

## POSTAL SERVICE BOARD OF GOVERNORS

### Sunshine Act Meeting; Notification of Item Added to Meeting Agenda and Vote To Close Audit and Finance Committee Meeting

*Date of Meeting:* May 6, 2002.

*Status:* Closed.

*Previous Announcement:* 67 FR 20194, April 24, 2002.

*Additions:* Outside Audit Contract and Vote to Close Audit and Finance Committee Meeting.

At its meeting on May 6, 2002, the Board of Governors of the United States Postal Service voted unanimously to add consideration of an outside audit contract to the agenda of its closed meeting.

In addition, by telephone vote on May 2, a majority of the members contacted and voting, the Board voted to close to public observation the Audit and Finance Committee meeting scheduled for May 6, to consider resolution of an audit matter.

No earlier announcement of either of the above items was possible. The General Counsel of the United States Postal Service certified that in her opinion discussion of these items could be properly closed to public observation.

*Contact Person for More Information:* William T. Johnstone, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza, SW., Washington, DC 20260-1000.

**William T. Johnstone,**  
*Secretary.*

[FR Doc. 02-12601 Filed 5-15-02; 2:23 pm]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27528]

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

May 10, 2002.

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 June 4, 2002, 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 June 4, 2002, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

#### **Dominion Resources, Inc., et al. 70-9967)**

Dominion Resources, Inc. ("DRI"), a registered holding company; Consolidated Natural Gas Company ("CNG"), a registered holding company subsidiary of DRI, both at 120 Tredegar Street, Richmond, VA 23219, and the following subsidiaries of DRI: Dominion Energy, Inc.; Elwood Energy LLC; Dominion Reserves, Inc.; Dominion Ohio ES, Inc.; Dominion Resources Services, Inc.; Dominion Alliance Holding, Inc., all located at 120 Tredegar Street, Richmond, VA 23219; Elwood II Holdings, LLC; Elwood III Holdings, LLC, both located at 21100 Noel Road, Elwood, IL 60421; Kincaid Generation, LLC, Box 260, Kincaid, IL 62540; DT Services, Inc.; Dominion Metering Services, Inc., both at 701 East Cary Street, Richmond, VA 23219; CNG International Corporation; Dominion Greenbrier, Inc.; and Dominion Natural Gas Storage, Inc. all located at 120 Tredegar Street, Richmond, Virginia 23219; CNG Power Services Corporation; Dominion Products and Services, Inc.; Dominion Retail, Inc.; The Peoples Natural Gas Company; Dominion Tower, all located at 625 Liberty Avenue, Pittsburgh, PA 15222; Dominion Exploration & Production, Inc.; CNG Pipeline Company; CNG Main Pass Gas Gathering Corporation; CNG Oil Gathering Corporation; Dominion Oklahoma Texas Exploration & Production, Inc., all located at Four Greenspoint Plaza, 16945 Northchase Drive, Houston, TX 77060; Dominion Transmission, Inc.; Dominion Iroquois, Inc.; Dominion Field Services, Inc., all located at 445 West Main Street, Clarksburg, WV 26301; Hope Gas, Inc., 347 West Main Street, Clarksburg, WV 26301; and The East Ohio Gas

Company, 1717 E. Ninth Street, Cleveland, OH 44114; (collectively "Subsidiaries") have filed an application-declaration under sections 6(a), 7, 9, 10, 12(b), and 12(f) of the Act, and rules 43, 45, and 54 under the Act ("Application").

DRI, CNG, and the Subsidiaries seek authority to form and operate through December 31, 2005 a DRI money pool ("DRI Money Pool"). The Subsidiaries consist of both DRI subsidiaries, which are not subsidiaries of CNG, and DRI subsidiaries that are subsidiaries of CNG that are currently participants in the CNG money pool ("CNG Money Pool").<sup>1</sup> Neither DRI nor CNG will borrow from the DRI Money Pool, but will be the ultimate provider of funds to the DRI Money Pool as needed. Virginia Electric Power Company, an electric utility subsidiary company of DRI is not one of the participating Subsidiaries in the DRI Money Pool. Additional subsidiaries of DRI may become participants in the DRI Money Pool.<sup>2</sup>

The purpose of the DRI Money Pool will be to provide the Subsidiaries with internal and external funds and to invest surplus funds of DRI and the Subsidiaries in short-term money market instruments. The DRI Money Pool will offer the Subsidiaries lower short-term borrowing costs due to the elimination of banking fees, a mechanism to earn a higher return on interest from surplus funds that are loaned to other Subsidiaries, and decreased reliance on external funding sources.

Participants will invest their surplus funds in the DRI Money Pool, and the Subsidiaries will borrow funds from the DRI Money Pool, provided that, (A) with respect to each of the CNG utility companies (East Ohio Gas Company, Hope Gas, Inc., and The Peoples Natural Gas Company) outstanding borrowings from the DRI Money Pool shall not exceed \$750 million at any one time and (B) Exempt wholesale generators ("EWGs"), foreign utility companies ("FUCOs"), and exempt telecommunications companies ("ETCs") are excluded as borrowers. DRI will obtain the funds to invest in the DRI Money Pool: (A) From internally generated funds; (B) through the authorizations the Commission granted by order date December 15, 1999 (HCAR No. 27112) and May 24,

<sup>1</sup> The CNG Money Pool will be terminated after issuance of an order approving the DRI Money Pool by the Commission and approval for each CNG utility company to participate in the DRI Money Pool by each state utility regulatory commission having jurisdiction over the transaction.

<sup>2</sup> DRI requests that the Commission reserve jurisdiction over the addition of any new company.

2001 (HCAR No. 27406); and/or (C) any other current financing authorization or exemptions that may be available to DRI. Dominion Resources Services, Inc. will administer the Money Pool on an "at cost" basis.

The daily interest rate on loans from the DRI Money Pool and on all deposits of cash in the money pool will equal the effective weighted average rate of interest on DRI's outstanding commercial paper and/or revolving credit borrowings. If no DRI borrowings are outstanding on the date of any outstanding loan, then the interest rate will be the Federal Funds' effective rate of interest as quoted daily by the Federal Reserve Bank of New York. The rate to be used for weekends and holidays will be the rate on the prior business day.

Each participant receiving a loan through the DRI Money Pool would be required to repay the principal amount of the loan, together with all interest accrued thereon, on demand. Interest on outstanding loans would be paid to the DRI Money Pool monthly. All loans made through the DRI Money Pool can be repaid by the borrower without premium or penalty.

Funds not required by the DRI Money Pool to make loans (with the exception of funds required to satisfy the DRI Money Pool's liquidity needs) would ordinarily be invested in one or more short-term investments including: (A) Obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities; (B) commercial paper; (C) certificates of deposits; (D) bankers' acceptances; (E) repurchase agreements; (F) tax exempt notes; and (G) other investments that are permitted by section 9(c)(3) of the Act and rule 40. The interest income and investment income earned on loans and investments of surplus funds would be allocated among the participants in the DRI Money Pool in accordance with the proportion each participant's contribution of funds bears to the total amount of funds in the DRI Money Pool.

All terms and conditions governing the operations of, and the participation by DRI, CNG and the Subsidiaries in, the DRI Money Pool will be contained in a written agreement.

#### **C&T Enterprises, Inc. et al. (70-10023)**

C&T Enterprises, Inc. ("C&T"), 1775 Industrial Boulevard, Lewisburg, PA 17837, a Pennsylvania corporation and a public-utility holding company exempt from registration under section 3(a)(1) of the Act by order of the Commission, Claverack Rural Electric Cooperative, Inc. ("Claverack"), RR 2, Box 17, Wysox, PA 18854, a

Pennsylvania rural electric cooperative and a holding company exempt from registration under section 3(a)(1) of the Act by order of the Commission, Tri-County Rural Electric Cooperative, Inc. ("Tri-County"), a Pennsylvania rural electric cooperative and a holding company exempt from registration under section 3(a)(1) of the Act by order of the Commission, and Wilderness Area Utilities, Inc. ("Wilderness"), a Pennsylvania corporation and a public-utility holding company exempt from registration under section 3(a)(1) of the Act by order of the Commission,<sup>3</sup> both of 22 North Main Street, Mansfield, PA 16933 (collectively, "Applicants"), have filed with this Commission an application under sections 3(a)(1), 3(a)(2), 9(a)(2) and 10 under the Act.

Tri-County and Claverack each own 50% of the issued shares of C&T. Generally, the Applicants request: (1) Authority for C&T to directly and Tri-County and Claverack to indirectly acquire all of the common stock of Valley Energy, Inc. ("Valley"), a newly formed Pennsylvania public-utility company; (2) an order granting Tri-County, Claverack, Wilderness and C&T an exemption from registration under section 3(a)(1) of the Act from all provisions of the Act, except section 9(a)(2); and (3) in the alternative to section 3(a)(1) exemptions, Tri-County and Claverack request exemptions from registration under section 3(a)(2) from all provisions of the Act except section 9(a)(2).

Tri-County is engaged in the distribution of electricity to approximately 17,000 customers throughout a 4,484 square mile service area in seven counties in north-central Pennsylvania. Tri-County also serves a small percentage of customers in bordering counties of New York. Tri-County is not subject to utility regulation by any state or federal agency and is specifically exempted from any regulation by the Pennsylvania Public Utilities Commission ("PA PUC") under the Pennsylvania Electric Cooperative Corporation Act. For the fiscal year ended December 31, 2000, Tri-County's operating revenues and net income were approximately \$16 million and \$552,000, respectively. At December 31, 2000, the assets of Tri-County were approximately \$32 million in identifiable electric utility property, plant and equipment and approximately \$10 million in other corporate assets.

<sup>3</sup> The Commission granted each Tri-County, Claverack and C&T exemptions in HCAR No. 26973 (Feb. 5, 1999). The Commission granted Wilderness an exemption in a prior order. (HCAR No. 26167 (Nov. 22, 1994)).

Tri-County has one wholly-owned subsidiary, Wilderness, which is a Pennsylvania public-utility holding company exempt from all provisions of the Act, except section 9(a)(2), under section 3(a)(1) of the Act.<sup>4</sup> Wilderness has one wholly-owned operating subsidiary, Wellsboro Electric Company ("Wellsboro"), a Pennsylvania investor-owned public-utility company. Wellsboro is engaged in the distribution of electricity to approximately 5,500 customers in an approximately 266 square mile area in north-central Pennsylvania. Wellsboro is subject to regulation by the PA PUC. For the fiscal year ended December 31, 2000, Wilderness' operating revenues, net income and total assets were \$149,147, \$182,195, and \$12,938,323, respectively. For the fiscal year ended December 31, 2000, Wellsboro's operating revenues and net income were approximately \$6.1 million and \$391,000, respectively. As of December 31, 2000, Wellsboro's assets were approximately \$6 million consisting of approximately \$4.5 million in identifiable electric utility property, plant and equipment and approximately \$1.5 million in other corporate assets.

Claverack is engaged in the distribution of electricity to approximately 17,000 customers throughout a service territory of approximately 1,820 square miles in an eight county region in north-central and north-eastern Pennsylvania. Claverack also serves a small percentage of customers in bordering counties in New York. Claverack wholly-owns one nonutility subsidiary, Susquehanna Energy Plus, Inc., doing business as Tioga Energy. Tioga Energy also jointly owns Tioga Propane with Wellsboro. Like Tri-County, Claverack is not subject to utility regulation by any state or federal agency and is specifically exempted from any regulation by the PA PUC under the Pennsylvania Electric Cooperative Corporation Act. For the fiscal year ended December 31, 2000, Claverack's operating electric revenues and net income were approximately \$18 million and \$300,000, respectively. At December 31, 2000, Claverack's assets were approximately \$48 million consisting of approximately \$40 million in identifiable electric utility property, plant and equipment and approximately \$8 million in other corporate assets.

C&T is a Pennsylvania corporation formed for the purpose of acquiring and holding the common stock of Citizens' Electric Company ("Citizens"). Tri-County and Claverack each own 50% of the issued shares of C&T, 1,000 shares each of common stock. C&T's sole

<sup>4</sup> HCAR No. 26167 (Nov. 22, 1994).

current asset is the stock of Citizens and upon consummation of the acquisition discussed below, the stock of Valley. C&T will not have any other subsidiaries. For the fiscal year ended December 31, 2000, C&T's operating revenues, net income and total assets were approximately \$253,312, \$110,586, and \$13,282,139, respectively.

Citizens, a Pennsylvania public-utility company, is principally engaged in the distribution of electricity to approximately 6,300 customers in an approximately 55 square mile service territory in parts of two counties in central Pennsylvania. Citizens is subject to regulation as a public-utility company as to retail electric rates and other matters by the PA PUC. For the fiscal year ended December 31, 2000, Citizens' operating revenues and net income were approximately \$9.3 million and \$191,000, respectively. Assets of Citizens were approximately \$8.4 million consisting of approximately \$5.2 million in identifiable electric utility property, plant and equipment and approximately \$3.2 million in other corporate assets.

On October 4, 2000, C&T entered into an agreement to purchase the Pennsylvania and New York natural gas assets of NUI Utilities, Inc ("NUI") ("Asset Sale Agreement"). The Asset Sale Agreement provides that C&T shall purchase substantially all of the natural gas assets of NUI located in Pennsylvania and New York ("Acquisition"). Upon consummation of the Acquisition, C&T will transfer its ownership interest in the NUI assets to Valley. Upon the transfer of the assets to Valley, Valley will issue 1000 shares of common stock, all of which will be held by C&T ("Stock Acquisition"). The shareholders of C&T and NUI have approved the Stock Acquisition at their respective shareholder meetings.

Valley will be a public-utility company as defined in section 2(a)(5) of the Act. Valley will be engaged in the business of selling and distributing natural gas in parts of one county in north-central Pennsylvania and in portions of two counties in south-central New York. Valley will serve approximately 6,300 retail customers in a 104 square mile territory lying substantially within the Commonwealth of Pennsylvania with the remaining portion in the state of New York. Approximately 5,000 of Valley's customers will be located in Pennsylvania with the remaining 1,300 customers located in New York. Valley will be an investor-owned public-utility subject to regulation by the PA PUC and the New York Public Service Commission.

Each of C&T, Wilderness, Tri-County and Claverack requests an order under section 3(a)(1) exempting it from all provisions of the Act except 9(a)(2) following consummation of the Stock Acquisition. Each states that it will remain predominantly intrastate in character and carry on its business substantially in Pennsylvania, the state in which each company and every material public-utility company subsidiary are organized. In the alternative, Tri-County and Claverack, request an order under section 3(a)(2), exempting it from all provisions of the Act except 9(a)(2).

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-12334 Filed 5-16-02; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45909; File No. SR-CBOE-2002-16]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to the Removal of the Restriction on Floor Brokers From Trading in the Same Crowds as Affiliated Designated Primary Market-Makers

May 10, 2002.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 18, 2002, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The CBOE proposes to delete existing CBOE Rule 8.91(d) that prohibits a member affiliated with a Designated Primary Market-Maker ("DPM") from acting as a floor broker in any trading crowd in which that DPM is the appointed DPM. The text of the proposed rule change is available at the

Office of the Secretary, CBOE 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 Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. 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

In 1998, CBOE filed a proposed rule change to update and reorganize its rules relating to the Exchange's DPM program.<sup>3</sup> As part of that filing, CBOE adopted CBOE Rule 8.91, which limits the dealings between DPMs and its affiliates.<sup>4</sup> CBOE Rules 8.91(a) through (c) describe the specific activities that are prohibited between a DPM and its affiliates and CBOE Rule 8.91(e) allows for exemptions to these restrictions if the related members can establish appropriate procedures to restrict the flow of material non-public and market information between the DPM and its affiliates.

The Commission approved CBOE Rule 8.91(d) in connection with the Exchange's DPM program.<sup>5</sup> CBOE Rule 8.91(d) provides, in pertinent part, that no member affiliated with a DPM may act as a floor broker in any trading crowd in which the DPM acts as a DPM. Although many other exchanges have rules similar to CBOE Rule 8.91 (a) through (c) and 8.91(e),<sup>6</sup> no other exchange's rules specifically prohibit a floor broker from trading in the same crowd of its affiliated specialist or lead market maker. The CBOE has concluded that the continued imposition of such a limitation on CBOE members can, and has, created a barrier to competition.

CBOE Rule 8.91(d) was added to the revised DPM rules for a very narrow

<sup>3</sup> See Securities Exchange Act Release No. 43004 (June 30, 2000), 65 FR 43060 (July 12, 2000) (SR-CBOE-98-54).

<sup>4</sup> In addition, CBOE revised and restated CBOE Rule 8.81 as 8.91. See *supra* note 3.

<sup>5</sup> See *supra* note 3.

<sup>6</sup> See e.g., American Stock Exchange Rule 193; New York Stock Exchange Rule 98; and Pacific Exchange Rule 6.83.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.