, Maryland this 26th day of March 1999.

For the Nuclear Regulatory Commission.

Carl J. Paperiello,

Director, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 99–8315 Filed 4–2–99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26995]

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

March 26, 1999.

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 April 20, 1999, to the Secretary, Securities and Exchange Commission, Washington, DC 20549–0609, and serve a copy on the relevant applicant(s) and/or declarants(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 April 20, 1999, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Ameren Corporation, et al. (70–9427)

Ameren Corporation (''Ameren''), a registered holding company, Union Electric Company (''UE''), an electric and gas public utility subsidiary of Ameren, Union Electric Development Company (''UEDC''), an indirect nonutility subsidiary of Ameren, Ameren Development Company (''Ameren Development''), and ''energy-related company'' within the meaning of rule 58 and a subsidiary of Ameren, Ameren ERC, Inc., and ''energy-related company'' within the meaning of rule 58 and a wholly owned subsidiary of Ameren Development, all located at 1901 Chouteau Avenue, St. Louis, Missouri 63103, and Central Illinois Public Service Company (''CIPS''), an electric and gas public utility subsidiary of Ameren and CIPSCO Investment Company (''CIC''), a nonutility subsidiary of Ameren, both located at 607 East Adams, Springfield, Illinois 62739, (collectively, ''Applicants'') have filed an application-declaration under sections 6(a), 7, 9(a), 10, 12(c), 13(b) and rules 45, 46, 54, 87, 90 and 91 of the Act.

By order dated December 30, 1997 (''Merger Order''),[1] Ameren was authorized, among other things, to acquire all of the issued and outstanding common stock of UE and CIPS (collectively, the ''Operating Companies'') and Ameren Services, a subsidiary service company. By order dated March 13, 1998 (''Financing Order''),[2] Ameren was authorized, among other things to: issue and sell common stock and other securities; repay, redeem or retire securities of Ameren or its subsidiaries; and, provide working capital to its subsidiaries. Ameren was also authorized to issue guarantees and provide other forms of credit support in respect of the obligations of its existing and future nonutility subsidiaries in an aggregate principal amount not to exceed $300

[1] *See* Holding Co. Act Release No. 26809.

[2] *See* Holding Co. Act Release No. 26841.

million outstanding at any one time. Ameren's then existing nonutility subsidiaries were authorized to provide guarantees and other forms of credit support in respect of the obligations of other nonutility subsidiaries in an aggregate principal amount not to exceed $50 million outstanding at any one time.

Ameren now proposes, through December 31, 2003 (''Authorization Period''), to consolidate under Ameren Development, the direct and indirect ownership of various existing and future nonutility businesses and to engage in preliminary development activities (''Development Activities'')[3] and administrative and management activities (''Administrative Activities'')[4] associated with these investments.[5]

Ameren and Ameren Development request authority through the Authorization Period to organize and acquire, directly or indirectly, the equity securities of one or more nonutility subsidiaries (''Nonutility Subsidiaries'').[6] Ameren and Ameren Development further propose to acquire the securities of one or more intermediate subsidiaries, which would be organized exclusively for the purpose of acquiring, holding and/or financing the acquisition of the securities of, or other interest in, one or more exempt wholesale generator (''EWG''), foreign utility company (''FUCO''), exempt telecommunications company (''ETC'') (collectively, ''Exempt Subsidiaries''), ''energy-related company'' within the meaning of rule 58 (''Rule 58 Subsidiary''), or other Nonutility Subsidiaries.

Intermediate subsidiaries may be organized exclusively for the purpose of acquiring and holding the securities of other direct or indirect nonutility subsidiaries of Ameren Development and may engage in Development Activities and Administrative Activities. An intermediate subsidiary may be organized, among other things, (1) to facilitate the making of bids or proposals to develop or acquire an interest in any Exempt Subsidiary, or other nonutility company which, upon acquisition, would qualify as a Rule 58 Subsidiary or other Non-Exempt Subsidiary; (2) to facilitate closing on the purchase or financing of an acquired company; (3) to effect an adjustment in the respective ownership interests in the business held by Ameren or Ameren Development and non-affiliated investors; (4) to facilitate the sale of ownership interests in one or more acquired nonutility company; (5) to comply with applicable laws of foreign jurisdictions; (6) to provide tax planning; (7) to insulate Ameren and its Operating Companies from operational or other business risks that may be associated with investments in nonutility companies; or, (8) for other lawful business purposes.

Financing subsidiaries may be formed for the purpose of issuing securities to investors other than Ameren in order to finance, in whole or in part, Ameren's direct or indirect acquisitions of Exempt Subsidiaries and Rule 58 Subsidiaries. Ameren and Ameren Development request authority to acquire, directly or indirectly, the equity securities of one or more corporations, trusts, partnerships or other entities created specifically for the purpose of facilitating the financing of Ameren's and its subsidiaries' authorized and exempt activities (including exempt and authorized acquisitions) through the issuance of long-term debt or equity securities to third parties and the transfer of the proceeds of these financings to Ameren or any of its subsidiaries.

Ameren may guarantee or enter into expense agreements in respect of the obligations of any of these financing subsidiaries.[7] If the direct parent company of a financing subsidiary is authorized in this proceeding or any subsequent proceeding to issue long-term debt or similar types of equity securities, then the amount of the securities issued by that financing subsidiary would count against the limitation applicable to its parent for those securities. In these cases, however, the guaranty by the parent of that security issued by its financing subsidiary would not be counted against the limitation on guarantees by Ameren authorized in the Financing Order or guarantees by Ameren Development or any of its subsidiaries, as requested in this application-declaration. In other cases, in which the parent company is not authorized in this or in a subsequent proceeding to issue similar types of securities, the amount of any guarantee not exempt under rules 45(b)(7) and 52 that is entered into by the parent company with respect to securities issued by its financing subsidiary would be counted against the limitation on Ameren guarantees under the Financing Order or guarantees by Ameren Development and its subsidiaries, as requested in this application-declaration.

Special-purpose subsidiaries seek authority to engage in any of the businesses or activities that UEDC or CIC are currently authorized to engage in under the terms of the Merger Order and which would not otherwise qualify as permitted or exempt businesses under rule 58 or section 34 of the Act;[8] customer financing; development and project activities; bill payment insurance; economic development services; customer goodwill programs; and outage insurance.

UEDC and CIC are currently engaged directly, or through subsidiaries, in certain nonutility businesses, including automated meter reading, the sale of appliance warranties, and demand side management programs. UEDC and CIC therefore request authority, to the extent needed,[9] to sell or otherwise transfer these businesses or the securities of current subsidiaries engaged in some or all of these businesses to Ameren Development or a subsidiary of Ameren Development. To the extent required, Ameren Development or any subsidiary of Ameren Development request authority to acquire the assets of these businesses or securities of subsidiaries of UEDC and CIC engaged in these businesses.[10] UEDC and CIC would sell the assets or securities for an amount equal to their cost or, alternatively, transfers of the securities or assets may be effected by distributions by UEDC, CIC and UE to Ameren, followed by Ameren's contribution of these

[3] Development Activities will be limited to: due diligence and design review; market studies; preliminary engineering; site inspection; preparation of bid proposals, including posting of bid bonds; application for required permits and/or regulatory approvals; acquisition of site options and options on other necessary rights; negotiation and execution of contractual commitments with owners of existing facilities, equipment vendors, construction firms, power purchasers, thermal hosts fuel suppliers and other project contractors; negotiation of financing commitments with lenders and other third-party investors; and other preliminary activities as may be required in connection with the purchase, acquisition and construction of facilities.

[4] Administrative Activities will include ongoing personnel, accounting, engineering, legal, financial, and other support activities necessary to manage Ameren Development's Development Activities and investments in subsidiaries.

[5] Ameren Development proposes to expend up to $250 million during the Authorization Period on Development Activities.

[6] Nonutility Subsidiaries may include intermediate subsidiaries, financing subsidiaries and special-purpose subsidiaries.

[7] The terms and conditions of these guarantees, including the duration and expiration thereof, would be the same as now authorized under the Financing Order.

[8] UEDC holds a small equity interest in a company that may be certified as an ETC under section 34.

[9] The sale of securities, assets or an interest in another business to an associate company may be exempt under rule 43(b).

[10] It is contemplated that UEDC will remain a wholly owned subsidiary of UE. Ameren may, however, contribute the stock of CIC to Ameren Development at some point in the future.

securities or assets to Ameren Development.[11]

Investments in special-purpose subsidiaries by Ameren Development may take the form of purchases of common stock or other equity securities, loans, capital contributions, cash advances or guarantees, or any combination of the foregoing.[12] Special-purpose subsidiaries request approval, to the extent required, to purchase the assets of or securities held by UEDC and/or CIC in those businesses identified in the Merger Order in which UEDC and/or CIC are already engaged, directly or indirectly, and which would not qualify as permitted or exempt activities under section 34 or rule 58.[13]

Ameren Development, Ameren Energy, CIC and any existing or future subsidiary of any of the foregoing, propose through the Authorization Period to provide guarantees or other forms of credit support in respect of securities issued by or other obligations of each other in an aggregate principal amount oat any time outstanding not to exceed $300 million, provided that any guaranty or other form of credit support outstanding on December 31, 2003, shall remain in effect until it expires in accordance with its terms.[14]

Credit support may take the form of direct guarantees of securities issued by any direct or indirect subsidiary, stand-by equity funding commitments, obligations under capital maintenance agreements or under reimbursement agreements in respect of bank letters of credit, payment obligations under contracts, or other similar financial instruments or contractual undertakings.

Ameren Development, Ameren Energy, CIC and any direct or indirect Rule 58 Subsidiaries of Nonutility Subsidiaries (including any intermediate subsidiary) of Ameren Development request an exemption under section 13(b) from the cost standard of rules 90 and 91 as applicable to these transactions, in any case in which any of the following circumstances apply:

(1) The client company is a FUCO or foreign EWG that derives no part of its income, directly or indirectly, from the generation, transmission, or distribution of electric energy for sale within the United States;

(2) The client company is an EWG that sells electricity at market-based rates which have been approved by the Federal Energy Regulatory Commission (''FERC'');

(3) The client company is a ''qualifying facility'' (''QF'') within the meaning of the Public Utility Regulatory Policies Act of 1978, as amended (''PURPA'') that sells electricity exclusively (a) at rates negotiated at arms' length to one or more industrial or commercial customers purchasing electricity for their own use and not for resale and/or (b) to an electric utility company at the purchaser's ''avoided cost'' as determined in accordance with the regulations under PURPA; or (4) the client company is a domestic EWG or QF that sells electricity at rates based on its cost of service, as approved by FERC or any state public utility commission having jurisdiction, provided that the purchaser thereof is not an operating company within the Ameren System; or, (5) Ameren does not own 100% of the capital stock of the nonutility client company.

Applicants request an exemption from section 13(b) of the Act in connection with the performance of Administrative Activities or Development Activities for any client company that is an Exempt Subsidiary, Rule 58 Subsidiary or Non-Exempt Subsidiary if (a) the client company is a subsidiary of Ameren, the sole business of which is developing, owning, operating and/or providing services to other affiliated companies described in subparagraphs (1) through (5), above, or, (b) the client company is a subsidiary of Ameren, which does not derive, directly or indirectly, any material part of its income from sources within the United States and is not a public-utility company operating within the United States.

It is contemplated that Ameren Development will purchase management, marketing, development, accounting and administrative services from Ameren Services under a General Services Agreement.[15] In addition, utilizing a work order procedure, Ameren Development will request the Operating Companies to provide personnel and other resources as needed, from time to time, to consult and assist in engineering and other required functions in connection with the authorized business activities of Ameren Development and its subsidiaries. Ameren Development proposes to enter into a service agreement (''Nonutility Service Agreement'') with each Operating Company that will be substantially similar to the General Services Agreement to obtain these services. An Operating Company may, in its absolute discretion, elect not to participate, either through personnel or other resources in any of Ameren Development's projects and businesses. If additional personnel and resources are not obtainable from within the Ameren System they will be obtained or hired from external sources.

Ameren Services will also continue to provide assistance in connection with financial, accounting, and internal auditing functions for Ameren Development utilizing those accounting systems which are economically justifiable under the circumstances. The accounts of Ameren Development will continue to be subject to audit by the independent accountants of Ameren.

Ameren Services and the Operating Companies will be reimbursed promptly for their costs incurred in connection with rendering any services to Ameren Development or its subsidiaries. The Operating Companies will utilize cost accounting procedures designed to identify promptly all direct and indirect costs, including overheads, which are applicable to the work being performed by or with Operating Company personnel, material or other assets. Ameren Services will account for, allocate and charge its costs to Ameren Development or its subsidiaries using procedures permitted under rules 90 and 91 and currently applicable methods of allocation as set forth in the General Services Agreement. All transactions between Ameren Development and Ameren Services and the Operating Companies will be at cost in compliance with section 13 and rules 90, 91 and 92.

Rule 58 Subsidiaries and special-purpose subsidiaries request authority to sell goods and services to customers both within and outside of the United States. The goods and services may include brokering and marketing electricity, natural gas and other energy commodities; energy management services; performance contracting services; technical support services; certain retail services; monitoring and response goods and services; energy-peaking services; and, project development and ownership activities. Ameren Development proposes to perform energy management services and technical support services and

[11] The transactions proposed in this paragraph will not involve the sale or other disposition of any utility assets of the Operating Companies.

[12] Ameren Development proposes to invest in these entities in an aggregate amount at any time outstanding not to exceed $250 million.

[13] UEDC holds a small equity interest in one company that may be certified as an ETC under section 34 of the Act.

[14] The authorization requested herein is intended to replace and supersede the $50 million limitation on guarantees and other forms of credit support contained in the Financing Order. The terms and conditions of these guarantees, including the duration or expiration thereof, would be the same as now authorized under the Financing Order.

[15] The Commission approved the General Services Agreement as a part of the Merger Order.

engage in related customer financing on a worldwide basis.

Ameren Energy proposes to act as agent for Ameren Services and/or the Operating Companies in connection with the brokering and marketing of electricity and other energy commodities by the Operating Companies. Ameren Energy and Ameren Services and each of the Operating Companies propose to enter into an Agency Agreement wherein Ameren Energy would provide agency and any other incidental services, at cost, determined in accordance with rules 90 and 91. Ameren Energy would not receive any profits from these transactions and would not receive any other fee or commission for its services.

Ameren Energy (or any other energy marketing and brokering subsidiary hereafter acquired or formed by Ameren Development) request authority to acquire or construct in one or more transactions, from time to time through the Authorization Period, nonutility energy assets in the United States, including natural gas production, gathering, processing, storage and transportation facilities and equipment, liquid oil reserves and storage facilities, and associated facilities (collectively, ''Energy Assets''), that would be functionally related to and would assist Ameren Energy in connection with energy marketing, brokering and trading. Ameren Energy requests authorization to invest up to $400 million during the Authorization period in Energy Assets or in the equity securities of existing or new companies substantially all of whose physical properties consist or will consist of these Energy Assets. It is represented that either Ameren Energy nor any marketing subsidiary will require, directly or indirectly, any assets or properties the ownership or operation of which would cause a company to be considered an ''electric utility company'' or ''gas utility company'' as defined under the Act. In the event that Applicants acquire companies whose physical properties consist of Energy Assets which are engaged in energy (gas or electric or both) marketing activities, Applicants also request authorization to continue these activities.

Ameren Development seeks authorization, on behalf of itself and every direct or indirect Rule 58 Subsidiary and Non-Exempt Subsidiary, to pay dividends with respect to the securities of these companies, from time to time through the Authorization Period, out of capital and unearned surplus. Ameren Development, on behalf of itself and each of its current and future Rule 58 Subsidiaries and Nonutility Subsidiaries, represents that it will not declare or pay any dividend out of capital or unearned surplus in contravention of any law restricting the payment of dividends, Ameren Development also states that its subsidiaries will comply with the terms of any credit agreements and indentures that restrict the amount and timing of distributions to shareholders.

Ameren Development, on behalf of itself and its existing and future Rule 58 Subsidiaries and Nonutility Subsidiaries, also seeks authorization, to the extent needed, to enter into interest-rate hedging transactions with respect to anticipated-debt offerings (''Anticipatory Hedges''), subject to certain limitations and restrictions. Anticipatory Hedges would only be entered into with counterparties whose senior debt ratings, or the senior debt ratings of the parent companies of the counterparties, as published by Standard and Poor's Ratings Group, are equal to or greater than BBB+, or an equivalent rating from Moody's Investors Service, Fitch Investor Service or Duff and Phelps.

All open positions under an Anticipatory Hedge will be closed on or prior to the date of the new issuance and Ameren Development will not, at any time, take possession of the underlying U.S. Treasury securities. Anticipatory Hedge positions will not be outstanding for more than 180 days. The overall guidelines, parameters and controls applicable to an Anticipatory Hedge transaction by Ameren Development or any Rule 58 Subsidiary or Non-Exempt Subsidiary will be the same as those described in the Financing Order. All Anticipatory Hedges will qualify as bona fide hedges and will meet the criteria established by the Financial Accounting Standards Board in order to qualify the hedge accounting treatment, and Ameren Development will comply with the then existing financial disclosure requirements of the Financial Accounting Standards Board associated with hedging transactions.

Ameren Development may determine to transfer the securities or the assets of the subsidiaries to other direct or indirect subsidiaries of Ameren Development or to liquidate or merge subsidiaries. The internal transactions would be undertaken in order to eliminate corporate complexities, to combine related business segments for staffing and management purposes, to eliminate administrative costs, to achieve tax savings, or for other ordinary and necessary business purposes. These transactions would only involve Ameren Development and its direct and indirect subsidiaries and would have no impact on any other associate companies in the Ameren System. Ameren Development request authority to engage in these transactions, to the extent that they are not exempt under the Act and rules thereunder, through the Authorization Period.

Consolidated Edison, Inc. (70–9447)

Consolidated Edison, Inc. (''CEI''), 4 Irving Place, New York, New York 10003, a New York electric and gas public utility holding company exempt from registration under section 3(a)(1) of the Act by rule 2, has filed an application under sections 9(a)(2) and 10 of the Act.

CEI proposes to acquire all of the issued and outstanding securities of Orange and Rockland Utilities, Inc. (''Orange and Rockland''), a New York electric and gas public utility holding company exempt from registration by order under section 3(a)(2) of the Act.[16]

CEI owns all of the common stock of Consolidated Edison Company of New York, Inc. (''Con Edison''), a New York electric and gas utility company as defined under the Act. Orange and Rockland owns two public utility subsidiaries, Rockland Electric Company (''RECO''), a New Jersey electric utility company, and Pike County Light & Power Company (''Pike''), a Pennsylvania electric and gas utility company. Under the terms of the Agreement and Plan of Merger among Orange and Rockland, CEI and C Acquisiton Corp.[17], dated May 10, 1998 (''Merger Agreement''), C Acquisition Corp. will be merged with and into Orange and Rockland. Orange and Rockland will be the surviving corporation in the Merger and become a wholly owned subsidiary of CEI and Orange and Rockland's two utility subsidiaries, RECO and Pike, will remain direct subsidiaries of Orange and Rockland.

Con Edison supplies electric service in all of New York City (except part of the Borough of Queens) and most of Westchester County, New York, an approximate 660 square mile service territory with a population of more than eight million. Con Edison also supplies gas in the Boroughs of Manhattan and the Bronx and parts of the Borough of Queens and Westchester County, New York, and provides steam in part of

[16] *See* Rockland Light and Power Co., 1 SEC 354 (1936). Rockland Light and Power Company subsequently became Orange and Rockland Utilities, Inc.

[17] C Acquisition Corp. is a New York corporation and a wholly owned subsidiary of CEI which was created solely for merger purposes.

Manhattan. Con Edison is regulated by the New York State Public Service Commission (''NYPSC'') as to retail rates, service, accounts, issuance of securities and in other respects. The Federal Energy Regulatory Commission (''FERC'') has jurisdiction over Con Edison under the Federal Power Act (''FPA'') in connection with electric transmission facilities and operations, wholesale sales of power and related transactions.

CEI's common stock is listed on the New York Stock Exchange. As of October 31, 1998, CEI had outstanding 233,186,794 common shares ($.10 par value). The issued and outstanding shares of Con Edison number 235,489,650 ($2.50 par value), all of which are held by CEI.

For the twelve months ended September 30, 1998, CEI's total operating revenues were $7.22 billion, of which approximately $5.74 billion were derived from electric operations, $1 billion were from gas operations, $355 million were from the steam business, and $113 million were from nonutility businesses. Consolidated assets of CEI at September 30, 1998, were approximately $14.5 billion.

In September 1997, the NYPSC approved a settlement agreement among Con Edison, the Staff of the NYPSC and other parties (''Con Edison Settlement Agreement'') providing for: (1) a transition to a competitive electric market through the development of a ''retail access'' plan; (2) a rate plan providing for substantial retail rate reductions through March 31, 2002; (3) a reasonable opportunity to recover ''strandable costs''; and (4) the divestiture by Con Edison to unaffiliated third parties of at least 50 percent of its New York City fossil-fueled electric generating capacity.

Under the Con Edison Settlement Agreement, Con Edison submitted a divestiture plan for its fossil-fueled electric generation in New York City (''Divestiture Plan''). The NYPSC approved Con Edison's electric generation Divestiture Plan in orders issued July 21, 1998 and August 5, 1998. Under the Divestiture Plan, Con Edison will auction off its New York City electric generation to unaffiliated third parties in three bundles. Closing on the sales of these three bundles is expected in the second half of 1999.

Under its Steam System Plan, announced on April 15, 1998, Con Edison will auction off the remainder of its electric generation in New York City in a fourth bundle, consisting of 463 MW of units that produce electricity and steam for Con Edison's steam delivery system. Con Edison plans to close on the sales of the fourth bundle by the end of 1999.

The NYPSC, in a July 21, 1998 order, gave Con Edison the option of having its unregulated affiliate participate in the auction to purchase one of the initial three bundles. On July 24, 1998, Con Edison advised the NYPSC that its affiliate would forego its right to participate in the auction.[18] Accordingly, Con Edison plans to divest all of its in-City generation to third parties.

In addition, Con Edison is in the process of divesting its 810 MW interest in the Bowline Point generating station (''Bowline Station'') located in Orange and Rockland's territory as part of Orange and Rockland's auction of its generation, as described below. Similarly, Con Edison has agreed to divest its 400 MW interest in the Roseton station located in the service area of Central Hudson Gas and Electric Corporation, a nonaffiliate, in conjunction with Central Hudson's divestiture auction. As a result of the divestitures described above, Con Edison no longer will own dispatchable generation resources.[19] Con Edison will, however, retain an obligation to serve load in its service territory. In order to serve that load, Con Edison will purchase capacity and energy in the competitive market.

Orange and Rockland and its public utility subsidiaries supply electricity and gas to a service territory covering approximately 1,350 square miles. The eastern boundary of the service area extends along the west bank of the Hudson, directly across the river from the service territory of Con Edison. Orange and Rockland's New York electric and gas service territory includes all of Rockland County, most of Orange County and part of Sullivan County. In New Jersey, RECO supplies electricity to the northern parts of Bergen and Passaic Counties and small areas in the northeastern and northwestern parts of Sussex County. Pike supplies electricity and gas to the northeastern corner of Pike County, Pennsylvania. The application states that Orange and Rockland, RECO and Pike jointly operate a single fully integrated electric production and transmission system serving parts of New York, New Jersey and Pennsylvania.

Orange and Rockland and its public utility subsidiaries furnish electric service to approximately 269,000 customers in 96 communities with an estimated population of 681,000 and gas service to approximately 114,000 customers in 57 communities with an estimated population of 482,000. Approximately 77 percent of Orange and Rockland's consolidated energy sales are from its New York electric and gas service territory, which includes all of Rockland County, most of Orange County and part of Sullivan County, with 21 percent of consolidated energy sales generated from RECO in New Jersey and approximately one percent of consolidated energy sales from Pike in Pennsylvania.

Orange and Rockland is regulated by the NYPSC. RECO is regulated by the New Jersey Board of Public Utilities and Pike is regulated by the Pennsylvania Public Utility Commission as to retail rates, service and accounts, issuance of securities and in other respects as to service provided in those individual states. FERC has jurisdiction under the FPA over certain of the electric facilities and operations of Orange and Rockland and its subsidiaries.

For the twelve months ended September 30, 1998, Orange and Rockland's total operating revenues on a consolidated basis were approximately $643,281,000 and total utility operating revenues were $642,524,000, of which approximately $496 million was derived from electric sales and $146 million from gas sales.[20] As noted above, 21 percent of total utility revenues is generated from New Jersey, approximately one percent is from Pennsylvania, and the balance is from operations in New York. Consolidated assets of Orange and Rockland and its subsidiaries at September 30, 1998, were approximately $1.3 billion

Orange and Rockland filed a plan (''Final Divestiture Plan'') to divest all of its electric generation facilities under the NYPSC divestiture orders. By orders issued April 16, 1998, and May 26, 1998, the NYPSC approved Orange and Rockland's Final Divestiture Plan. Orange and Rockland's Final Divestiture Plan provides for the divestiture of 100 percent of Orange and Rockland's generating assets by auction.

On November 24, 1998, Orange and Rockland agreed to sell all of its electric generating facilities, including its one-

[18] Con Edison's relinquishment of its affiliate's right to participate in the auction was based on certain understandings as to the treatment of any gain on the sales. On August 5, 1998, the NYPSC approved Con Edison's proposal in this regard, subject to one modification, which Con Edison accepted on August 10, 1998. Con Edison, accordingly, is proceeding with the divestiture.

[19] Con Edison will retain its interests in a nuclear power generating facility. It is expected that Con Edison's nuclear facility will operate whenever it is available and be bid into the generation market at an incremental price reflecting the ''to go'' costs.

[20] All intercompany balances and transactions have been eliminated.

third interest in the Bowline Station, to Southern Energy, Inc., a subsidiary of The Southern Company, a registered holding company. Also included in this sale is Con Edison's two-thirds interest in the Bowline Station. Orange and Rockland anticipates that this sale will be completed by April 30, 1999.

Con Edison and Orange and Rockland are members of the New York Power Pool (''NYPP''), a cooperative association consisting of the major electric utilities operating in the State of New York. NYPP is a ''tight'' power pool through which its members agree to coordinate their operations by operating their systems in parallel, by consulting on design, use and construction of capacity, by scheduling repair outages and by providing support to each other in meeting generating capacity and energy transmission needs. NYPP has a centralized computer system that monitors the available capacity on the system and the demand for energy of all of the NYPP members to determine which sources of capacity should be used to reliably provide economic energy to meet customer demand. Under the current NYPP structure, each member utility owns and controls its separate transmission system. Access to those systems is available through each utility's open access transmission tariff. Applicants state that NYPP has filed with the FERC a plan to reorganize and establish an Independent System Operator. Following the Merger, Con Edison and Orange and Rockland will continue to be members of NYPP and will continue to coordinate operations in accordance with applicable NYPP procedures. The Merger will be effected through the purchase of Orange and Rockland stock. Each share of Orange and Rockland common stock will be canceled and converted into the right to receive $58.50 in cash, without interest payable to the holder of such share upon surrender. Any Orange and Rockland common stock owned as treasury stock will be canceled and no payment will be due. All preferred stock and preference stock of Orange and Rockland will be redeemed, prior to the effective date of the Merger, at a redemption price equal to the respective amount set forth in Orange and Rockland's restated Certificate of Incorporation, together with all dividends accrued and unpaid to the date of redemption. The transactions relating to the Merger are expected to be taxable to the stockholders of Orange and Rockland for federal income tax purposes. The Merger Agreement is subject to customary closing conditions, including receipt of approval of the holders of Orange and Rockland's Common Stock and the approval of various state and federal regulatory agencies, including the Commission. Orange and Rockland held a meeting of its common stockholders on August 24, 1998, and the requisite two-third votes of its stockholders approved the Merger.

CEI states that following consummation of the Merger, CEI and Orange and Rockland will continue to be entitled to exemptions from all provisions of the Act, except sections 9(a)(2) and 10 of the Act. CEI requests an order granting it an exemption under section 3(a)(1) of the Act. CEI states that it will continue to satisfy the requirements for exemption because it and each of its public utilities are and will continue to be predominately intrastate in character and will continue to carry on their businesses substantially in New York.[21] Orange and Rockland will continue to rely on the Commission's order exempting Orange and Rockland from registration based on its status as a holding company which is predominantly a public utility company under section 3(a)(2) of the Act.

Allegheny Energy, Inc. (70–7888)

Allegheny Energy, Inc. (''Allegheny''), 10435 Downsville Pike, Hagerstown, MD 21740–1766, a registered holding company, has filed a post-effective amendment under sections 6(a) and 7 of the Act and rule 54 under the Act to application-declaration originally filed under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rules 45 and 54 under the Act.

By orders dated January 29, 1992 (HCAR No. 25462), February 28, 1992 (HCAR No. 25481), July 14, 1992 (HCAR No. 25581), November 5, 1993 (HCAR No. 25919), November 28, 1995 (HCAR No. 26418), April 18, 1996 (HCAR No. 26506), and December 23, 1997 (HCAR No. 26804) (collectively ''Prior Orders''), Allegheny was authorized, among other things, to issue up to $400 million in short-term debt through December 31, 2001. Allegheny now proposes to: (1) Increase the limit on the issuance of short-term debt from $400 million up to $750 million under the terms and conditions stated in the Prior Orders; and (2) extend the period of authorization through December 31, 2007.

Allegheny states that the increase is necessary to enhance its ability to participate in evolving energy markets resulting form deregulation and, upon application and approval, to support acquisition and diversification plans.

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

Margaret H. McFarland,

Deputy Secretary.

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[21] CEI states that after the Merger, 2% of its consolidated utility revenues will be derived from out of state operations. RECO, which operates only in New Jersey, will be 1.91% of the total. Pike, which operates only in Pennsylvania, is .09% of the total. CEI states that it does not have significant investments in nonutility businesses.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41218; File No. SR–NSCC–99–02]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Regarding Exit Instructions for Exchange Orders

March 26, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on February 12, 1999, National Securities Clearing Corporation (''NSCC'') 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 primarily by NSCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change permits Mutual Fund Services (''Fund/SERV'') members to submit exit instructions for exchange orders.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections A, B,

[1] 15 U.S.C. 78s(b)(1).