

Under the Agreement and Plan of Merger, dated as of April 23, 1999, as amended as of July 15, 1999 ("Merger Agreement"), Energy East will acquire all of the issued and outstanding common stock of Connecticut Energy.<sup>25</sup> Upon completion of the proposed transaction, Merger Co. will be the surviving party, remain a wholly-owned subsidiary of Energy East, and change its name to, and operate under, the name of "Connecticut Energy Corporation." Southern Connecticut will become a direct, wholly-owned subsidiary of Merger Co. and an indirect, wholly-owned subsidiary of Energy East.

For the transaction, all outstanding shares of common stock of Connecticut Energy (other than those held by Connecticut Energy shareholders who have not voted in favor of the transaction and have properly demanded dissenters' rights) will be converted into the right to receive the merger consideration. Connecticut Energy shareholders can elect to receive cash, Energy East shares, or a combination of cash and Energy East shares. The cash consideration amounts to \$42 in cash, without interest, per share. The stock consideration is a number of Energy East shares that will vary depending on the "Average Market Price," which is defined in the Merger Agreement as the average of the closing prices of Energy East shares on the New York Stock Exchange during the 20 trading days immediately preceding the second trading day prior to the effective time of the transaction. If the Average Market Price is equal to or more than \$23.10 per share and equal to or less than \$29.40 per share, then a Connecticut Energy share will be exchanged for \$42 worth of Energy East shares. If the Average Market Price is less than \$23.10, then a Connecticut Energy share will be exchanged for 1.82 Energy East shares. If the Average Market Price is more than \$29.40, then a Connecticut Energy share will be exchanged for 1.43 Energy East shares.

Subject to an adjustment for tax reasons, 50% of all outstanding

<sup>25</sup> The transaction will be accounted for as an acquisition of Connecticut Energy by energy east under the purchase method of accounting in accordance with generally accepted accounting principles. A portion of the purchase price will be allocated to nonutility assets and liabilities of Connecticut Energy based on their estimated fair market values at the date of acquisition. As a regulated utility, the assets and liabilities of Southern Connecticut will not be revalued. The difference between the purchase price, representing fair value, and the recorded amounts will be shown as goodwill on the balance sheet of Connecticut Energy.

Connecticut Energy shares will be converted into cash and 50% will be converted into Energy East shares. Connecticut Energy shareholders as a group may submit elections to convert more than half of the outstanding Connecticut Energy shares into cash or more than half into Energy East shares. If either cash or Energy East shares is oversubscribed, then an equitable *pro rata* adjustment will be made to ensure that half of the outstanding Connecticut Energy shares are converted into cash and half are converted into Energy East shares.

Energy East states that the transaction will produce benefits to the consumers of electricity and gas in the northeastern United States by operating more cost-effectively, increasing financial flexibility and providing strategic growth opportunities that will benefit the combined company and its shareholders and customers. Energy East also states that, after the transaction, the combined system will be better positioned to take advantage of operating economies and efficiencies through, among other measures, joint management and optimization of their respective portfolios of gas supply, transportation, and storage assets. Furthermore, Energy East states that the combination of the companies' complementary expertise and infrastructure will provide the combined system with the size and scope necessary to be an effective participant in the emerging and increasingly competitive electric and natural gas markets. Finally, Energy East states that the combined system will be financially stronger and will have a broader customer base than Connecticut Energy has as an independent entity.

The application states that, following the transaction, Energy East and Merger Co. will each meet the requirements for an exemption under section 3(a)(1) of the Act. It is stated that each of Energy East and Merger Co. and their respective public utility subsidiaries will be predominantly intrastate in character and will carry on their business substantially in New York and Connecticut, respectively, the states in which they are organized. It is also stated that Enterprises will continue to be entitled to an exemption under section 3(a)(1) of the Act as the transaction will have no impact on the status of Enterprises as a holding company.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SMALL BUSINESS ADMINISTRATION

### Data Collection Available for Public Comments and Recommendations

**ACTION:** Notice and request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new, and/or currently approved information collection.

**DATES:** Submit comments on or before December 27, 1999.

**ADDRESSES:** Send all comments regarding whether these information collections are necessary for the proper performance of the function of the agency, whether the burden estimate is accurate, and if there are ways to minimize the estimated burden and enhance the quality of the collections, to Cynthia Pitts, Program Analyst, Office of Disaster Assistance, Small Business Administration, 409 3rd Street, S.W. Suite 6050.

**FOR FURTHER INFORMATION CONTACT:** Cynthia Pitts, Program Analyst, 202-205-6734 or Curtis B. Rich, Management Analyst, 202-205-7030.

**SUPPLEMENTARY INFORMATION:**

*Title:* "Governor's Request for Disaster Declaration."

*Form No:* N/A.

*Description of Respondents:* Person's applying for Disaster Loans.

*Annual Responses:* 52.

*Annual Burden:* 1,040.

*Title:* "Disaster Home/Business Loan Inquiry."

*Form No:* 700.

*Description of Respondents:* Person's applying for Disaster Loans.

*Annual Responses:* 37,736.

*Annual Burden:* 9,434.

Dated: October 22, 1999.

**Vanessa Piccioni,**

*Acting Chief, Administrative Information Branch.*

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