

enterprise. Applicants thus submit that aggregate Fee Disclosure is in the best interest of the Funds and their shareholders.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Before a Fund may rely on the order requested herein, the operation of the Fund in the manner described in the application will be approved by a majority of the Fund's outstanding voting securities, as defined in the Act, or, in the case of a new Fund, whose public shareholders purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the sole initial shareholder before offering the Fund's shares to the public.

2. The prospectus for each Fund will disclose the existence, substance, and effect of any order granted pursuant to the application. Each Fund will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Adviser has ultimate responsibility (subject to oversight by the Board) to oversee the Subadvisers and recommend their hiring, termination, and replacement.

3. Within 90 days of the hiring of a Wholly Owned Subadviser or Non-Affiliated Subadviser, the Adviser will furnish shareholders all information about the Subadviser that would be included in a proxy statement, except as modified to permit Aggregate Fee Disclosure. This information will include aggregate Fee Disclosure and any change in such disclosure caused by the addition of a new Subadviser. To meet this obligation, the Adviser will provide shareholders, within 90 days of the hiring of a Subadviser, with an information statement meeting the requirements of Regulation 14C, Schedule 14C and Item 22 of Schedule 14A under the Exchange Act, except as modified by the order to permit Aggregate Fee Disclosure.

4. Any Ineligible Subadviser Change will be required to be approved by the shareholders of the applicable Fund.

5. At all times, a majority of the Board will be Independent Trustees, and the nomination of new or additional Independent Trustees will be at the discretion of the then existing Independent Trustees.

6. When a Subadviser change is proposed for a Fund with a Subadviser that is an affiliated person of the Adviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the

applicable Board minutes, that the change is in the best interests of the Fund and its shareholders and does not involve a conflict of interest from which the Adviser or the affiliated Subadviser derives an inappropriate advantage.

7. Independent counsel knowledgeable about the Act and the duties of Independent Trustees will be engaged to represent the Independent Trustees. The selection of such counsel will be within the discretion of the Independent Trustees.

8. The Adviser will provide the Board, no less frequently than quarterly, with information about the Adviser's profitability on a per-Fund basis. The information will reflect the impact on profitability of the hiring or termination of any Subadviser during the applicable quarter.

9. Whenever a Subadviser is hired or terminated, the Adviser will provide the Board with information showing the expected impact on the Adviser's profitability.

10. The Adviser will provide general management services to each Fund, including overall supervisory responsibility for the general management and investment of the Fund's assets, and, subject to review and approval by the Board, will (a) set each Fund's overall investment strategies, (b) evaluate, select and recommend Subadvisers to manage all or a part of a Fund's assets, (c) allocate and, when appropriate, reallocate a Fund's assets among multiple Subadvisers, (d) monitor and evaluate the performance of Subadvisers, and (e) implement procedures reasonably designed to ensure that the Subadvisers comply with each Fund's investment objective, policies and restrictions.

11. No trustee or officer of the Funds nor director or officer of the Adviser will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by such person) any interest in a Subadviser, except for (a) ownership of interests in the Adviser or any entity, except a Wholly Owned Subadviser, that controls, is controlled by, or is under common control with the Adviser, or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt of any publicly traded company that is either a Subadviser or controls, is controlled by or is under common control with a Subadviser.

12. Each Fund will include in its registration statement the Aggregate Fee Disclosure.

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

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27201]

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

July 18, 2000.

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 amendment(s) is/are available for public inspection through the Commission's Branch 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 August 11, 2000, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, 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 the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts 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 August 11, 2000, the applicant(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Eastern Enterprises (70-9605)

Eastern Enterprises ("Eastern"), 9 Riverside Road, Weston, Massachusetts 02139, a gas utility holding company claiming exemption from registration by rule 2 under the Act, has filed an application under sections 3(a)(1), 9(a)(2) and 10 of the Act. Eastern proposes to acquire all of the issued and outstanding common stock of EnergyNorth, Inc. ("ENI", also a gas utility holding company claiming exemption under the Act by rule 2. In addition, Eastern requests that the

Commission issue an order under section 3(a)(1) of the Act confirming that Eastern and its subsidiary companies, as such, as well as ENI in its capacity as a holding company, will continue to qualify for an exemption under section 3(a)(1) following the proposed transaction.

To accomplish the acquisition (referred to here as the "Merger"), Eastern and ENI have entered into an Agreement and Plan of Reorganization ("Merger Agreement"), dated as of July 14, 1999, as amended by Amendment No. 1, dated as of November 4, 1999 ("Amended Merger Agreement"). The Merger Agreement provides, among other things, that a special purpose subsidiary of Eastern ("Merger Sub") will be formed to effect the Merger. Following the Merger, Eastern will own all the outstanding common stock of ENI and ENGI will remain a wholly owned subsidiary of ENI.

Under another Agreement and Plan of Merger, dated November 4, 1999, by and among KeySpan Corporation ("KeySpan"), ACJ Acquisition LLC, a wholly owned subsidiary of KeySpan, and Eastern, KeySpan has agreed to acquire all of the issued and outstanding common stock of Eastern in an all-cash transaction (the "KeySpan Merger"). KeySpan has filed a separate application under the Act for approval of the KeySpan Merger and has stated that, following its acquisition of Eastern, it intends to register as a holding company under section 5 of the Act.¹

The obligation of Eastern under the amended Merger Agreement to acquire ENI is not conditioned on KeySpan's acquisition of Eastern, although the Amended Merger Agreement contemplates that the Merger will close contemporaneously with the KeySpan Merger. If the closing on the KeySpan merger is delayed beyond March 31, 2001, ENI would have the option to terminate the Merger Agreement or to extend the closing date to coincide with the closing of the KeySpan Merger.

I. Description of the Parties

A. Eastern

Eastern currently owns all of the issued and outstanding common stock of three gas utility companies: Boston Gas Company ("Boston Gas"); Essex Gas Company ("Essex Gas"); and Colonial Gas Company ("Colonial Gas").² Each of

these companies is organized under the laws of the Commonwealth of Massachusetts and operates as a gas utility company exclusively within Massachusetts. Boston Gas, Essex Gas, and Colonial Gas are subject to regulation by the Massachusetts Department of Telecommunications and Energy ("MDTE") as to retail rates, transportation rates, affiliate transactions, securities issuances, and other matters.

For the year ended December 31, 1999, Eastern reported combined total assets of \$2,019,757,000, combined gross revenues of \$978,702,000, of which \$690,809,000 were derived from regulated sales of gas and gas transportation, and combined net income of \$55,093,000. As of April 27, 2000, Eastern had issued and outstanding 27,146,678 shares of common stock, par value \$1.00 per share. Eastern's common stock is listed for trading on the New York, Boston and Pacific Stock Exchanges.

Boston Gas serves approximately 541,000 gas retail customers, all in Massachusetts. For the year ended December 31, 1999, Boston Gas had total assets of approximately \$902.9 million, operating revenues of approximately \$592.7 million, and approximate net income of \$37.9 million.

Essex Gas serves approximately 43,000 retail gas customers in Massachusetts. For the year ended December 31, 1999, Essex Gas had total assets of approximately \$97.2 million, operating revenues of approximately \$44.1 million, and approximate net income of 5.9 million.

Colonial Gas serves approximately 158,000 retail gas customers in Massachusetts. For the year ended December 31, 1999, Colonial Gas had total assets of approximately \$584 million, operating revenues of approximately \$176.7 million, and approximate net income of \$7.2 million.

The service territories of Boston Gas, Essex Gas and Colonial Gas are contiguous and together include approximately 10,000 miles of mains and 598,000 service connections, all in Massachusetts, and liquefied natural gas ("LNG") storage facilities located in Massachusetts. In 1999, the three companies delivered a total of 154 billion cubic feet of gas, including gas delivered on a "bundled" basis to retail customers and gas delivered to transportation-only customers.

Eastern has four principal, wholly owned nonutility subsidiary companies: Midland Enterprises, Inc. ("Midland");

Transgas Inc. ("Transgas"),³ AMR Data Corporation ("AMR"); and ServiceEdge Partners, Inc. ("ServiceEdge"). Eastern's principal nonutility businesses are as follows: water barging activities, including the hauling of fuel and other cargo; transporting LNG and propane by truck; providing meters and meter reading services to municipal utilities; and providing heating, ventilation, and air conditioning ("HVAC") services.

Midland is primarily engaged, through wholly owned subsidiary companies, in the operation of a fleet of towboats, tugboats and barges transporting dry bulk commodities, a major portion of which is coal. Through other subsidiary companies, Midland also performs repair work on marine equipment, operates a rail-to-barge coal dumping terminal, a phosphate chemical fertilizer terminal, and cargo transfer facilities.

Transgas, a direct subsidiary of Colonial Gas, is an unregulated energy trucking company that provides over-the-road transportation of LNG, propane, and other commodities. Transgas is the nation's largest over-the-road transporter of LNG. ServiceEdge provides HVAC services, primarily to residential customers in eastern Massachusetts. AMR provides customized metering equipment and automated meter reading services, primarily to municipal utilities in New England.

In addition to these four subsidiaries, Eastern also owns thirty-five other nonutility subsidiary companies. These include twenty nonutility companies owned by Eastern either directly or through one of Eastern's utility subsidiaries: Boston Gas Services, Inc.; CGI Transport Ltd.; Colonial Energy,⁴ EE-AEM Company, Inc.; EE Acquisition Company, Inc.; Eastern Associated Capital Corp.; Eastern Associated Securities Corp.; Eastern Energy Systems Corp.; Eastern Enterprises Foundation; Eastern Rivermoor Company, Inc.; Eastern Urban Services, Inc.; LNG Storage, Inc.; Massachusetts LNG Incorporated;⁵ Mystic Steamship Corporation; PCC Land Company, Inc.; Philadelphia Coke Co., Inc.; Water Products Group Incorporated; Western Associated Energy Corp.; and Northern Energy Company, Inc.⁶ Midland holds the remaining fifteen nonutility

¹ KeySpan filed its application-declaration under the Act seeking approval of the KeySpan Merger on March 6, 2000 (see S.E.C. File No. 70-9641). The Commission's notice of the KeySpan Merger filing is set forth elsewhere in this Release.

² Eastern completed its acquisition of Colonial Gas on August 31, 1999. See *Eastern Enterprises*, HCAR No. 27059 (Aug. 12, 1999).

³ Transgas is a subsidiary of Colonial Gas.

⁴ GGI Transport Ltd. and Colonial Energy are direct subsidiaries of Transgas, which is a subsidiary of Colonial Gas.

⁵ Massachusetts LNG Incorporated is a subsidiary of Boston Gas.

⁶ LNG Storage, Inc. and Northern Energy Company, Inc. are subsidiaries of Essex Gas.

subsidiaries either directly or indirectly: Capital Marine Supply, Inc.; Chotin Transportation, Inc.; Eastern Associated Terminals Company; Federal Barge Lines, Inc.; River Fleets, Inc.; Hartley Marine Corp.; Minnesota Harbor Service, Inc.; The Ohio River Company; The Ohio River Company Traffic Division, Inc.; The Ohio River Terminals Company; Orgulf Transport Co.; Orsouth Transport Co.; Port Allen Marine Service, Inc.; Red Circle Transport Co.; and West Virginia Terminals, Inc.

B. ENI

ENI is a New Hampshire corporation that presently owns all of the issued and outstanding common stock of one gas utility company operating exclusively in New Hampshire: EnergyNorth Natural Gas, Inc. ("ENGI"). For the fiscal year ended September 30, 1999, ENI reported consolidated assets of \$168,325,000, including net utility plant of \$113,730,000; consolidated operating revenues of \$119,172,000, of which \$76,617,000 (or 64%) represented regulated gas sales and transportation; and total net income of \$4,537,000. As of April 27, 2000, ENI had issued and outstanding 3,322,903 shares of common stock, par value \$1.00 per share, which are listed and traded on the New York Stock Exchange.

ENGI distributes natural gas to approximately 73,000 customers in southern, central and northern New Hampshire. ENGI is subject to the regulatory supervision of the NHPUC as to gas sales, transportation rates, securities issuance and other matters. For the fiscal year ended September 30, 1999, ENGI reported total assets of \$150,757,000, consolidated operating revenues of \$76,617,000, and consolidated net income of \$3,831,000.

ENI's direct and indirect material nonutility subsidiary companies are as follows: EnergyNorth Propane, Inc. ("ENPI"); ENI Mechanicals, Inc. ("ENM"); Northern Peabody, Inc. ("NPI"); Granite State Plumbing and Heating, Inc. ("GSPH"); Broken Bridge Corp.; EnergyNorth Realty, Inc.; and ENI Resources, Inc.

ENPI sells propane to more than 15,300 customers in and around Concord, New Hampshire.⁷ ENPI owns a 49% interest in VGS Propane, LLC ("VGSP"), a joint venture with Northern New England Gas Corporation, which owns the other 51%. VGSP is a Vermont limited liability company that provides

propane service to approximately 10,000 customers in Vermont.⁸

ENM owns all of the outstanding stock of NPI and GSPH, which are mechanical contractors engaged in the design, construction and service of plumbing, HVAC, and process piping systems. They serve commercial, industrial and institutional customers in northern and central New England.

EnergyNorth Realty, Inc. is engaged primarily in owning and leasing land and a building in Manchester, New Hampshire, where ENI maintains corporate offices. Broken Bridge Corp. owns undeveloped land located in Concord, New Hampshire. ENI Resources, Inc. is engaged in an energy services joint venture.

II. Description of the Merger

The Amended Merger Agreement provides two alternative means for effecting the Merger, depending on whether the KeySpan Merger Agreement is terminated prior to the Effective Time of the Merger.⁹

1. If the Merger and the KeySpan Merger close at the same time, then Merger Sub will be merged with and into ENI, with ENI as the surviving corporation. In this case, each share of common stock of ENI issued and outstanding immediately prior to the Effective Time (other than treasury shares) will be canceled and extinguished and automatically converted into the right to receive cash in the amount of \$61.13, without interest, as this amount may be adjusted. Based on the number of shares of ENI common stock outstanding on March 20, 2000, the total consideration paid in the Merger (assuming no increase) would be approximately \$203.1 million.

2. If, on the other hand, the KeySpan Merger agreement is terminated before the Effective Time, ENI will be merged with and into Merger Sub, with Merger Sub as the surviving corporation. Merger Sub will change its name to "EnergyNorth, Inc." and remain a wholly owned subsidiary of Eastern. ENI will remain a wholly owned subsidiary of "new" ENI. Under this alternative, holders of ENI common stock will receive cash and common stock of Eastern having an expected aggregate value of approximately \$182.7 million. A total of 49.9% of the outstanding shares of ENI common stock will be exchanged for cash and the remainder will be exchanged for shares of Eastern common stock. Each share of ENI common stock exchanged for cash will entitle the holder to receive \$47.00. Each share which is not exchanged for cash will entitle the holder to receive that number of

shares of Eastern common stock having a value of \$47.00 based on the average of the daily per share weighted averages of the trading prices of the Eastern common stock for a specified ten-day period preceding the effective date of the Merger. The value of the Eastern common stock is subject to adjustment if the weighted average per share price falls lower than \$36.00 or rise higher than \$44.00.¹⁰

Eastern will account for the Merger under the "purchase method" of accounting, and estimates that \$124 million of goodwill will be created in the transaction. Eastern states that the goodwill will be amortized over a 40-year period.

On April 27, 2000, the Merger was approved by ENI's shareholders. On May 8, 2000, the New Hampshire Public Utilities Commission issued an order approving the Merger and further approving the indirect acquisition of ENI by KeySpan through the KeySpan Merger.

KeySpan Corporation, et al. (70-9641)

KeySpan Corporation ("KeySpan"), a combination gas and electric utility holding company claiming exemption from registration under section 3(a)(1) of the Act by rule 2, and its wholly owned subsidiary company ACJ Acquisition LLC ("ACJ"), both located at One Metrotech Center, Brooklyn, New York 11201, have filed an application-declaration under sections 3(a)(1), 4, 5, 8, 9(a)(2), 10, and 11(b) of the Act and rule 54 under the Act.

KeySpan proposes to acquire all of the issued and outstanding shares of common stock of Eastern Enterprises ("Eastern"), a gas utility holding company claiming exemption from registration under section 3(a)(1) of the Act by rule 2, located at 9 Riverside Road, Weston, Massachusetts 02139. KeySpan also seeks Commission approval for the retention of: (1) KeySpan's electric utility operations; and (2) the nonutility subsidiary companies of KeySpan and Eastern. KeySpan further requests a finding by the Commission that Eastern and KeySpan's subsidiary utility holding companies will continue to be exempt holding companies under section 3(a)(1) of the Act following the proposed

¹⁰ Based on the average of the daily weighted average price per share of Eastern common stock for the ten trading day period ended on January 24, 2000 and the number of shares of ENI common stock outstanding on March 20, 2000, Eastern would issue approximately 1,778,000 shares of its common stock in the Merger, and the cash portion of the consideration would equal approximately \$78 million. ENI's shareholders would hold approximately 6.1% of Eastern's outstanding common stock following the transaction.

⁷ Propane distribution does not require a regulatory franchise in New Hampshire.

⁸ In August 1999, ENGI exercised an option to offer to sell its interest in VGSP to Northern New England Gas Corporation. This transaction is expected to close in late summer of 2000.

⁹ The Effective Time is the date on which the Merger is consummated by filing articles of merger with the Secretary of the State of New Hampshire following closing of the transaction.

acquisition of Eastern ("Merger").¹¹ After the Merger, KeySpan will register with the Commission under section 5 of the Act.

Under the terms of an Agreement and Plan of Merger dated as of November 4, 1999, as modified by Amendment No. 1 dated January 26, 2000 ("Merger Agreement"), ACJ will be merged with and into Eastern, with Eastern as the surviving entity. Eastern will become a direct wholly owned subsidiary of KeySpan. KeySpan anticipates that it will pay approximately \$1.7 billion to acquire Eastern's common stock in an all-cash transaction.

Under another Agreement and Plan of Reorganization dated as of July 14, 1999, as amended by Amendment No. 1 dated as of November 4, 1999 ("ENI Merger Agreement"), Eastern has agreed to acquire all of the issued and outstanding common stock of EnergyNorth, Inc. ("ENI"), a New Hampshire gas utility holding company claiming exemption under section 3(a)(1) of the Act by rule 2 ("Eastern/ENI Merger"). This proposed transaction is subject to approval by the New Hampshire Public Utilities Commission ("NHPUC") and to Commission approval under the Act.¹² If the Eastern/ENI Merger is approved by the Commission and is consummated, ENI will become a direct subsidiary of Eastern and, therefore, an indirect subsidiary of KeySpan following consummation of the Merger.¹³ For purposes of this application-declaration, KeySpan has assumed that the Eastern/ENI Merger will be approved concurrently with the Merger. However, KeySpan and ACJ's request for approval of the Merger is not contingent on Commission approval of the Eastern/ENI Merger.

I. Description of the Parties

A. KeySpan

KeySpan directly or indirectly owns all of the issued and outstanding common stock of three public utility

companies: (1) The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York (KeySpan New York);¹⁴ (2) KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island ("KeySpan Long Island"); and (3) KeySpan Generation LLC ("KeySpan Generation") (collectively, the "New York Utilities").¹⁵

For the year ended December 31, 1999, KeySpan reported operating revenues of \$3 billion of which \$1.8 billion (or approximately 59%) were derived from regulated sales of gas and gas transportation, and \$861.6 million (or approximately 29%) were derived from electric operations. At December 31, 1999, KeySpan had consolidated assets of \$6.7 billion, including net property and equipment of \$4.2 billion, operating income of \$482.2 million, and net income of \$258.6 million. As of the same date, KeySpan had issued and outstanding 133.9 million shares of common stock, par value \$0.01 per share, which is publicly traded on the New York Stock Exchange and the Pacific Exchange.

KeySpan New York distributes natural gas at retail to approximately 1.1 million customers in the New York City area. For the year ended December 31, 1999, KeySpan New York had total assets of \$2,196,055,000, operating revenues of \$1,116,041,000, and net income of \$189,648,000.

KeySpan Long Island distributes natural gas at retail to approximately 500,000 customers located on Long Island and the Rockaway Peninsula in New York State. For the year ended December 31, 1999, KeySpan Long Island had assets of \$2,092,853,000, operating revenues of \$640,705,000, and net income of \$41,588,000. Both KeySpan New York and KeySpan Long Island are subject to regulation by the New York Public Service Commission ("NYPSC") as to rates, affiliate

transactions, and certain other matters.¹⁶

KeySpan Generation is a New York limited liability company that owns and operates approximately 4,032 megawatts of electric generation capacity located on Long Island ("KeySpan Generation Facilities"). All of the capacity of the KeySpan Generation Facilities is sold at wholesale to the Long Island Power Authority ("LIPA"), which provides retail electric service to 1.1 million customers. KeySpan Generation does not own any electric transmission or distribution facilities other than limited facilities necessary to interconnect its generating facilities with LIPA's transmission and distribution system. For the year ended December 31, 1999, KeySpan Generation had assets of \$1,111,436,000, operating revenues of \$318,864,000, and net income of \$20,854,000. KeySpan Generation is subject to regulation by the Federal Energy Regulatory Commission and by the NYPSC.¹⁷

In addition to ACJ, KeySpan has seventeen direct, wholly owned nonutility subsidiary companies: KEC;¹⁸ KeySpan Operating Services LLC ("KOS");¹⁹ KeySpan Exploration and Production, LLC ("KeySpan Exploration"); KeySpan Corporate Services LLC ("KCS"); KeySpan Utility

¹⁶ The Applicants state that the NYPSC has expressed no concern about the Merger or its effect on rates, regulation or competition in New York. Applicants further state that the NYPSC does not have statutory jurisdiction over the Merger.

¹⁷ The NYPSC regulates KeySpan Generation with respect to affiliate transactions and other financial, corporate, reliability, and safety matters.

¹⁸ KEC is a holding company for KeySpan New York and for five direct, nonutility subsidiary companies: KeySpan North East Ventures, Inc.; KeySpan Energy Development Corporation ("KEDC"); THEC Holdings Corp. ("THEC"); KeySpan Natural Fuels, LLC; and GEI Development Corp. Through KeySpan New York and these nonutility subsidiary companies, KEC owns 50% or more of the following indirect nonutility subsidiary companies: North East Transmission Co., Inc.; Northeast Gas Markets, LLC; The Houston Exploration Company ("Houston Exploration"); Seneca-Upshur Petroleum, Inc.; GTM Energy, LLC; KeySpan International Corporation; GEI Timna, Inc.; KeySpan Cross Bay, LLC; KeySpan Midstream, LLC ("KeySpan Midstream"); Solox Production Limited; KeySpan CI Limited; KeySpan CI II Limited Premier Transco Limited; Grupo KeySpan S. de R.L. de C.V.; FINSA Energeticos, S. de R.L. de C.V.; GMS Facilities Limited; Gulf Midstream Services Limited ("Gulf Midstream Services"); Gulf Midstream Services Partnership; KeySpan Energy Canada, Ltd. ("KeySpan Canada"); KeySpan CI Midstream Ltd.; KeySpan Luxembourg S.A.R.L.; Nicodama Beheer V.B.V.; KeySpan Energy Development Co. (Nova Scotia); and KS Midstream Finance Co.

¹⁹ KOS is an inactive company that holds no assets. In June 2000, KOS sold its only assets, a 51% interest in KeySpan Energy Construction LLC, to an unaffiliated entity. KeySpan intends to dissolve KOS as soon as practicable.

¹¹ After consummation of the Merger, KeySpan expects to have three subsidiary utility holding companies: Eastern; KeySpan Energy Corporation; and EnergyNorth, Inc. However, KeySpan intends to eliminate EnergyNorth, Inc. as an intermediary holding company as soon as practicable after consummation of the Merger. Eastern and the other two subsidiary holding companies are described in more detail now. These holding companies would remain subject to the Act with respect to their status as subsidiaries of a registered holding company.

¹² Eastern filed a separate application-declaration under the Act seeking approval of the Eastern/ENI Merger on January 5, 2000 (see Commission File No. 70-9605). The Eastern/ENI Merger filing is being noticed contemporaneously with this notice.

¹³ As stated in note 1 above, KeySpan intends to eliminate ENI as an intermediate holding company as soon as reasonably practicable after closing the Merger.

¹⁴ KeySpan New York is indirectly owned by KeySpan through KeySpan's wholly owned direct subsidiary holding company KeySpan Energy Corporation ("KEC"). KEC owns 100% of the outstanding voting stock of KeySpan New York and, like KeySpan, is a public utility holding company claiming exemption from registration under section 3(a)(1) of the Act by rule 2.

¹⁵ KeySpan Long Island and KeySpan Generation own, respectively, the gas distribution operations and the non-nuclear electric generating facilities formerly held by Long Island Lighting Company ("LILCO"). In *BL Holding Corp.*, HCAR No. 26875 (May 15, 1998), the Commission approved the transactions by which KeySpan acquired (i) LILCO's interests in these facilities and in common plant associated with these facilities; and (ii) KEC, the parent company of KeySpan New York. KeySpan Long Island and KeySpan Generation are direct, wholly owned subsidiaries of KeySpan.

Services LLC (“KUS”);²⁰ KeySpan Electric Services LLC (“KES”);²¹ KeySpan Energy Trading Services LLC (“KeySpan Trading”); Marquez Development Corporation; Island Energy Services Company, Inc.; LILCO Energy System Inc.;²² KeySpan-Ravenswood Inc. (“KeySpan-Ravenswood”); KeySpan-Ravenswood Services Corp. (“KRS”);²³ KeySpan Energy Supply, LLC (“KeySpan Supply”); KeySpan Services Inc. (“KSI”);²⁴ Honeoye Storage Corporation (“Honeoye”);²⁵ KeySpan Technologies Inc.; and KeySpan MHK, Inc. (“KMHK”).²⁶ As of December 31, 1999, KeySpan’s combined nonutility subsidiary companies and investments together constituted approximately 34% of the consolidated assets of KeySpan and its subsidiaries, 33% of its

²⁰ KeySpan Corporate Services LLC and KeySpan Utility Services LLC are service companies providing, respectively, corporate administrative services and utility transmission and distribution services to the New York Utilities and to KeySpan’s nonutility subsidiary companies. In a separate application, KeySpan will seek Commission approval under section 13(b) of the Act of both KCS and KUS as service companies for the registered holding company system.

²¹ KES provides operation, maintenance, and construction management services to LIPA for LIPA’s transmission and distribution facilities located on Long Island, New York, subject to LIPA’s overall direction and control. KES also provides management and administrative services to LIPA for its interests in the Nine Mile Point Unit 2 nuclear facility, also located on Long Island.

²² LILCO Energy Systems Inc. holds a 1% interest in Iroquois Gas Transmission Systems L.P. (“Iroquois”), a natural gas pipeline regulated by FERC. KeySpan indirectly owns another 18.4% interest in Iroquois through North East Transmission Co., Inc., a nonutility subsidiary company of KEC.

²³ KeySpan-Ravenswood is an exempt wholesaler generator (“EWG”) under section 32 of the Act. KRS is primarily engaged in providing operation and maintenance services to KeySpan-Ravenswood for its electric generating facility located in Queens, New York, subject to KeySpan-Ravenswood overall direction and control.

²⁴ Directly or indirectly, KSI wholly owns the following 14 nonutility subsidiary companies: KeySpan Communications Corp. (“KCC”); KeySpan Energy Management, Inc. (“KEMI”); KeySpan Energy Services, Inc.; KeySpan Energy Solutions, LLC; KeySpan Plumbing Solutions, Inc.; Fritze KeySpan, LLC; Delta KeySpan, Inc.; Active Conditioning Corp.; Fourth Avenue Enterprise Piping Corp.; Paulus, Sokolowski & Sartor, Inc. (“PS&S”); WDF, Inc.; Roy Kay, Inc.; Roy Kay Electrical Company; and Roy Kay Mechanical, Inc.

²⁵ KeySpan directly holds a 23.33% interest in Honeoye, and KES indirectly holds an additional 28.8% of the outstanding common stock of Honeoye.

²⁶ KMHK is a Delaware corporation that currently owns an approximate 18.2% equity interest in MyHomeKey.com (“MHK”). MHK, also a Delaware corporation, was created to establish and maintain an Internet-based website that will serve as (1) a national platform for local websites offering energy and home-related goods and services; and (2) a contractor for energy and home-related services from national providers.

consolidated income, and 30% of its consolidated net revenues.

KeySpan’s principal nonutility businesses are as follows: (1) Development, ownership and operation of natural gas pipelines and storage facilities;²⁷ (2) investment in companies that develop, own, and/or operate gas pipelines, nonutility generation plants, gas processing facilities, and oil fields;²⁸ (3) exploration, development and acquisition of natural gas and oil properties;²⁹ (4) brokering and marketing of natural gas and electricity;³⁰ (5) provision of operation, maintenance, construction, management, and corporate administrative services to affiliate companies;³¹ (6) procurement, development, and marketing of new energy related technologies;³² (7) generation and marketing of electric energy at wholesale;³³ (8) the ownership of telecommunications equipment;³⁴ (9) the design and development of energy plants for large industrial and

²⁷ These activities are primarily conducted by KEDC, an indirect subsidiary of KeySpan, through KEDC’s eight direct subsidiary companies.

²⁸ These investment activities are conducted by KEDC directly and through direct and indirect subsidiary companies of KEDC and of Key Span New York. KEDC, both directly and through its subsidiary companies, also invests in foreign utility companies, as defined in section 33 of the Act.

²⁹ KEC engages in these activities through its subsidiary, THEC, which currently holds a 70% interest in Houston Exploration. Houston Exploration is engaged in the exploration, development and acquisition of domestic natural gas and oil properties, and also owns Seneca-Upshur Petroleum, Inc., which owns oil and gas properties in West Virginia. Another wholly owned subsidiary of KeySpan, KeySpan Exploration, is part of a joint venture with Houston Exploration to conduct offshore gas and oil exploration and development in the Gulf of Mexico.

³⁰ Subsidiary companies providing these services include KeySpan Trading and KeySpan Supply. A direct subsidiary of KEDC, KeySpan Midstream, also indirectly holds interests in four Canadian companies through a chain of wholly owned subsidiary companies incorporated, respectively, in the Cayman Islands, Luxembourg, the Netherlands, and Nova Scotia. Two of these Canadian companies own interests in several natural gas processing plants located in Canada; a third, Gulf Midstream Services, act as the agent for these two companies. The fourth company, KeySpan Canada, owns a 19% interest in a natural gas liquids and extraction facility located in western Canada.

³¹ Subsidiary companies providing these services include KES, KOS, KCS, KUS, and KRS. These service subsidiary companies are described above at footnotes 9, 10, 11, and 13.

³² KeySpan engages in these activities through its direct, wholly owned subsidiary company, KeySpan Technologies Inc.

³³ In addition to KeySpan Generation, which is regulated as an electric utility, KeySpan generates and markets electric energy at wholesale through an EWG, KeySpan-Ravenswood. See footnote 13 above.

³⁴ KCC, a direct, wholly owned subsidiary of KSI, owns an approximately 400-mile fiber optic network on Long Island and in New York City. KCC also constructs and operates fiber optic networks and transportation facilities.

institutional customers;³⁵ (10) the installation and maintenance of heating, ventilation and air conditioning (“HVAC”) systems; and (11) provision of a wide range of plumbing, engineering and appliances services to commercial, industrial, residential and small business customers.³⁶

B. Eastern

Eastern is a Massachusetts voluntary association that currently owns all of the outstanding common stock of three gas utility companies operating exclusively within Massachusetts: Boston Gas Company (“Boston Gas”); Colonial Gas Company (“Colonial Gas”); and Essex Gas Company (“Essex Gas”) (collectively, the “Massachusetts Utilities”). At April 27, 2000, Eastern had issued and outstanding 27,146,678 shares of common stock, par value \$1.00 per share. Eastern’s common stock is listed for trading on the New York, Boston and Pacific Stock Exchanges.³⁷ For the year ended December 31, 1999, Eastern reported consolidated assets of \$2,019,757,000, gross revenues of \$978,702,000, of which \$690,809,000 were derived from regulated sales of gas and gas transportation, and earnings before extraordinary items of \$55,093,000.

The Massachusetts Utilities are organized under the laws of the Commonwealth of Massachusetts and are subject to the regulation of the Massachusetts Department of Telecommunications and Energy as to retail rates, transportation rates, affiliate transactions, securities issuances, and other matters. Together, the Massachusetts Utilities provide retail gas service to approximately 735,000 customers within Massachusetts.

Boston Gas distributes natural gas to approximately 541,000 customers

³⁵ KeySpan engages in these activities indirectly through KEMI, a wholly owned subsidiary company of KSI. KEMI is the holding company of two wholly owned subsidiary companies that design and operate energy systems for large-scale residential and commercial facilities and provide energy related services such as the installation and construction of power supply and heating, ventilation and air conditioning systems, boilers and burners. PS&S, another wholly owned subsidiary of KSI, is an engineering and consulting firm that engages in design, permitting, licensing and environmental compliance work on a wide range of systems for a variety of large commercial and industrial customers, including utilities, corporate offices, hotels, laboratories, warehouses, pharmaceutical companies, hospitals, universities, and power plants.

³⁶ KeySpan provides services relating to HVAC systems, plumbing, engineering and appliances through thirteen subsidiary companies owned indirectly through KSI.

³⁷ Eastern’s shares will be delisted and cease to be publicly traded after consummation of the Merger.

located in Boston and in other areas throughout eastern and central Massachusetts. As of December 31, 1999, Boston Gas had total assets of \$902,892,000, operating revenues of \$592,719,000, and net income of \$37,912,000.

Essex Gas distributes natural gas to approximately 43,000 customers in eastern Massachusetts. For the year ended December 31, 1999, Essex Gas had total assets of \$97,196,000, operating revenues of \$44,096,000, and net income of \$5,936,000.

Colonial Gas serves approximately 158,000 retail gas customers in northeastern Massachusetts.³⁸ For the year ended December 31, 1999, Colonial Gas had total assets of \$584,047,000, operating revenues of \$176,724,000, and net income of \$7,233,000.

Eastern has four principal, wholly owned nonutility subsidiary companies: Midland Enterprises, Inc. ("Midland"); Transgas Inc. ("Transgas"); AMR Data Corporation ("AMR"); and ServicEdge Partners, Inc. ("ServicEdge"). Together, at December 31, 1999, Eastern's nonutility subsidiary companies and investments constituted approximately 23% of the consolidated total assets of Eastern and its subsidiary companies, 11% of consolidated operating income and 29% of consolidated revenues. Eastern's principal nonutility businesses are as follows: water barging activities, including the hauling of fuel and other cargo;³⁹ transporting by truck liquefied natural gas ("LNG") and propane; providing meters and meter reading services to municipal utilities; and providing HVAC services.

Midland is primarily engaged, through wholly owned subsidiary companies, in the operation of a fleet of towboats, tugboats and barges transporting dry bulk commodities, a major portion of which is coal. Through other subsidiary companies, Midland also performs repair work on marine equipment, operates a rail-to-barge coal dumping terminal, a phosphate chemical fertilizer terminal, and cargo transfer facilities.⁴⁰

Transgas, a direct subsidiary of Colonial Gas, is an unregulated energy

trucking company that provides over-the-road transportation of LNG, propane, and other commodities. Transgas is the nation's largest over-the-road transporter of LNG. ServiceEdge provides HVAC services, primarily to residential customers in eastern Massachusetts. AMR provides customized metering equipment and performs automated meter reading services to municipal utilities.

Not including Midland's subsidiaries, Eastern owns directly or indirectly twenty other nonutility subsidiary companies: EE-AEM Marketing Company, Inc.; EE Acquisition Corp.; EEG Acquisition Corp.; Boston Gas Services, Inc.; Colonial Energy Company, Inc.; Eastern Associated Capital Corp.; Eastern Associated Securities Corp.; Eastern Energy Systems Corp.; Eastern Enterprises Foundation; Eastern Rivermoor Company, Inc.; Eastern Urban Services, Inc.; CGI Transport Ltd.; Mystic Steamship Corporation; PCC Land Company, Inc.; Philadelphia Coke Co., Inc.; Water Products Group Incorporated; Western Associated Energy Corp.; Massachusetts LNG Incorporated⁴¹; LNG Storage, Inc.; and Northern Energy Company, Inc.⁴²

Eastern's subsidiary, Midland, also owns the following direct and indirect subsidiary companies: Capital Marine Supply, Inc.; Chotin Transportation, Inc.; Eastern Associated Terminals Company; Federal Barge Lines, Inc.; River Fleets, Inc.; Hartley Marine Corp.; Marine Corp.; Minnesota Harbor Service, Inc.; The Ohio River Company; The Ohio River company Traffic Division, Inc.; The Ohio River Terminals Company; Orgulf Transport Co.; Orsouth Transport Co.; Port Allen Marine Service, Inc.; Red Circle Transport Co.; and West Virginia Terminals, Inc.

C. ENI

ENI is a New Hampshire corporation that presently owns all of the issued and outstanding common stock of one gas utility company operating exclusively in New Hampshire: EnergyNorth Natural Gas, Inc. ("ENGI").⁴³ For the fiscal year ended September 30, 1999, ENI reported consolidated assets of \$168,325,000, consolidated operating revenues of \$119,172,000, and total net income of \$4,537,000. As of April 27, 2000, ENI

has issued and outstanding 3,322,903 shares of common stock, par value \$1.00 per share, which are listed and traded on the New York Stock Exchange. Upon the consummation of the Eastern/ENI Merger, ENI's shares will be delisted and cease to be publicly traded.

ENGI distributes natural gas to approximately 73,000 customers in southern, central and northern New Hampshire. ENGI is subject to the regulatory supervision of the NHPUC as to gas sales, transportation rates, securities issuance and other matters. For the fiscal year ended September 30, 1999, ENGI reported total assets of \$150,757,000, operating revenues of \$76,617,000, and net income of \$3,831,000.

ENI's direct and indirect material nonutility subsidiary companies are as follows: EnergyNorth Propane, Inc. ("ENPI"); ENI Mechanicals, Inc. ("ENM"); Northern Peabody, Inc. ("NPI"); Granite State Plumbing and Heating, Inc. ("GSPH"); Broken Bridge Corp.; EnergyNorth Realty, Inc.; and ENI Resources, Inc. As of September 30, 1999, ENI's nonutility subsidiary companies and investments constituted approximately 4.8% of the consolidated assets of ENI and 35% of its consolidated gross revenues.

ENPI sells propane to approximately 15,800 customers in and around Concord, New Hampshire.⁴⁴ ENPI owns a 49% interest in VGS Propane LLC ("VGSP"), a joint venture with Northern New England Gas Corporation, which owns the other 51%. VGSP is a Vermont limited liability company that provides propane service to approximately 10,000 customers in Vermont.⁴⁵

ENM owns all of the outstanding stock of NPI and GSPH, which are mechanical contractors engaged in the design, construction and service of plumbing, HVAC, and process piping systems. They serve commercial, industrial and institutional customers in northern and central New England.

EnergyNorth Realty, Inc. is engaged primarily in owning and leasing land and a building in Manchester, New Hampshire, where ENI maintains corporate offices. Broken Bridge Corp. owns undeveloped land located in Concord, New Hampshire. ENI Resources, Inc. is engaged in an energy services joint venture.

³⁸ Eastern completed its acquisition of Colonial Gas on August 31, 1999. See *Eastern Enterprises*, HCAR No. 27059 (Aug. 12, 1999).

³⁹ KeySpan states in its Application that these activities may not meet the retention standards of the Act. See note 40 below.

⁴⁰ KeySpan recognizes that Midland's business activities may not satisfy the standards for retention by a registered gas utility holding company under the Act. Consequently, the Applicants request that any order of the Commission that approves the Merger but requires KeySpan to divest Midland permit KeySpan to take the appropriate actions to effect the sale of all of its interests in Midland within three years after the Merger is consummated.

⁴¹ Massachusetts LNG Incorporated is a direct subsidiary of Boston Gas.

⁴² LNG Storage, Inc. and Northern Energy Company, Inc. are direct subsidiary companies of Essex Gas.

⁴³ If the Eastern/ENI Merger is consummated, ENI will become a direct, wholly owned subsidiary of Eastern.

⁴⁴ Propane distribution does not require a regulatory franchise in New Hampshire.

⁴⁵ In August 1999, ENGI exercised an option to offer to sell its interest in FGSP to Northern New England Gas Corporation. This transaction is expected to close in the late summer of 2000.

II. Description of the Merger

As stated above, the Merger Agreement provides for Eastern to be merged with and into ACJ with Eastern being the surviving entity. Eastern will then become a wholly owned direct subsidiary of KeySpan and KeySpan will register as a holding company under the Act. On April 26, 2000, Eastern's Shareholders approved the Merger.

Under the Merger Agreement, the common shareholders of Eastern will have the right to receive \$64.00 in cash, without interest, for each share of Eastern common stock, other than shares with respect to which dissenters' appraisal rights have been perfected. Eastern shareholders will receive an additional \$0.006 per share ("Additional Amount") for each day the Merger has not closed after the later of (a) August 4, 2000; or (b) ninety days after the NHPUC gives final regulatory approval to the Eastern/ENI Merger.⁴⁶ However, the aggregate Additional Amount will be reduced by the aggregate amount of any per share increase in any dividend actually paid that is attributable to any period in which the Additional Amount accrues.

KeySpan expects to finance the acquisition price initially through the issuance of commercial paper under an expanded KeySpan commercial paper program backed by a combination of short-term and long-term credit facilities. After closing on the Merger, KeySpan anticipates replacing a significant portion of the commercial paper program, as well as some or all of the initial short-term acquisition financing, with proceeds from the issuance of debt and/or convertible securities. KeySpan will account for the Merger under the "purchase method" of accounting, and estimates that the acquisition premium will be \$1,080,359,760, which will be amortized over a 40-year period.

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

Jonathan G. Katz,

Secretary.

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⁴⁶ The NHPUC issued an order on May 8, 2000 approving the Eastern/ENI Merger. Therefore, the alternate date on which payment of the Additional Amount is to begin will be August 6, 2000.

SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

Save The World Air, Inc.; Order of Suspension of Trading

July 20, 2000.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Save The World Air, Inc. ("STW Air") because of questions regarding the accuracy of statements made by STW Air to the public in press releases and on its internet website concerning, among other things, the results of demonstration tests of STW Air's "Zero Emission Fuel Saver" device and STW Air's purported relationship with the Ford Motor Company.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. (EDT), on Thursday, July 20, 2000 through 11:59 p.m. (EDT), on Wednesday, August 2, 2000.

By the Commission.

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43042; File No. SR-CSE-00-03]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Cincinnati Stock Exchange, Incorporated to Provide for the Listing and Trading of Certain Trust Issued Receipts

July 17, 2000.

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 May 30, 2000, the Cincinnati Stock Exchange, Incorporated ("CSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

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

The CSE proposes to amend its rules to adopt listing standards for trust issued receipts. Upon approval of the listing standards, the Exchange intends to trade two series of trust issued receipts—Internet Holding Company Depository Receipts ("Internet HOLDRs") and Biotechnology Holding Company Depository Receipts ("Biotech HOLDRs")—pursuant to unlisted trading privileges ("UTP"). The text of the proposed rule change is available at the principal office of the CSE 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 CSE 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 III below. The Exchange 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

The CSE proposes, in a new Rule 11.9, to adopt listing standards that would allow the Exchange to trade, whether by listing or pursuant to UTP, trust issued receipts based on one or more securities.

i. *Trust Issued Receipts:* Trust issued receipts are negotiable receipts that are issued by a trust in which securities of issuers are deposited and held on behalf of the holders of the trust issued receipts. Trust issued receipts are designed to allow investors to hold interests in a variety of companies in a particular industry through a single, exchange-listed and -traded instrument that represents beneficial ownership in the deposited securities. Holders may cancel their trust issued receipts at any time to receive their *pro rata* share of the underlying securities.