3. Section 17(b) of the 1940 Act provides that the Commission may grant an order exempting a transaction prohibited by Section 17(a) upon application if evidence establishes that: (a) The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the investment policy of each registered investment company concerned, as recited in its registration statement and reports filed under the 1940 Act; and (c) the proposed transaction is consistent with the general purposes of the 1940 Act. Applicants assert that the facts and circumstances of the proposed substitution meet the standards set forth in Section 17(b).

4. Applicants note that the Contracts reserve to Equitable the right to replace shares of the Portfolios held by the Account with shares of another portfolio if: (a) Shares of the Portfolios should no longer be available for investment by the Account; or (b) in Equitable's judgment, further investment in the Portfolios should become inappropriate in view of the purpose of the Contracts, provided any such substitution is approved by the Commission and is in compliance with the applicable rules and regulations. Applicants state that Equitable believes further investment in the Removed Funds is no longer appropriate in light of the Contracts' purposes.

Applicants' Conclusions

1. Applicants assert that, for the reasons and upon the facts set forth in the application, the requested order approving the proposed substitution under Section 26(b) should be approved as consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

2. Applicants assert that the requested order pursuant to Section 17(b) exempting Applicants from the provisions of Section 17(a) in connection with the proposed substitution is appropriate because the terms of the proposed substitution are reasonable and fair and do not involve overreaching. Applicants also assert that the proposed substitution is consistent with the investment policy of each investment company concerned and with the purposes of the 1940 Act. Furthermore, the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–9695 Filed 4–18–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No.35–26503]

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

April 12, 1996.

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 thereunder. 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 amendments thereto is/are available for public inspection through the Commission's Office 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 May 6, 1996, to the Secretary, Securities and Exchange Commission, Washington, DC 20549, 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 case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact 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 said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Central and South West Corp., et al. (70–8469)

Central and South West Corporation (''CSW''), a registered holding company, CSW Energy, Inc. (''CSW Energy''), a wholly-owned non-utility subsidiary company of CSW, and four special-purpose, wholly-owned subsidiary companies of CSW Energy—CSW Sweeny GP, Inc. (''Sweeney GP I''), CSW Sweeny GP II, Inc. (''Sweeney GP II''), CSW Sweeny LP, Inc. (''Sweeny LP I''), and CSW Sweeny LP II, Inc. (''Sweeny LP II'')—all of 1616 Woodall Rodgers Freeway, P.O. Box 660164, Dallas, Texas, 75202, have filed a post-effective amendment, under sections 6, 7, 9(a), 10, 12(b) and 12(c) of the Act and rules 42, 43, 45, and 51 thereunder, to an application-declaration filed under sections 6, 7, 9(a), 10, and 12(b)(of the Act and rules 45 and 51 thereunder.

By order dated December 9, 1994 (HCAR No. 26184) (''Order''), CSW and CSW Energy were authorized to invest in and develop, construct, own, and operate qualifying congeneration facility—the Sweeny Congeneration Project (''Project'')—through a special purpose limited partnership, the Sweeny Generation Limited Partnership (''Partnership''). CSW Energy was authorized to invest in the Partnership through several general and limited partnership—Sweeney GP I, Sweeney GP II, Sweeny LP I and Sweeny LP II (''Sweeny Subsidiaries'').

The Order authorized CSW Energy and the Partnership to incur up to $20 million in development expenses for the Project (''Development Expenses''), which would be funded by equity contributions, loans, or open account advances from CSW to CSW Energy, from CSW Energy to the Sweeny Subsidiaries, and from the Sweeny Subsidiaries to the Partnership.

CSW, CSW Energy, and the Sweeny Subsidiaries (''Applicants'') now purpose (i) to obtain third-party construction and term financing, of up to $250 million, through a credit facility (''Credit Facility''); (ii) to provide advances (''Advances'') to the Partnership in an amount not to exceed $250 million in the event construction financing has not been secured as of the commencement of construction; (iii) to obtain or arrange for irrevocable standby letters of credit (''Letters'') and a revolving working capital credit line of up to $50 million; and (iv) to provide up to $300 million in equity support to the Project.

Applicants propose that the Partnership obtain the Credit Facility through one or more third-party lending institutions (''Project Lender''). The Credit Facility would include a construction loan of up to $250 million. The construction loan would have a term of up to five years and thereafter would be converted to, or refinanced by, a term loan or a combination of a term loan and equity contributions from CSW Energy and one or more non-associate companies (''New Partner'') prior to or upon the completion of the Project, which is expected to occur before December 31, 2000.

It is anticipated that the term loan would be repaid over a term of up to 25 years. The interest cost to the Applicants under the Credit Facility is not anticipated to exceed the prime

commercial lending rate of Mellon Bank in effect from time to time plus 4%.

To meet project milestones and completion deadlines, the Partnership might be required to begin construction prior to acquisition of the third-party construction financing. Thus CSW or CSW Energy, directly or indirectly through the Sweeny Subsidiaries, might make the Advances in the form of loans, open account advances or additional contributions to the Partnership in an aggregate amount not to exceed $250 million.

The Advances would be used for construction and operation of the Project. If the Advances are in the form of additional contributions, then the Advances would be repaid out of the proceeds of the Credit Facility or out of revenues from the Project. If the Advances are made in the form of loans or open account advances, then the Advances would be made on the same terms as the loans or open account advances which have been made in respect of the Development Expenses. It is anticipated that the Advances would be refinanced by the Credit Facility or the equity contribution of the New Partner.

Independent of the Credit Facility and Advances, CSW and CSW Energy request authorization to issue corporate guaranties (''Guaranties'') and to arrange with a third-party lender (''Issuer'') for the Letters in an aggregate amount not to exceed $50 million. CSW, CSW Energy, the New Partner or the Partnership would be the account party (''Account Party'') under the Letters.

The Guaranties and Letters would support certain payment obligations of the Partnership required by third parties under project documents. The Letters would be issued for renewable terms not to exceed 10 years for the duration of the project documents to which such Letters relate. Funds drawn under the Letters would be reimbursable to the Issuer by the Account party and, upon such reimbursement, the Letters might be reinstated to the face amount. Fees payable to the Issuer by the Account Party for the Letters would not exceed 2% per annum of the face amount of the Letters, and the interest rate payable per annum on unreimbursed funds drawn under the Letters would not exceed the prime rate of the Issuer plus four percentage points.

Finally, the Project Lender might request that CSW, CSW Energy or the New Partner provide some assurance that up to $300 million of equity contributions will be made to the Project in the form of an equity support agreement, guarantee or letter of credit. Such equity support agreement, guarantee or letter of credit shall be substantially on the terms of, and reimbursable in the manner of, the Credit Facility, Advances, Guarantees or Letters. Any funds drawn under such equity support agreement, guarantee or letter of credit would be applied to amounts outstanding under the Credit Facility and would not increase the exposure of the Applicants above the amount of the Credit Facility.

Jersey Central Power & Light Company, et al. (70–8805)

Jersey Central Power & Light Company (''JCP&L''), 300 Madison Avenue Morristown, New Jersey 07960, Metropolitan Edison Company (''Met-Ed''), 2800 Pottsville Pike, Reading, Pennsylvania 19640, and Pennsylvania Electric Company (''Penelec''), 2800 Pottsville Pike, Reading, Pennsylvania 19640, all of which are electric public utility subsidiaries of General Public Utilities Corporation (''GPU''), a registered holding company, and GPU Service Corporation (together with JCP&L, Met-Ed and Penelec, ''Applicants''), 100 Interspace Parkway, Parsippany, New Jersey 07054, a service company subsidiary of GPU, have filed an application under sections 9(a) and 10 of the Act.

Applicants propose to provide (i) meter reading, billing and collection services, and customer call-center services (''Services'') for non-affiliated water and gas utility entities, including the utility agencies of cities, municipalities, counties and governmental entities (''Non-Affiliated Utilities''); (ii) billing and collection and call-center services (''Billing and Marketing Services'') to other businesses such as commercial service providers and retailers (''Non-Utility Businesses''); and (iii) consolidated electric, water and gas bills, consolidated remittance processing of electric, water and gas utility accounts and consolidated account services (''Consolidated Services'') for both Non-Affiliated Utilities and Non-Utility Businesses.

Applicants propose to provide the Services, Billing & Marketing Services, and the Consolidated Services (collectively, the ''Proposed New Services'') whether or not the Non-Utility Businesses or the customers of the Non-Affiliated Utilities are also customers of JCP&L, Met-Ed or Penelec. Agreements for the provision of the Proposed New Services will be negotiated and entered into on an arm's length basis.

Applicants propose to offer the Proposed New Services described herein from time to time through December 31, 2001; however, it is proposed that the term of any contracts to provide such services which are entered into before that date may extend beyond that date in accordance with the terms of such contracts.

Central and South West Corporation, et al. (70–8809)

Central and South West Corporation (''CSW''), a registered holding company, CSW International, Inc. (''CSWI''), and CSW Energy, Inc. (''Energy''), both wholly-owned nonutility subsidiary companies of CSW (collectively ''Applicants''), all located at 1616 Woodall Rodgers Freeway, Dallas, Texas 75202, have filed an application-declaration under sections 6(a), 7, 12(b), 32 and 33 of the Act and rules 45, 53, and 54 thereunder.

Since 1990, CSW, directly or through Energy, has engaged in development activities (including preliminary studies, research, investigation and consulting) pertaining to the construction (subject to further Commission authorization) of independent power facilities, including, among other things, exempt wholesale generators (''EWGs''), as defined in section 32 of the Act. Since 1994, CSW, directly or through CSWI, has engaged in development and investment activities with respect to, among other things, EWGs and foreign utility companies (''FUCOs''), as defined in section 33 of the Act.

CSW is currently authorized under the terms of orders and supplemental orders issued under File Nos. 70–7758 [HCAR Nos. 25162 (September 28, 1990), 25414 (November 22, 1991), 25728 (December 31, 1992), and 26417 (November 28, 1995)], 70–8205 [HCAR Nos. 25866 (August 6, 1993) and 26416 (November 28, 1995)], and 70–8423 [HCAR Nos. 26156 (November 3, 1994) and 26383 (September 27, 1995)] (collectively, the ''Financing Orders'') to finance the operations of CSW, Energy and CSWI, and their respective subsidiaries, by issuing and selling debt and equity securities and by issuing guarantees of the obligations of certain subsidiaries.[1]

[1] The order and supplemental order in File No. 70–8423 [HCAR Nos. 26156 (November 3, 1994) and 26383 (September 27, 1995)] also authorize CSW, directly or through CSWI or their respective subsidiaries, to provide a variety of services (including design, construction, engineering, operation, maintenance, management, administration, employment, tax, accounting, economic, financial, fuel, environmental, communications, energy conservation, demand side management, overhead efficiency, utility performance and electronic data processing, and software development and support services in connection therewith) to EWGs, FUCOs and certain foreign electric utility enterprises that are not EWGS or FUCOs.

Under the terms of the Financing Orders, CSW, among other things, may use the proceeds of common stock sales and borrowings to finance the acquisition of the securities of, or other interests in, one or more EWGs or FUCOs, as defined in sections 32 and 33 of the Act, and may issue guarantees of the obligations of such entities, provided that the sum of the guarantees at any time outstanding and the net proceeds of common stock sales and borrowings by CSW that may at any time be used by CSW to fund investments in EWGs or FUCOs (or in Energy, CSWI or project parents to facilitate investments in EWGs or FUCOs) shall not, when added to CSW's ''aggregate investment'' (as defined in rule 53(a) under the Act) in all EWGs and FUCOs, exceed 50% of CSW's ''consolidated retained earnings'' (as defined in rule 53(a)). This investment limitation is consistent with the investment limitation contained in rule 53(a)(1).

Applicants request the Commission to modify this limitation, and exempt them from the requirements of rule 53(a)(1), to permit CSW to use the net proceeds of common stock sales and borrowings to acquire, directly or indirectly, the securities of, or other interests in, EWGs and FUCOs, and to issue guarantees of the obligations of such entities (all as authorized by and in accordance with the terms of the Financing Orders) in an aggregate amount that, when added to CSW's direct and indirect ''aggregate investment,'' as defined, in all EWGs and FUCOs, would not at any time exceed 100% of CSW's ''consolidated retained earnings,'' as defined. The current amount of CSW's ''aggregate investment,'' as defined, in EWGs and FUCOs (approximately $825 million as of February 1, 1996) represents approximately 45% of its ''consolidated retained earnings,'' as defined (approximately $1.85 billion as of December 31, 1995). Increasing this limitation as Applicants propose would allow financing of additional investments in EWGs and FUCOs of approximately $1.022 billion.[2]

[2] Applicants note that additional investments in EWGs and FUCOs totaling approximately $1.215 billion are contemplated and acknowledge that the additional financing authority requested will not be sufficient, as of December 31, 1995, to enable CSW to make investments in all EWG and FUCO projects it is presently investigating or developing. Applicants anticipate, however, that such limitations will be abated to the extent that the development of all projects currently under consideration is not consummated and that CSW's ''consolidated retained earnings,'' as defined, increase prior to consummation of the contemplated investments.

Applicants state that CSW is committed to making additional investments in EWGs and FUCOs, primarily because (1) for over ten years there has been, and for at least the next three years there is projected to be, no need for CSW to make new equity investment in any of its utility subsidiaries; (2) acquisitions of EWGs and FUCOs give CSW the opportunity to continue to grow through reinvestment of retained earnings in an industry sector that CSW has decades of experience in, while at the same time diversifying overall asset risk; and (3) CSW has purposely invested in utility systems in foreign countries where deregulation of and competition in retail and wholesale electricity markets is more fully developed than in the United States in order to gain valuable experience with deregulated markets that will enhance CSW's ability to make its core domestic utility operations more competitive and efficient in the future as the United States moves toward deregulation and increased competition. Applicants also describe comprehensive procedures that CSW has established to identify and address risks involved in EWG and FUCO investments.

CSW states that the use of financing proceeds and guarantees to make investments in EWGs and FUCOs to the proposed increased level will not have a substantial adverse impact on the financial integrity of the CSW system or an adverse impact on any utility subsidiary of CSW or its customers or on the ability of the affected state commissions to protect such customers. Applicants also state that CSW will not seek recovery through higher rates to its utility subsidiaries' customers in order to compensate CSW for any possible losses that it may sustain on investments in EWGs and FUCOs or for any inadequate returns on such investments.

General Pubic Utilities Corporation, et al. (70–8817)

General Pubic Utilities Corporation (''GPU''), 100 Interpace Parkway, Parsippany, New Jersey 07054, a registered holding company, and its subsidiary companies, Jersey Central Power & Light Company (''JCP&L''), 300 Madison Avenue, Morristown, New Jersey 07962, Metropolitan Edison Company (''Met-Ed''), P.O. Box 16001, Reading, Pennsylvania 19640, Pennsylvania Electric Company (''Penelec''), P.O. Box 16001, Reading, Pennsylvania 19640, and Energy Initiatives, Inc. (''EI''), One Upper Pond Road, Parsippany, New Jersey 07054 (collectively, GPU, JCP&L, Met-Ed, EI and Penelec, ''ENCON Applicants''), and GPU Service Corporation (''Service''), 100 Interpace Parkway, Parsippany, New Jersey 07054, have filed an application-declaration under sections 9(a), 10, 12(b) and 13(b) of the Act and rules 45, 90 and 91 thereunder.

Pursuant to state authorizations, JCP&L, Met-Ed and Penelec currently provide certain engineering and consulting services to their own electric utility customers within their respective service territories as part of their utility businesses. These previously authorized activities relate to what GPU calls conditioned power services, which are designed to prevent, control or mitigate the adverse effects of power disturbances in a customer's electrical system to ensure the power quality required by customers. particularly for their sensitive electronic equipment.

The ENCON Applicants now propose to engage in the provision of energy-related engineering services, as well as technical and analytical consulting services in connection with energy-related matters. Such activities may also entail the marketing, installation, operation and maintenance of various products and systems, designed to implement the energy management, demand-side management and load management solutions recommended in the course of providing these services (collectively, referred to as ''ENCON Services'').

Specifically, ENCON Services will, include the following activities: (1) The identification of energy and other resource (water, labor, maintenance, materials, etc.) cost reduction and/or efficiency opportunities; (2) the design of facility and process modifications and/or enhancements to realize such opportunities; (3) the management of, or the direct construction or installation of energy conservation or energy efficiency equipment; (4) the training of client personnel in the operation of equipment; (5) the maintenance of energy systems; (6) the design and/or management of and/or the direct construction or installation of new and retrofit heating, ventilating and air conditioning, electrical and power systems, motors, pumps, lighting, waster and plumbing systems, and related structures, to realize energy and other resource efficiency goals or to otherwise meet a customer's energy needs; (7) system commissioning (i.e. observing the operation of the installed system to insure that it meets the design specifications; (8) the reporting of system results; (9) the design of energy conservation programs; (10) the implementation of energy conservation programs; (11) the provision of conditioned power services and related

equipment; and (12) other similar or related activities.

The ENCON Applicants propose to: (1) Invest, through December 31, 1998, up to an aggregate principal amount of $25 million in the engineering and consulting business; (2) expand the scope of their engineering and consulting services beyond conditioned power services so as to encompass the ENCON Services listed above; and (3) provide such ENCON Services both within and beyond the boundaries of the service territories of JCP&L, Met-Ed and Penelec.

One or more of the ENCON Applicants have been engaged in discussions with non-affiliated engineering and consulting companies (''ENCONCo'') which are actively providing ENCON Services (''ENCON Business''). One or more the ENCON Applicants may acquire an interest in the ENCON Business directly or through: (1) The acquisition of securities of an ENCONCo; (2) new wholly owned or partly owned subsidiary companies to be formed (each, an ''ENCON Subsidiary''); and/or (3) a joint venture involving any of the foregoing and an ENCONCo or its affiliate (each, an ''ENCON JV''). Notwithstanding the foregoing, GPU will not acquire a direct interest in the ENCON Business other than through the acquisition of securities of an ENCONCo.

The ENCON Applicants request authorization for: (1) EI, ENCON Subsidiaries or ENCON JVs to provide goods and services to JCP&L, Met-Ed and Penelec; and (2) Service to provide services to ENCON Subsidiaries and ECON JVs at cost. Each ENCON Applicant, ENCON Subsidiary and ENCON JV will maintain separate financial records relating to the ENCON Business.

General Public Utilities Corporation, et al. (70–8827)

General Public Utilities Corporation (''GPU''), 100 Interpace Parkway, Parsippany, New Jersey 07054, a registered public utility holding company, and its subsidiary companies Jersey Central Power & Light Company (''JCP&L''), 300 Madison Avenue, Morristown, New Jersey 07960, Metropolitan Edison Company (''Met-Ed'') and Pennsylvania Electric Company (''Penelec''), each at P.O. Box 16001, Reading, Pennsylvania 19640, Energy Initiatives, Inc. (''EII''), One Upper Pond Road, Parsippany, New Jersey 07054, and GPU Service Corporation (''GPUSC''), 100 Interpace Parkway, Parsippany, New Jersey 07054, (collectively, ''Applicants'') have filed an application-declaration under sections 9(a), 10, 12 and 13 of the Act and rules 90 and 91 thereunder.

GPU, JCP&L, Met-Ed, Penelec and EII (each, a ''TPS Applicant'') propose to provide power to the telecommunications industry. JCP&L has been engaged in discussions with non-affiliated telecommunications companies (each, a ''Telco'') concerning the Telco's need for a mechanism to deliver power on a reliable basis to the local distribution points disbursed throughout the Telco's telecommunications network. These local distribution points, known as optical network units (''ONUs''), may be ground-based or located on utility poles, with each ONU serving a number of customer locations, depending upon the particular configuration. The ONUs, which will replace the Telco's existing wire-based power supply system, convert the lightwave signal which travels over the Telco's fiber optic network into an electrical signal which travels down a coaxial cable into the customer's premises and delivers the ultimate telecommunications services. JCP&L has developed an ONU power service unit (''ONU Power Unit'') which would be installed on the same utility pole as an ONU. The ONU Power Unit would draw power from the existing electric utility wire, convert it to the direct current required by the ONU and deliver such converted power to the ONU. The ONU Power Unit would also contain a battery backup to assure reliable service, as well as a communications device to allow remote monitoring.

The TPS Applicants propose that ONU Power Units be marketed, installed, operated and maintained in one or more Telco's service territories (which may overlap, in whole or in part, the boundaries JCP&L's, Met-Ed's or Penelec's respective service territories) and in the service territories of other telecommunications providers, regardless of location. In addition, one or more of the TPS Applicants may also seek to develop, market, install, operate and maintain other products and systems designed to address the power requirements of telecommunications providers. Such other products and systems may employ technology comparable to the ONU Power Unit or other technologies, such as photovoltaics, fuel cells, wind and flywheels. In addition, such activities may include providing other telecommunications infra-structure services which may not utilize any of these technologies. (These telecommunications power services activities are collectively referred to as the ''TPS Business.'')

It is proposed that one or more of the TPS Applicants may acquire an interest in the TPS Business either directly, through the acquisition of securities of a Telco or otherwise, or, alternatively, through new wholly-owned or partly-owned subsidiary companies (each, a ''TPS Subsidiary''), or through a joint venture involving any of the foregoing and a Telco or a Telco affiliate (each, a ''TPS JV''). GPU states that, notwithstanding the foregoing, GPU will not acquire a direct interest in the TPS Business other than through the acquisition of securities of a Telco.

It is also requested that the Commission authorize the provision of goods and services relating to the TPS Business: (1) to JCP&L, Met-Ed and Penelec by EII or any TPS Subsidiaries or TPS JVs; and (2) to any TPS Subsidiaries and TPS JVs by GPUSC, all of which goods and services will be provided at cost in compliance with rules 90 and 91 under the Act.

It is presently expected that the aggregate amount of the TPS Applicants' investment in the TPS Business will not exceed $30 million through December 31, 1998.

The proposal to acquire securities of a Telco or any TPS Subsidiaries or TPS JVs shall expire upon the first to occur of (i) December 31, 1998 and (ii) the adoption by the Commission of Rule 58 (HCAR No. 35–26313, June 20, 1995) or such other rule, regulation or order as shall exempt the transactions as herein proposed from section 9(a) of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–9635 Filed 4–18–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21893/812–10002]

The Woodward Funds, et al.; Notice of Application

April 15, 1996.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: The Woodward Funds (''Woodward''), Prairie Institutional Funds (''Prairie''), NBD Bank (''NBD''), and First Chicago Investment Management Company (''FCIMCO'').

RELEVANT ACT SECTIONS: Order requested under section 17(b) granting an exemption from section 17(a).