

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27217]

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

August 21, 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 September 14, 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 September 14, 2000, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Dominion Resources, Inc. (70-9477)

Dominion Resources ("DRI"), a registered holding company, and Consolidated Natural Gas Company ("CNG"), a subsidiary registered holding company, both located at 120 Tredegar Street, Richmond, Virginia, have filed a post-effective amendment under section 12(d) of the Act and rules 43 and 44 under the Act to an application-declaration previously filed under sections 6(a), 7, 9(a), 10, 12(d), 13(b), 32 and 33 of the Act and rules 53, 54, 87, 88, 90 and 91 under the Act ("Application").

By order dated December 15, 1999 (HCAR 27113), the Commission authorized the merger of DRI and CNG ("Merger Order"). In the Merger Order the Commission noted that DRI would, within a year of the merger, undertake to sell Virginia Natural Gas ("VNG"), a wholly owned indirect subsidiary of

DRI and a wholly owned direct subsidiary of CNG. The Application did not contain any of the terms of the contemplated sale required by section 12(d) of the Act. On May 8, 2000, DRI, CNG and VNG entered into a Stock Purchase Agreement ("SPA") with AGL Resources ("AGLR"), a Georgia holding company which is currently exempt from all provisions of the Act except section 9(a)(2) under section 3(a)(1) by rule 2 under the Act. Under the SPA, DRI and CNG agreed to sell, and AGLR agreed to purchase, all of the outstanding shares of capital stock of VNG for a purchase price of \$550 million, subject to adjustment described in the SPA.¹

AGL Resources Inc. (70-9707)

AGL Resources Inc. ("AGL Resources"), an exempt Georgia gas public utility holding company, its public utility subsidiary companies, Atlanta Gas Light Company ("AGLC"), a Georgia gas distribution company, Chattanooga Gas Company ("Chattanooga Gas"), a wholly owned Tennessee gas utility subsidiary company of AGLC, located at 817 West Peachtree Street, NW., Atlanta, GA 30308, and Virginia Natural Gas, Inc. ("VNG"), a Virginia gas retail and distribution company, located at 5100 East Virginia Beach Boulevard, Norfolk, Virginia 23502, have filed an application-declaration under sections 6(a), 7, 9(a), 10, 12, and 13 of the Public Utility Holding Company Act of 1935 (the "Act"), as amended, and rules 42, 43, 45, 46, 52, 53 and 88 under the Act.

Applicants seek authority for AGL Resources, a holding company exempt from all provisions of the Act except section 9(a)(2) under section 3(a)(1) and rule 2 under the Act, to acquire VNG as a wholly owned subsidiary (the "Acquisition"). VNG is owned indirectly by Dominion Resources, Inc., ("Dominion Resources") a registered holding company.² Applicants also request authority for AGL Resources to restructure its utility holding by acquiring all outstanding shares of Chattanooga from AGLC and retaining it as a direct subsidiary.³ In addition, AGL Resources seeks authority to retain its non-utility businesses and investments.

¹ In file No. 70-9707 (June 22, 2000), AGLR is seeking authority to purchase VNG. AGLR will subsequently register as a holding company under the Act. A notice of that transaction is being issued simultaneously with this notice.

² In file No. 70-9477 (June 29, 2000), Dominion Resources is seeking authority to divest ownership of VNG. A notice of that transaction is being issued simultaneously with this notice.

³ Applicants state that AGL Resources is evaluating whether to restructure its holdings.

After the Acquisition, AGL Resources will register with the Securities and Exchange Commission as a holding company under Section 5 of the Act. Applicants seek authorization for various financing, intrasystem service and other transactions by companies in the AGL Resources system after the Acquisition in connection with the operation of a registered holding company.

For the fiscal year ended September 30, 1999, AGL Resources reported total assets of \$1,969 million, net utility plant assets of \$1,517 million, total operating revenues of \$1,069 million, and net income of \$74 million.

AGL Resources has an ownership interest in several nonutility businesses.⁴ AGL Resources also holds interests in the following direct or indirect subsidiary companies that are currently inactive or holding companies for nonutility businesses.⁵

AGLC is an unbundled gas distribution company serving approximately 240 communities throughout Georgia including Atlanta, Athens, Augusta, Brunswick, Macon, Rome, Savannah and Valdosta. As of October 1, 1999, AGLC was delivering natural gas to approximately 1.4 million residential and small business end-use customers in Georgia on behalf of approximately 15 gas marketers and to approximately 700 large commercial and industrial customers on behalf of approximately 40 poolers. As of the fiscal year ending September 30, 1999,

⁴ The businesses are: AGL Energy Services, Inc., a gas supply services company that buys and sells natural gas primarily for Chattanooga Gas, and its wholly owned subsidiary, Georgia Gas Company, a gas-related company that owns minor interests in natural gas production activities; SouthStar Energy Services LLC, a marketer of natural gas and related services; AGL Peaking Services, Inc., which owns a 50% interest in Etowah LNG Company LLC, a company formed for the purpose of constructing, owning, and operating a liquefied natural gas peaking facility; AGL Interstate Pipeline Company, which owns 50% of Cumberland Pipeline Company; AGL Investments, Inc., an intermediate holding company for investments in AGL Propane, Inc., a seller and marketer of propane tanks, gas appliances and wholesale propane; Trustees Investments, Inc., which owns Trustees Gardens, a residential and retail development located in Savannah, Georgia on and adjacent to a former manufactured gas plant site owned by AGLC and Trustees Investments, Inc.; Utilipro, Inc., which sells integrated customer care solutions and billing services to energy marketers; and AGL Consumer Services, Inc., which markets appliance warranty contracts, energy management systems and other energy-related consumer services to residential and commercial customers.

⁵ AGL Rome Holdings, Inc., Georgia Engine Sales and Service Co., Peachtree Pipeline Company, Atlanta Gas Light Services, Inc., Georgia Natural Gas Company, TES, Inc., Georgia Natural Gas Services, Inc., AGL Gas Marketing, Inc., AGL Power Services, Inc., Georgia Energy Company, and AGL Energy Wise Services, Inc.

the AGLC gas distribution system included approximately 27,381 miles of distribution mains and 26,078 miles of service lines. Since Georgia's 1997 gas deregulation legislation, AGLC stopped selling natural gas but continues to provide intrastate delivery service through its existing pipeline system to end-use customers in Georgia. AGLC reported total assets of \$1.677 billion, total operating revenues of \$466 million and net income of \$62 million. As of September 30, 1999, AGL Resources reported consolidated total assets of \$1.969 billion of which \$1.517 billion consisted of net utility plant assets.

AGLC owns all of the outstanding stock of Chattanooga, a natural gas retail and distribution company in Tennessee. Chattanooga provides gas distribution services to the areas around Chattanooga and Cleveland, Tennessee. As of September 30, 1999, Chattanooga had total assets of \$121 million, total operating revenues of \$67 million and net income of \$4 million.

VNG, a natural gas retail and distribution company, provides services to Norfolk, Newport News, Virginia Beach, Chesapeake, Hampton and Williamsburg, Virginia. VNG has approximately 155 miles of gas transmission pipeline, and two propane air peak shaving plants in Virginia, 4,110 miles of distribution main pipeline and approximately 231,000 services lines and meter sets. For the fiscal year ending December 31, 1999, VNG reported operating revenues of \$203 million, net income of \$7 million and assets totaling \$456 million.

AGL Resources will purchase VNG with cash. The purchase price will be funded from cash on hand and from short-term acquisition "bridge" financing. Applicants expect that the "bridge" financing will be financed with longer-term debt or preferred securities in the future. AGL Resources expects that funding the Acquisition in this manner will allow it to retain its investment grade status without an equity offering.

The Acquisition will be accounted for under the purchase method of accounting. The excess of the purchase price and assumed liabilities over the value of VNG's assets will be recorded on the books of VNG as goodwill. The Applicants seek reauthorization to engage in various financing activities of the AGL System for a period of three years from the date of the Commission's order authorizing these transactions ("Authorization Period"). As described more fully below, the Applicants seek authorization to: (1) Issue and sell through the Authorization Period up to \$5 billion of securities at any time

outstanding and to issue guarantees and other forms of credit support in an aggregate amount of \$500 million at any time outstanding; (2) enter into hedging transactions, including anticipatory hedges, with respect to its indebtedness in order to manage and minimize interest rate costs and to lock-in current interest rates; (3) establish a money pool for the purpose of financing the short-term capital requirements of all the utility subsidiaries and nonutility subsidiaries collectively (the "Subsidiaries"); (4) change the terms of any wholly-owned Subsidiary's authorized capital stock capitalization; (5) issue the payment of dividends out of capital or unearned surplus by VNG; (6) acquire the equity securities of one or more special purpose subsidiaries ("Financing Subsidiaries") organized solely to facilitate a financing transaction and to guarantee the securities issued by the Financing Subsidiaries; (7) approve the form of agreement for the allocation of consolidated tax among AGL Resources and the Subsidiaries; (8) issue up to 22 million shares of common stock under dividend reinvestment and stock-based management incentive and employee benefit plans; and (9) issue and sell short-term debt.

I. General Terms and Conditions of Financing

Financings by AGL Resources would be subject to the following limitations: (1) All long-term debt issued to unaffiliated parties will be rated investment grade, or will meet the qualifications for being rated investment grade, by a nationally recognized statistical rating organization; (2) AGL Resources will maintain a consolidated common stock equity as a percentage of total capitalization of at least 30%; (3) the cost of money on debt financings will not exceed 300 basis points over the comparable term U.S. Treasury securities, or, for short-term debt borrowings, 300 basis points over the comparable term London Interbank Offered Rate ("LIBOR"); (4) the maturity of debt will not exceed 50 years; (5) the dividend rate on preferred stock or other types of preferred or equity-linked securities will not exceed at the time of issuance 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term equal to the term of these securities; (6) the underwriting fees, commissions and other remuneration paid in connection with the non-competitive issue, sale or distribution of a security will not exceed an amount or percentage of the principal or total amount of the security being issued that would be charged to

or paid by other companies with a similar credit rating and credit profile in a comparable arms-length credit or financing transaction with an unaffiliated person; and (7) AGL Resources' "aggregate investment" in exempt wholesale generators ("EWGs") and foreign utility companies ("FUCOs") as defined in Rule 53 under the Act, will not exceed 50% of the consolidated retained earnings of AGL Resources and its Subsidiaries.

The proceeds from all of the financings will be used for general corporate purposes, including refinancing the Acquisition-related debt, financing, in part, investments by and capital expenditures of AGL Resources and its Subsidiaries, funding future investments in EWGs, FUCOs and Rule 58 Subsidiaries, repaying, redeeming, refunding or purchasing any securities issued by AGL Resources or any Subsidiary, and financing the working capital requirements of AGL Resources and its Subsidiaries.

II. AGL Resources External Financing

AGL Resources requests authorization to issue long-term equity and debt securities aggregating not more than \$5 billion at any one time outstanding during the Authorization Period. The Securities could include, but would not be limited to, common stock, preferred stock, options, warrants, long- and short-term debt (including commercial paper), convertible securities, subordinated debt, bank borrowings and securities with call or put options. AGL Resources also requests authorization to issue guarantees and enter into interest rate swaps and hedges.

A. Common Stock

AGL Resources requests authorization to issue and sell common stock or, if under employee benefit plans, issue options exercisable for common stock and common stock upon the exercise of options. AGL Resources requests authorization for common stock financings as part of underwriting agreements of a type generally standard in the industry. Public distribution may be made by private negotiation with underwriters, dealers or agents as discussed below or through competitive bidding among underwriters. In addition, sales may be made through private placements or other non-public offerings to one or more persons.

B. Preferred Stock

AGL Resources requests authorization to issue preferred stock from time to time during the Authorization Period. Preferred stock or other types of

preferred or equity-linked securities may be issued in one or more series with these rights, preferences, and priorities as may be designated in the instrument creating each series, as determined by AGL Resources' board of directors. All of these securities would be redeemed no later than 50 years after the issuance. The dividend rate on any series of preferred stock or other preferred securities will not exceed at the time of issuance 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term equal to the term of these securities. Dividends or distributions on preferred stock or other preferred securities will be made periodically and to the extent funds are legally available for this purpose, but may be made subject to terms that allow the issuer to defer dividend payments for specified periods. Preferred stock or other preferred securities might be convertible or exchangeable into shares of common stock.

C. Long-Term Debt

AGL Resources requests authorization to issue long-term debt. Any long-term debt security would have the maturity, interest rate(s) or methods of determining the same, terms of payment of interest, redemption provisions, and sinking fund terms and other terms and conditions as AGL Resources may determine at the time of issuance.

D. Short-Term Debt

AGL Resource requests authorization to issue short-term debt including, but not limited to, institutional borrowings, commercial paper and bid notes. Proceeds of any short-term debt insurance may be used to refund pre-Acquisition short-term debt and Acquisition-related debt, and to provide financing for general corporate purposes, working capital requirements and Subsidiary capital expenditures until long-term financing can be obtained.

AGL Resources currently has the following short-term debt facilities in place, which may remain in place following the Acquisition: (1) Uncommitted bank lines of credit in the current amount of \$50 million; (2) committed lines of bank credit for \$125 million with various banks; and (3) AGL Resources is currently negotiating additional bank commitments of approximately \$115 million. These amounts are included within the overall authorization amount requested.

AGL Resources requests authorization to sell commercial paper, from time to time, in established domestic or European commercial paper markets.

This commercial paper would be sold to dealers at the discount rate or the coupon rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally.

AGL Resources also proposes to establish bank lines of credit directly or indirectly through one or more financing subsidiaries. Loans under these lines would have maturities of less than one year from the date of each borrowing. AGL Resources also requests authority to engage in other types of short-term financing generally available to borrowers with comparable credit ratings as it may deem appropriate in light of its needs and market conditions at the time of issuance.

E. Hedging Transactions and Interest Rate Risk Management

1. *Interest Rate Hedges:* AGL Resources requests authority to enter into, perform, purchase and sell financial instruments intended to manage the volatility of interest rates, including but not limited to interest rate swaps, caps, floors, collars and forward agreements or any other similar agreements. AGL Resources would employ interest rate swaps as a means of prudently managing the risk associated with any of its outstanding debt issued under the authority requested in this application or an applicable exemption by, in effect, synthetically (1) converting variable rate debt to fixed rate debt, (2) converting fixed rate debt to variable rate debt, and (3) limiting the impact of changes in interest rates resulting from variable rate debt. In no case would the notional principal amount of any interest rate swap exceed that of the underlying debt instrument and related interest rate exposure. The underlying interest rate indices of these interest rate swaps would closely correspond to the underlying interest rates indices of AGL Resources' debt to which the interest rate swap relates. AGL Resources would only enter into interest rate swap agreements with counter parties whose senior debt ratings are investment grade as determined by Standard & Poor's, Moody's Investors Service, Inc. or Fitch IBCA, Inc. ("Approved Counterparties").

2. *Anticipatory Hedges:* AGL Resources also requests authorization 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 Approved Counterparties, and would be used to fix and/or limit the interest rate risk

associated with any new issuance through (1) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury obligations and/or a forward swap (each a "Forward Sale"), (2) the purchase of put options on U.S. Treasury obligations (a "Put Options Purchase"), (3) a Put Options Purchase in combination with the sale of call options on U.S. Treasury obligations (a "Zero Cost Collar"), (4) transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations, or (5) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to structured notes, caps, and collars, appropriate for the Anticipatory Hedges.

Anticipatory Hedges might be executed on-exchange ("On-Exchange Trades") with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade, the opening of over-the-counter positions with one or more counter parties ("Off-Exchange Trades"), or a combination of On-Exchange Trade and Off-Exchange Trades. AGL Resources will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution.

AGL Resources states that it will comply with standards relating to accounting for derivative transactions as are adopted and implemented by the Financial Accounting Standards Board ("FASB"). In addition, these financial instruments will qualify for hedge accounting treatment under FASB rules.

F. Guarantees

AGL Resources requests authorization to enter into guarantees, obtain letters of credit, enter into expense agreements or otherwise provide credit support ("Guarantees") with respect to the obligations of its Subsidiaries as may be appropriate or necessary to enable its Subsidiaries to carry on in the ordinary course of their respective businesses in an aggregate principal amount not to exceed \$500 million outstanding at any one time (not taking into account obligations exempt under Rule 45). Included in this amount are Guarantees entered into by AGL Resources that were previously issued in favor of its Subsidiaries. The limit on Guarantees is separate from the limit on AGL Resources' external financing. Currently, AGL Resources guarantees AGLC with respect to the obligations of SouthStar, AGL Resources' affiliated marketer. This intra-system Guarantee is expected to remain in place following the Acquisition.

G. Money Pool

AGL Resources and the Subsidiaries request authorization to establish the AGL System money pool ("Money Pool"). AGLC and Chattanooga Gas also request authorization to make unsecured short-term borrowings from the Money Pool, to contribute surplus funds to the Money Pool, and to lend and extend credit to (and acquire promissory notes from) one another through the Money Pool. AGL Resources requests authorization to contribute surplus funds and to lend and extend credit to the Money Pool.

Applicants believe that the cost of the proposed borrowings through the Money Pool will generally be more favorable to the Subsidiaries than the comparable cost of external short-term borrowings, and the yield to the Subsidiaries contributing available funds to the Money Pool will generally be higher than the typical yield on short-term investments.

Applicants propose that the Money Pool would make short-term funds available for short-term loans to the Subsidiaries from time to time from the following sources: (1) surplus funds in the treasuries of the Subsidiaries; (2) surplus funds in the treasury of AGL Resources and (3) proceeds from bank borrowings by Money Pool participants or the sale of commercial paper by AGL Resources or the Subsidiaries for loan to the Money Pool. Funds would be made available from these sources in the order as AGL Services, as administrator of the Money Pool, may determine would result in a lower cost of borrowing, consistent with the individual borrowing needs and financial standing of the companies providing funds to the pool.

Money Pool loans and borrowings would require authorization by the borrower's chief financial officer or treasurer, or by a designee. No party would be required to effect a borrowing through the Money Pool if it is determined that it could (and had authority to) effect a borrowing at lower cost directly from banks or through the sale of its own commercial paper. No loans through the Money Pool would be made to, and AGL Resources would make no borrowings through the Utility Money Pool. No subsidiary that is an EWG, FUCO or Exempt Telecommunications Company ("ETC") under section 34 of the Act, would borrow from the Money Pool.

Applicants request that the Commission reserve jurisdiction over the participation in the Money Pool of any Subsidiary formed or acquired after the issuance of an order in this file until

Applicants have completed the record with respect to each company.

AGL Services would administer the operation of the Money Pool on an "at cost" basis, including record keeping and coordination of loans.

H. Changes in Capital Stock

Applicants state that the portion of an individual Subsidiary's aggregate financing to be effected through the sale of stock to AGL Resources or other immediate parent company during the Authorization Period under Rule 52 and/or an order issued in this file is unknown at this time. Applicants request authority to change the terms of any wholly owned Subsidiary's authorized capital stock capitalization by an amount deemed appropriate by AGL Resources or other intermediate parent company.

The requested authorization is limited to AGL Resources' wholly owned Subsidiaries and would not affect the aggregate limits or other conditions contained in the application. A Subsidiary would be able to change the par value, or change between par value and no-par stock, without additional Commission approval. This action by a Utility Subsidiary would be subject to and would only be taken upon the receipt of any necessary approvals by the state commission in the state or states where the utility subsidiary is incorporated and doing business. In addition, each of the utility subsidiaries would maintain, during the Authorization Period, a common equity capitalization of at least 30%.

I. Payment of Dividends

As a result of the application of the purchase method of accounting to the Acquisition, the current retained earnings of VNG will be eliminated. In addition, the Acquisition will give rise to a substantial level of goodwill, the difference between the aggregate values allocated to all identifiable tangible and intangible (non-goodwill) assets on the one hand, and the total consideration to be paid for VNG and the fair value of the liabilities assumed, on the other. VNG requests authorization to pay dividends out of additional paid-in-capital up to the amount of its retained earnings immediately prior to the Acquisition and out of earnings before the amortization of goodwill.

J. Financing Entities

AGL Resources and the Subsidiaries seek authorization to organize new corporations, trusts, partnerships or other entities that will facilitate financings by issuing income preferred securities or other securities to third

parties. To the extent not exempt under Rule 52, the financing entities also request authorization to issue these securities to third parties. In connection with this method of financing, AGL Resources and the Subsidiaries request authority to: (1) Issue debentures or other evidences of indebtedness to a financing entity in return for the proceeds of the financing; (2) acquire voting interests or equity securities issued by the financing entity to establish ownership of the financing entity (the equity portion of the entity generally being created through a capital contribution or the purchase of equity securities, ranging from one to three percent of the capitalization of the financing entity); and (3) guarantee a financing entity's obligations in connection with a financing transaction. AGL Resources and the Subsidiaries also request authorization to enter into expense agreements with financing entities to pay their expenses. Any amounts issued by a financing entity to a third party under this authorization would be included in the overall external financing limitation authorized for the immediate parent of the financing entity. The underlying intra-system mirror debt and parent guarantee would not be included.

K. Tax Allocation Agreement

Applicants request Commission approval of the agreement between AGL Resources and its Subsidiaries to file a consolidated tax return ("Tax Allocation Agreement"). The Tax Allocation Agreement provides for the retention by AGL Resources of certain payments for tax losses that it has incurred, rather than the allocation of these losses to the Subsidiaries without payment as would otherwise be required by Rule 45(c)(5). AGL Resources is seeking to retain the benefit of tax losses that have been generated by it in connection with Acquisition-related debt only. As a result of the Acquisition, AGL Resources will be creating tax benefits from the interest expense on Acquisition-related debt that is non-recourse to the Subsidiaries and unrelated to the financing of subsidiary operations.

L. Subsidiary Financings

AGLC and Chattanooga request authorization to issue short-term debt securities with maturities of less than one year. VNG currently has no public securities outstanding and all debts to companies in the Dominion Resources holding company system of utility and nonutility subsidiary companies will be repaid prior to or upon the Acquisition. VNG will rely on financings under rule

52(a) after the Acquisition. The Nonutility Subsidiaries will finance their capital needs through the issuance of securities under Rule 52(b).

M. Intra-System Service Transactions

1. *AGL Services:* AGL Resources requests authorization to form a service company, AGL Services, to provide a variety of services to the companies in the AGL System. AGL Services would offer system-wide coordination and strategy services, oversight services and other services where economies can be captured by centralization of services. Applicants anticipate that the following services would be offered by AGL Services to system companies: corporate compliance, internal auditing, strategic planning, public affairs, gas supply and capacity management (regulated subsidiaries), legal services, marketing and sales, financial services, information system services, executive, investor relations, customer services, purchasing, risk management, telecommunications, employee services, engineering and technical services.

2. *Other Services:* The Utility Subsidiaries will need authorization to provide services to affiliated and unaffiliated gas marketing companies and charge fees under approved tariffs that may not be "at cost."

N. Nonutility Reorganizations

1. *Intermediate Subsidiaries:* AGL Resources requests authorization to acquire, directly or indirectly, through purchase of capital shares, partnership interests, member interests in limited liability companies, trust certificates or other forms of equity interests, the equity securities of one or more intermediate subsidiaries ("Intermediate Subsidiaries") organized exclusively for the purpose of acquiring, financing, and holding the securities of one or more existing or future nonutility subsidiaries. Intermediate Subsidiaries may also provide management, administrative, project development, and operating services to these entities. These subsidiaries would engage only in businesses to the extent the AGL System is authorized, whether by statute, rule, regulation or order, to engage in those businesses. AGL Resources does not seek authorization to acquire an interest in any nonassociate company as part of the authority requested in this application and states that the reorganization will not result in the entry by the AGL System into a new, unauthorized line of business.

The Intermediate Subsidiaries would be organized for the purpose of acquiring, holding and/or financing the acquisition of the securities of or other

interest in one or more EWGs, FUCOs, Rule 58 Subsidiaries, ETCs or other non-exempt nonutility subsidiaries. Intermediate Subsidiaries may also engage in development activities ("Development Activities") and administrative activities ("Administrative Activities") relating to the permitted businesses of the nonutility subsidiaries.

Intermediate Subsidiaries request authority to expend up to \$300 million during the Authorization Period on all Development Activities. Administrative Activities will include ongoing personnel, accounting, engineering, legal, financial, and other support activities necessary to manage AGL Resources' investments in Nonutility Subsidiaries.

An Intermediate Subsidiary may be organized to facilitate the making of bids or proposals to develop or acquire an interest in any EWG, FUCO, Rule 58 Subsidiary, ETC or other non-exempt nonutility subsidiary; to facilitate closing on the purchase or financing of an acquired company after the award of a bid proposal; to effect an adjustment in the respective ownership interests in the business held by AGL Resources and non affiliated investors; to facilitate the sale of ownership interests in one or more acquired nonutility companies; to comply with applicable laws of foreign jurisdictions limiting or otherwise relating to the ownership of domestic companies by foreign nationals; as a part of tax planning in order to limit AGL Resources' exposure to U.S. and foreign taxes; as a means to further insulate AGL Resources and the Utility Subsidiaries from operational or other business risks that may be associated with investments in nonutility companies or for other lawful business purposes.

2. *Intermediate Holding Company Guarantees:* To the extent that AGL Resources provides funds or guarantees directly or indirectly to an Intermediate Subsidiary that are used for the purpose of making an investment in any EWG or FUCO or a rule 58 Subsidiary, the amount of these funds or guarantees will be included in AGL Resources' "aggregate investment" in those entities, as calculated in accordance with Rule 53 or Rule 58, as applicable.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24603; File No. 812-12118]

The Equitable Life Assurance Society of the United States, et al.

August 21, 2000.

AGENCY: The Securities and Exchange Commission ("Commission").

ACTION: Notice of application for an order pursuant to section 26(b) of the Investment Company Act of 1940 ("1940 Act") approving certain substitutions of securities, and pursuant to Section 17(b) of the 1940 Act exempting related transaction from section 17(a) of the 1940 Act.

Summary of Application: Applicants request an order to permit certain registered unit investment trusts to substitute securities issued by the EQ Advisors Trust's ("EQ Trust") Alliance Equity Index Portfolio ("Alliance Portfolio") for securities issued by the EQ Trust's BT Equity 500 Index Portfolio ("BT Portfolio"), currently held by those unit investment trusts, and to permit certain in-kind redemptions of portfolio securities in connection with the substitution ("In-Kind Transaction") and the consolidation of certain subaccounts by certain of those unit investment trust following the substitution.

Applicants: The Equitable Life Assurance Society of the United States ("Equitable"), Separate Account No. 301 of Equitable ("SA 301"), Separate Account No. 45 of Equitable ("SA 45"), Separate Account No. 49 of Equitable ("SA 49"), and Separate Account FP of Equitable ("SA FP," and together with SA 301, SA 45, and SA 49, the "Equitable Accounts").

Filing Date: The application was filed on May 25, 2000. Applicants represent that they will file an amended application during the notice period to conform to the representations set forth herein.

Hearing Or Notification Of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on September 15, 2000, and should be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and