companies from the provisions of section 17(a) of the Act provided, among other requirements, that the board of directors of each affiliated investment company determines that the transaction is in the best interests of the company and the interests of the existing shareholders will not be diluted as a result of the transaction. Applicants state that the relief provided by rule 17a–8 is unavailable for the Exchange and Redemption because the transaction does not involve substantially all of the assets of TFIT.

4. Section 17(b) provides that the Commission shall exempt a transaction from section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching, the proposed transaction is consistent with the policy of each registered investment company concerned, and the proposed transaction is consistent with the general purposes of the Act. Applicants request relief under section 17(b) to allow the Exchange and Redemption.

5. Applicants state that the board of trustees of TFIT and the board of trustees of the Jones Fund have approved the Exchange and Redemption in the manner required by rule 17a–8. In approving the Exchange and Redemption, the boards considered that (a) The Funds will not directly or indirectly bear any fees or expenses in connection with the proposed transactions; (b) the proposed transactions will not have any effect on the Funds' annual operating expenses, shareholder fees or services; (c) the proposed transactions will not result in a change to the investment objectives, restrictions and policies of the Funds; and (d) the proposed transactions will not result in direct or indirect federal income tax consequences to shareholders of the Funds. A majority of the trustees of TFIT and the Jones Fund are independent trustees and the independent trustees select and nominate other independent trustees. Persons who act as legal counsel to the independent trustees are independent legal counsel.

Applicants' Conditions

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

1. The Exchange and Redemption will be effected by the transfer of a pro rata portion of the assets of TFIT to the Jones Fund; provided, however, securities restricted on disposition, certificated securities, odd lots and fractional shares will be excluded from the pro rata transfer.

2. The Assets will be valued for purposes of the Exchange and Redemption using the amortized cost method so long as the board of trustees of each of TFIT and the Jones Fund makes the findings required in rule 2a–7(c)(1) under the Act.

3. No brokerage commission, fee (except for customary transfer fees), or other remuneration will be paid in connection with the Exchange and Redemption.

4. TFIT will maintain and preserve for a period of not less than six years from the end of the fiscal year in which the Exchange and Redemption occurs, the first two years in an easily accessible place, a written record of the transaction setting forth a description of each security transferred, the terms of the distribution, and the information or materials upon which the valuation was made.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 04–5055 Filed 3–5–04; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27805]

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

March 2, 2004.

Notice is hereby given that the following filings 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 March 29, 2004 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 March 29, 2004, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

WGL, Holdings (70–10167)

WGL, Holdings, Inc. (''WGL''), a registered public utility holding company, WGL's utility subsidiary, Washington Gas Light Company (''Washington Gas''), WGL's nonutility subsidiaries, Crab Run Gas Company (''Crab Run''), Hampshire Gas Company (''Hampshire''), Washington Gas Resources Corporation (''WGRC''), American Combustion Industries, Inc. (''ACI''), Brandywood Estates, Inc. (''Brandywood''), WG Maritime Plaza I, Inc. (''WG Maritime''), Washington Gas Energy Services, Inc. (''WGEServices''), Washington Gas Energy Systems, Inc. (''WGESystems''), Washington Gas Consumer Services, Inc. (''Consumer Services'') and Washington Gas Credit Corporation (''Credit Corp.''), all located at 101 Constitution Avenue, NW., Washington, DC 20080 (collectively ''Applicants''), have filed an application-declaration, as amended (''Application''), under sections 6(a), 7, 9(a), 10, 12(b), 12(c), 12(f), 13(b), 32, and 33 and rules 45(a), 45(c), 46, 53, and 54.

I. Background

WGL, through its subsidiaries, sells and delivers natural gas and provides a variety of energy-related products and services to customers in the metropolitan Washington, DC, Maryland, and Virginia areas. WGL's subsidiary, Washington Gas, is involved in the distribution and sale of natural gas that is predominantly regulated by State regulatory commissions. WGL, through its unregulated subsidiaries, offers energy-related products and services that are closely related to its core business. The majority of these energy-related activities are performed by wholly owned subsidiaries of Washington Gas Resources Corporation.

Washington Gas delivers and sells natural gas to customers in Washington, DC and adjoining areas in Maryland, Virginia and several cities and towns in the northern Shenandoah Valley of Virginia. Effective November 1, 2000, Washington Gas and its direct or indirect subsidiaries became subsidiaries of WGL, a holding company registered under the Act.

In addition to its regulated utility operations, WGL has three other wholly

owned subsidiaries: Crab Run, Hampshire, and WGRC. Crab Run is an exploration and production company whose assets are managed by an Oklahoma-based limited partnership. WGL's investment in this subsidiary and partnership is not material and management expects that future investments in Crab Run will be minimal. Hampshire is a regulated natural gas storage business that operates an underground storage field in the vicinity of Augusta, West Virginia. Hampshire serves Washington Gas under a tariff administered by the Federal Energy Regulatory Commission. WGRC owns the majority of the WGL's nonutility subsidiaries. WGRC's subsidiaries include ACI, Brandywood, WG Maritime, WGEServices, WGESystems, Consumer Services, and Credit Corp.

The term ''Nonutility Subsidiaries'' means each of the existing nonutility subsidiaries of WGL, and their respective subsidiaries, and any direct or indirect nonutility company acquired or formed by WGL or any Nonutility Subsidiary in the future in a transaction that has been approved by the Commission in this filing or in a transaction that is exempt under the Act. The term ''Subsidiaries'' means Washington Gas and the Nonutility Subsidiaries.

II. Current Request

Applicants request the following authorizations through March 31, 2007 (''Authorization Period''): (i) A program of external financing, (ii) intrasystem financing and credit support arrangements, and (iii) interest rate hedging measures.

III. Financing Parameters

A. General Terms and Conditions

Financing transactions with third parties will be subject to the following general terms and conditions, including, without limitation, securities issued for the purpose of refinancing or refunding outstanding securities of the issuer (''Financing Parameters'').

1. Effective Cost of Money

The effective cost of capital on long-term debt (''Long-Term Debt''), preferred stock (''Preferred Stock''), preferred securities (''Preferred Securities''), equity-linked securities (''Equity-Linked Securities''), and short-term debt (''Short-term Debt'') will not exceed competitive market rates available at the time of issuance for securities having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality; provided that in no event will the effective cost of capital (i) on any series of Long-term Debt exceed 500 basis points over a U.S. Treasury security having a remaining term equivalent to the term of the series, (ii) on any series of Preferred Stock, Preferred Securities or Equity-Linked Securities exceed 500 basis points over a U.S. Treasury security having a remaining term equal to the term of the series, and (iii) on Short-term Debt exceed 300 basis points over the London Interbank Offered Rate (''LIBOR'') for maturities of less than one year.

2. Maturity

The maturity of Long-term Debt will be between one and 50 years after the issuance thereof. Preferred Stock and Equity-Linked securities issued directly by WGL or a Financing Subsidiary may be perpetual in duration.

3. Issuance Expenses

The underwriting fees, commissions or other similar remuneration paid in connection with the non-competitive issue, sale or distribution of securities pursuant to this Application will not exceed the greater of (i) 5% of the principal or total amount of the securities being issued or (ii) issuance expenses that are generally paid at the time of the pricing for sales of the particular issuance, having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality.

4. Common Equity Ratio

At all times during the Authorization Period, WGL and Washington Gas will maintain common equity of at least 30% of its consolidated capitalization (common equity, Preferred Stock, Long-Term Debt and Short-Term Debt); provided that WGL will in any event be authorized to issue common stock (''Common Stock'') (including under stock-based plans maintained for shareholders, employees, and management) to the extent authorized in this filing.

5. Investment Grade Ratings

Applicants further represent that, except for securities issued for the purpose of funding money pool operations, no guarantees or other securities, other than Common Stock, may be issued in reliance upon the authorization granted by the Commission under this Application unless (i) the security to be issued, if rated, is rated investment grade; (ii) all outstanding securities of the issuer that are rated are rated investment grade; and (iii) all outstanding securities of the top level registered holding company that are rated are rated investment grade. For purposes of this provision, a security will be deemed to be rated ''investment grade'' if it is rated investment grade by at least one nationally recognized statistical rating organization, as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of rule 15c3–1 under the Securities Exchange Act of 1934, as amended. Applicants request that the Commission reserve jurisdiction over the issuance of any securities that are rated below investment grade. Applicants further request that the Commission reserve jurisdiction over the issuance of any guarantee or other securities at any time that the conditions set forth in clauses (i) through (iii) above are not satisfied.

IV. WGL External Financing

WGL proposes to issue and sell from time to time during the Authorization Period, Common Stock and Preferred Stock and, directly or indirectly through one or more financing subsidiaries (''Financing Subsidiaries'') (as described below), Long-Term Debt and other forms of Preferred Securities or Equity-Linked Securities in an aggregate amount not to exceed $300 million during the Authorization Period. In addition, WGL proposes to issue and reissue Short-Term Debt not to exceed $300 million principal amount outstanding at any time.

A. Common Stock

WGL proposes to issue and sell Common Stock through underwriting agreements of a type generally standard in the industry. Common Stock may be issued under private negotiation with underwriters, dealers or agents, as discussed below, or effected through competitive bidding among underwriters. In addition, sales may be made through private placements or other non-public offerings to one or more persons. All Common Stock sales will be at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets. Although the Company has no present plans to issue Common Stock, if, for example, WGL Holdings were to issue $70 million of Common Stock at the closing price on January 30, 2004 of $27.95, it would result in an issuance of approximately 2.5 million shares. WGL also proposes to issue stock options, performance shares, stock appreciation rights (''SARs''), warrants, or other stock purchase rights that are exercisable for Common Stock and to issue Common Stock upon the exercise of the options, SARs, warrants, or other stock purchase rights.

B. Long-Term Debt, Preferred Stock and Other Preferred or Equity-Linked Securities

WGL seeks authority to issue its authorized Preferred Stock or, directly or indirectly through one or more Financing Subsidiaries, to issue Long-Term Debt and other types of Equity-Linked Securities (including, specifically, trust preferred securities). Applicants state that the proceeds of Long-Term Debt, Preferred Stock, or other Equity-Linked Securities would enable WGL to reduce Short-Term Debt with more permanent capital and provide an important source of future financing for the operations of and investments in non-utility businesses that are exempt under the Act.

Preferred Stock or other types Equity-Linked Securities may be issued in one or more series with such rights, preferences, and priorities as may be designated in the instrument creating each series, as determined by WGL's board of directors. The dividend rate on any series of Preferred Stock 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 equivalent to the term of these securities. Dividends or distributions on Preferred Stock or Equity-Linked Securities will be made periodically and to the extent funds are legally available for this purpose, but may be made subject to terms which allow the issuer to defer dividend payments for specified periods. Preferred Stock or other Equity-Linked Securities may be convertible or exchangeable into shares of Common Stock.

Applicants state that Long-Term Debt of WGL will be in the form of unsecured notes (''Debentures'') issued in one or more series. The Debentures of any series (i) May be convertible into any other securities of WGL, (ii) will have a maturity ranging from one to 50 years, (iii) will bear interest at a rate not to exceed 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term approximately equal to the term of such series of Debentures, (iv) may be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above or discounts below the principal amount thereof, (v) may be entitled to mandatory or optional sinking fund provisions, (vi) may provide for reset of the coupon under a remarketing arrangement, and (vii) may be called from existing investors or put to the company, or both. The Debentures will be issued under an indenture (''Indenture'') to be entered into between WGL and a national bank, as trustee.[1]

C. Short-Term Debt

Applicants request authority for WGL to issue up to an aggregate principal amount of $300 million of Short-Term Debt during the Authorization Period. The effective cost of money on Short-Term Debt authorized in this Application will not exceed, at the time of issuance, 300 basis points over the London Interbank Offer Rate (''LIBOR'') for maturities of one year or less. Applicants state that to provide financing for general corporate purposes, other working capital requirements and investments in new enterprises until long-term financing can be obtained, WGL may sell commercial paper, from time to time, in established domestic or European commercial paper markets. Commercial paper would typically be sold to dealers at the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally.

WGL also proposes to establish bank lines of credit in an aggregate principal amount sufficient to support projected levels of Short-Term Debt and to provide an alternative source of liquidity. Loans under these lines will have maturities not more than one year from the date of each borrowing. WGL may also engage in other types of Short-Term Debt within the limitations of the Financing Parameters, 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 borrowing.

D. Financing by Washington Gas

Under rule 52(a), the long-term securities issued and sold by Washington Gas (including, specifically, Long-Term Debt and Preferred Stock) will be exempt from the pre-approval requirements of sections 6(a) and 7 of the Act because these securities will have been specifically approved by both the Virginia State Corporation Commission (''SCC–VA'') and the Public Service Commission of the District of Columbia (''PSC–DC''), the agencies with regulatory authority over Washington Gas in the two jurisdictions in which it is incorporated. The issuance by Washington Gas of commercial paper and other short-term indebtedness having a maturity of less than 12 months will not be exempt under rule 52(a) since it is not subject to approval by both the SCC–VA and the PSC–DC.

Washington Gas requests approval to issue and sell from time to time during the Authorization Period Short-Term Debt in an aggregate principal amount outstanding at any one time not to exceed $350 million (''Washington Gas Short-Term Debt Limit''). Short-Term Debt could include, without limitation, commercial paper sold in established domestic or European commercial paper markets in a manner similar to WGL, bank lines of credit and other debt securities. The effective cost of money on Washington Gas Short-Term Debt will not exceed at the time of issuance 300 basis points over LIBOR for maturities of one year or less.

E. Nonutility Subsidiary Financing

In order to be exempt under rule 52(b), any loan by WGL to a Nonutility Subsidiary or by one Nonutility Subsidiary to another must have interest rates and maturities that are designed to parallel the lending company's effective cost of capital. However, if a Nonutility Subsidiary making a borrowing is not wholly owned by WGL, directly or indirectly, and does not sell goods or services to Washington Gas, then the Applicants request authority to make loans to any associate company at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital. Applicants state that, if WGL or a Nonutility Subsidiary were required to charge only its effective cost of capital on a loan to a less than wholly owned associate company when market rates were greater, the other owner(s) of associate company would in effect receive a subsidy from WGL or other lending Nonutility Subsidiary equal to the difference between the cost of providing the loan at its effective cost of capital and the other owner(s') proportionate share of the price at which it would have to obtain a similar loan on the open market.[2]

[1] WGL contemplates that the Debentures would be issued and sold directly to one or more purchasers in privately-negotiated transactions or to one or more investment banking or underwriting firms or other entities that would resell the Debentures without registration under the 1933 Act in reliance upon one or more applicable exemptions from registration thereunder, or to the public either (i) through underwriters selected by negotiation or competitive bidding or (ii) through selling agents acting either as agent or as principal for resale to the public either directly or through dealers.

[2] WGL states that it will include in the next certificate filed under rule 24 in this filing substantially the same information as that required on Form U–6B–2 with respect to any intrasystem loan transaction.

V. Guarantees

A. WGL Guarantees

WGL requests authorization to enter into guarantees and capital maintenance agreements, obtain letters of credit, enter into expense agreements or otherwise provide credit support (collectively, ''WGL Guarantees'') on behalf or for the benefit of any Subsidiary as may be appropriate to enable a Subsidiary to carry on in the ordinary course of its business, in an aggregate principal amount not to exceed $400 million outstanding at any one time. Subject to this limitation, WGL may guarantee both securities issued by and other contractual or legal obligations of any Subsidiary. In addition, WGL proposes to charge each Subsidiary a fee for each guarantee provided on its behalf that is determined by multiplying the amount of the WGL Guarantee provided by the cost of obtaining the liquidity necessary to perform the guarantee (for example, bank line commitment fees or letter of credit fees, plus other transactional expenses) for the period of time the guarantee remains outstanding (''Guarantee Fee'').

B. Nonutility Subsidiary Guarantees

In addition, Nonutility Subsidiaries request authority to provide guarantees and other forms of credit support (''Nonutility Subsidiary Guarantees'') on behalf or for the benefit of other Nonutility Subsidiaries in an aggregate principal amount not to exceed $200 million outstanding at any one time, exclusive of any guarantees and other forms of credit support that are exempt pursuant to rule 45(b)(7) and rule 52(b). The Nonutility Subsidiary providing any credit support may charge its associate company a Guarantee Fee.

VI. Hedging Transactions

WGL Holdings, and to the extent not exempt pursuant to rule 52, the Subsidiaries, request authorization to enter into interest rate hedging transactions with respect to existing indebtedness (''Interest Rate Hedges''), subject to certain limitations and restrictions, in order to reduce or manage interest rate cost. Interest Rate Hedges would only be entered into with counterparties (''Approved Counterparties'') whose senior debt ratings, or the senior debt ratings of the parent companies of the counterparties, as published by Standard and Poor's Ratings Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investors Service, or Fitch Inc.

Interest Rate Hedges will involve the use of financial instruments commonly used in today's capital markets to manage the volatility of interest rates, including but not limited to interest rate swaps, swaptions, caps, collars, floors, forwards, rate locks, structured notes (*i.e.*, a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), and short sales of U.S. Treasury securities. Applicants would use Interest Rate Hedges as a means of prudently managing the risk associated with any outstanding debt by, for example, (i) converting variable rate debt to fixed rate debt, (ii) converting fixed rate debt to variable rate debt, or (iii) limiting the impact of changes in interest rates resulting from variable rate debt. The transactions would be for fixed periods and stated notional amounts, which in no case would exceed the principal amount of the underlying debt instrument. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets.

In addition, WGL Holdings and the Subsidiaries request authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings (''Anticipatory Hedges''), subject to certain limitations and restrictions. Applicants state that Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (i) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury obligations and/or a forward swap (each a ''Forward Sale''), (ii) the purchase of put options on U.S. Treasury obligations (''Put Options Purchase''), (iii) a Put Options Purchase in combination with the sale of call options on U.S. Treasury obligations (''Zero Cost Collar''), (iv) transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations, or (v) 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 may 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 counterparties (''Off-Exchange Trades''), or a combination of On-Exchange Trades and Off-Exchange Trades. WGL Holdings or a Subsidiary will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. WGL Holdings or a Subsidiary may decide to lock in interest rates and/or limit its exposure to interest rate increases. All open positions under Anticipatory Hedges will be closed on or prior to the date of the new issuance and neither WGL Holdings nor any Subsidiary will, at any time, take possession or make delivery of the underlying U.S. Treasury Securities.

Applicants represent that each Interest Rate Hedge and Anticipatory Hedge will be treated for accounting purposes under U.S. generally accepted accounting principles.

VII. Money Pool

WGL and certain of the Subsidiaries request authorization to continue operating a system money pool (''Money Pool'') as previously authorized by the Commission. To the extent not exempted by rule 52, the Subsidiaries request authorization to make unsecured short-term borrowings from the Money Pool and 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. WGL requests authorization to contribute surplus funds and/or to lend and extend credit to the participating Subsidiaries through the Money Pool. Subsidiaries participating in the Money Pool arrangement are Washington Gas, Crab Run, Hampshire, WGRC, WGEServices, WGESystems, ACI, Brandywood, Consumer Services, Credit Corp., and WG Maritime.

Under the terms of the Money Pool, short-term funds will be available from the following sources for short-term loans to the participating Subsidiaries from time to time: (1) Surplus funds in the treasuries of Money Pool participants other than WGL; (2) surplus funds in the treasury of WGL (together, ''Internal Funds''); and (3) proceeds from bank borrowings and/or commercial paper sales by WGL or any Money Pool participant for loan to the Money Pool (''External Funds''). Funds will be made available from these sources in such order as WGL, 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. The determination of whether Washington Gas at any time has surplus funds to lend to the Money Pool or shall lend

funds to the Money Pool will be made by Washington Gas' chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in Washington Gas' sole discretion.

A participating Subsidiary that borrows from the Money Pool will borrow *pro rata* from each participant that lends, in the proportion that the total amount loaned by each lending Money Pool participant bears to the total amount then loaned through the Money Pool. On any day when both Internal Funds and External Funds with different rates of interest, are used to fund loans through the Money Pool, each borrower would borrow *pro rata* from each funding source in the Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

Proceeds of any short term borrowings from the Money Pool may be used by a participant: (i) For the interim financing of its construction and capital expenditure programs; (ii) for its working capital needs; (iii) for the repayment, redemption or refinancing of its debt and preferred stock; (iv) to meet unexpected contingencies, payment and timing differences, and cash requirements; and (v) to otherwise finance its own business and for other lawful general corporate purposes. Washington Gas requests authority to borrow up to $350 million at any one time outstanding from the Money Pool. Borrowings by Washington Gas from the Money Pool will be counted against the Washington Gas Short-Term Debt Limit. WGL Holdings will not make any borrowings from the Money Pool.

VIII. Changes in Capital Stock of Subsidiaries

In order to accommodate the proposed transactions in this filing and to provide for future issues, Applicants request authorization to change the terms of any wholly owned Subsidiary's authorized capital stock capitalization by an amount deemed appropriate by WGL or other intermediate parent company in the instant case. A Subsidiary would be able to change the par value, or change between par value and no-par stock, without additional Commission approval. Any action by Washington Gas would be subject to and would only be taken upon the receipt of any necessary approvals by the state commission(s) in the state or states in which Washington Gas is incorporated and doing business.

IX. Financing Subsidiaries

WGL and the Subsidiaries request authority to acquire, directly or indirectly, the equity securities of one or more corporations, trusts, partnerships or other entities (''Financing Subsidiaries'') created specifically for the purpose of facilitating the financing of the authorized and exempt activities (including exempt and authorized acquisitions) of WGL and the Subsidiaries through the issuance of Long-Term Debt or Equity Securities, including but not limited to monthly income preferred securities, to third parties. Financing Subsidiaries would loan, dividend or otherwise transfer the proceeds of any financing to its parent or to other Subsidiaries, provided, however, that a Financing Subsidiary of Washington Gas will dividend, loan or transfer proceeds of financing only to Washington Gas. The terms of any loan of the proceeds of any securities issued by a Financing Subsidiary to WGL would mirror the terms of those securities. WGL may, if required, guarantee or enter into Expense Agreements in respect of the obligations of any Financing Subsidiary which it organizes. The Subsidiaries may also provide guarantees and enter into Expense Agreements under rules 45(b)(7) and 52, as applicable, if required on behalf of any Financing Subsidiaries which they organize. If the direct parent company of a Financing Subsidiary is authorized in this proceeding or any subsequent proceeding to issue Long-Term Debt or similar types of equity securities, then the amount of the securities issued by that Financing Subsidiary would count against the limitation applicable to its parent for those securities. In these cases, however, the Guarantee by the parent of the security issued by its Financing Subsidiary would not be counted against the limitations on WGL Guarantees or Nonutility Subsidiary Guarantees. In other cases, in which the parent company is not authorized to issue similar types of securities, the amount of any Guarantee not exempt under rules 45(b)(7) and 52 that is entered into by the parent company with respect to securities issued by its Financing Subsidiary would be counted against the limitation on WGL Holdings Guarantees or Nonutility Subsidiary Guarantees, as the case may be.

Applicants state that any affiliate transactions entered into by a Financing Subsidiary in connection with an Expense Agreement would be conducted at fair market value without regard to cost, and therefore, Applicants request an exemption under section 13(b) from the at cost standards of rules 90 and 91 for WGL Holdings and the Subsidiaries to enter into these transactions.

X. Intermediate Subsidiaries

WGL requests authority to acquire, directly or indirectly through a Nonutility Subsidiary, the securities of one or more new subsidiary companies (''Intermediate Subsidiaries'') which may be organized exclusively for the purpose of acquiring, holding and/or financing the acquisition of the securities of or other interest in one or more exempt wholesale generators (''EWGs''), as defined in section 32 of the Act, foreign utility companies (''FUCOs''), as defined in section 33 of the Act, or exempt telecommunication companies ETCs (''Exempt Telecommunication Companies''), exempt companies under rule 58 (''Rule 58 Companies''), or other non-exempt Nonutility Subsidiaries (as authorized in this proceeding or in a separate proceeding).[3] WGL also requests authority for Intermediate Subsidiaries to provide management, administrative, project development, and operating services to these entities at fair market prices determined without regard to cost, and requests an exemption (to the extent that rule 90(d) does not apply) pursuant to section 13(b) from the cost standards of rules 90 and 91 as applicable to these transactions, in any case in which the Nonutility Subsidiary purchasing such goods or services is:

(i) A FUCO or foreign EWG that derives no part of its income, directly or indirectly, from the generation, transmission, or distribution of electric energy for sale within the United States;

(ii) an EWG that sells electricity at market-based rates, that have been approved by the Federal Energy Regulatory Commission (''FERC''), provided that the purchaser is not Washington Gas;

(iii) a ''qualifying facility'' (''QF''), within the meaning of the Public Utility Regulatory Policies Act of 1978, as amended (''PURPA''), that sells electricity exclusively (a) at rates negotiated at arm's length to one or more industrial or commercial customers purchasing electricity for their own use and not for resale, and/or (b) to an electric utility company (other than Washington Gas) at the purchaser's ''avoided cost,'' as determined in accordance with PURPA regulations;

(iv) a domestic EWG or QF that sells electricity at rates based upon its cost of

[3] WGL does not hold an interest in any EWG, FUCO or ETC at this time.

service, as approved by FERC or any state public-utility commission having jurisdiction, provided that the purchaser is not Washington Gas; or

(v) a Rule 58 Subsidiary or any other Nonutility Subsidiary that (a) is partially owned by WGL, provided that the ultimate purchaser of the goods or services is not a Washington Gas (or any other entity within the WGL system whose activities and operations are primarily related to the provision of goods and services to Washington Gas), (b) is engaged solely in the business of developing, owning, operating and/or providing services or goods to Nonutility Subsidiaries, described in clauses (i) through (iv) immediately above, or (c) does not derive, directly or indirectly, any material part of its income from sources within the U.S. and is not a public-utility company operating within the U.S.

Applicants state that an Intermediate Subsidiary may be organized, among other things: (i) In order to facilitate the making of bids or proposals to develop or acquire an interest in any Exempt Company, Rule 58 Company, or other non-exempt Nonutility Subsidiary, (ii) after the award of such a bid proposal, in order to facilitate closing on the purchase or financing of the acquired company, (iii) at any time subsequent to the consummation of an acquisition of an interest in any such company in order, among other things, to effect an adjustment in the respective ownership interests in such business held by WGL Holdings and non-affiliated investors, (iv) to facilitate the sale of ownership interests in one or more acquired nonutility companies, (v) to comply with applicable laws of foreign jurisdictions limiting or otherwise relating to the ownership of domestic companies by foreign nationals, (vi) as a part of tax planning in order to limit WGL Holdings' exposure to U.S. and foreign taxes, (vii) to further insulate WGL Holdings and Washington Gas from operational or other business risks that may be associated with investments in nonutility companies, or (viii) for other lawful business purposes.

Applicants state that investments in Intermediate Subsidiaries may take the form of any combination of the following: (i) Purchases of capital shares, partnership interests, member interests in limited liability companies, trust certificates, or other forms of equity interests, (ii) capital contributions, (iii) open account advances with or without interest, (iv) loans, and (v) guarantees issued, provided, or arranged in respect of the securities or other obligations of any Intermediate Subsidiaries. Applicants state, further, that funds for any direct or indirect investment in any Intermediate Subsidiary will be derived from: (i) Financings authorized in this proceeding, (ii) any appropriate future debt or equity securities issuance authorization obtained by WGL from the Commission, and (iii) other available cash resources, including proceeds of securities sales by a Nonutility Subsidiary under rule 52.[4]

WGL Holdings may, from time to time, to consolidate or otherwise reorganize all or any part of its direct and indirect ownership interests in Nonutility Subsidiaries, and the activities and functions related to such investments, under one or more Intermediate Subsidiaries. To effect a consolidation or other reorganization, WGL Holdings may wish to either contribute the equity securities of one Nonutility Subsidiary to another Nonutility Subsidiary or sell (or cause a Nonutility Subsidiary to sell) the equity securities of one Nonutility Subsidiary to another one. To the extent that these transactions are not otherwise exempt under the Act or rules thereunder, WGL Holdings hereby requests authorization under the Act to consolidate or otherwise reorganize under one or more direct or indirect Intermediate Subsidiaries WGL Holdings' ownership interests in existing and future Nonutility Subsidiaries. These transactions may take the form of a Nonutility Subsidiary selling, contributing or transferring the equity securities of a subsidiary as a dividend to an Intermediate Subsidiary, and Intermediate Subsidiaries acquiring, directly or indirectly, the equity securities of companies, either by purchase or by receipt of a dividend. The purchasing Nonutility Subsidiary in any transaction structured as an intrasystem sale of equity securities may execute and deliver its promissory note evidencing all or a portion of the consideration given. Each transaction would be carried out in compliance with all applicable U.S. or foreign laws and accounting requirements, and any transaction structured as a sale would be carried out for a consideration equal to the book value of the equity securities being sold. WGL Holdings will report each transaction in the next quarterly certificate filed under rule 24 in this proceeding, as described below.

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

Margaret H. McFarland,

Deputy Secretary.

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[4] To the extent that WGL provides funds or guarantees directly or indirectly to an Intermediate Subsidiary which are used for the purpose of making an investment in any EWG or FUCO or a Rule 58 Company, Applicants state that the amount of the funds or guarantees will be included in WGL's ''aggregate investment'' in these entities, as calculated in accordance with rule 53 or rule 58, as applicable.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–49344; File No. SR–Amex–2003–111]

Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change by the American Stock Exchange LLC Relating to Listing and Delisting Appeal Hearing Fees

March 1, 2004.

On December 12, 2003, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend Sections 1203, 1204 and 1205 of the Amex *Company Guide* to increase the fees applicable to issuers requesting review of a determination to limit or prohibit the initial or continued listing of their securities. The proposed rule change was published for comment in the **Federal Register** on January 29, 2004.[3] The Commission received no comments on the proposed rule change. This order approves the proposed rule change.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6 of the Act.[4] Specifically, the Commission finds that the proposed rule change furthers the objectives of Section 6(b)(5) [5] in that the proposal is designed to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; to foster cooperation and coordination with persons engaged in facilitating transactions in securities; to remove impediments to and perfect the mechanism of a free and open market and a national market system; to

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 49116 (January 22, 2004), 69 FR 4334.

[4] 15 U.S.C. 78f.

[5] 15 U.S.C. 78f(b)(5).