each Contract owner has the right to exercise his or her own judgment and transfer Contract or cash value into other sub-accounts. Moreover, the Contracts will offer Contract owners the opportunity to transfer amounts out of the affected sub-accounts into any of the remaining sub-accounts without cost or other disadvantage. Applicants assert that the proposed substitutions, therefore, will not result in the type of costly forced redemption which Section 26(b) was designed to prevent.

8. Section 17(a)(1) of the Act prohibits any affiliated person, or an affiliate of an affiliated person, of a registered investment company from selling any security or other property to such registered investment company. Section 17(a)(2) of the Act prohibits such affiliated persons from purchasing any security or other property from such registered investment company.

9. Section 17(b) of the Act authorizes the Commission to issue an order exempting any transaction from the prohibitions of Section 17(a) if: (a) The terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the Act.

10. Mentor Trust, Evergreen Trust, Hartford Life and Annuity, Hartford Life and Annuity Account, Hartford Life and Hartford Life Account (the ''Section 17 Applicants'') request an order pursuant to Section 17(b) of the Act exempting them, Mentor Trust and Evergreen Trust from the provisions of Section 17(a) to the extent necessary to permit Hartford Life and Annuity and Hartford Life to carry out the proposed substitutions.

11. The Section 17 Applicants assert that the terms of the proposed substitutions by Hartford Life and Annuity and Hartford Life including the consideration to be paid and received, are reasonable and fair and do not involve overreaching on the part of any person concerned. The Section 17 Applicants also assert that the proposed substitutions by Hartford Life and Annuity and Hartford Life are consistent with the policies of: (1) Mentor trust and of its Mentor VIP Capital Growth Portfolio, Mentor VIP Growth Portfolio, Mentor VIP High Income Portfolio and Mentor VIP Perpetual International Portfolio; and (2) Evergreen Trust and of its Evergreen VA Capital Growth Fund, Evergreen VA Growth Fund, Evergreen VA High Income Fund and Evergreen VA Perpetual International Fund, as recited in the current registered statements and reports filed by each under the Act. Finally, the Section 17 Applicants submit that the proposed substitutions are consistent with the general purposes of the Act.

12. The boards of trustees of Mentor Trust and Evergreen Trust have adopted procedures, as required by paragraph (e)(1) of Rule 17a–7, pursuant to which the Funds of each may purchase and sell securities to and from their affiliates. Hartford Life and Annuity, Hartford Life, Mentor Trust and Evergreen Trust will carry out the proposed Hartford Life and Annuity and Hartford Life substitutions in conformity with all of the conditions of Rule 17a–7 and each Trust's procedures thereunder, except that the consideration paid for the securities being purchased or sold may not be entirely cash. The Section 17 Applicants also state that the transactions will conform substantially with the conditions enumerated in Rule 17a–7. The Section 17 Applicants assert that to the extent that the proposed transactions do not comply fully with all of the conditions of Rule 17a–7 and each Trust's procedures thereunder, the circumstances surrounding the proposed substitutions will be such as to offer the same degree of protection to each Fund of Mentor Trust and the affected Funds of Evergreen Trust from overreaching that Rule 17a–7 provides to them generally in connection with their purchase and sale of securities under that Rule in the ordinary course of their business.

13. The Section 17 Applicants assert that because of the circumstances surrounding the proposed Hartford Life and Annuity and Hartford Life substitutions, Mentor Trust could not ''dump'' undesirable securities on Evergreen Trust or have their desirable securities transferred to other advisory client of First Union and its advisory affiliates or to Funds other than those in Evergreen Trust supporting the Accounts. Nor can Hartford Life and Annuity and Hartford Life (or any of their affiliates) effect the purpose transactions at a price that is disadvantageous to any Mentor Trust Fund or Evergreen Trust Fund. Although the transactions may not be entirely for cash, each will be effected based upon: (a) The indepdent market price of the portfolio securities valued as specified in paragraph (b) of Rule 17a–7; and (b) the net asset value per share of each Fund involved valued in accordance with the procedures disclosed in the respective Trust's registration statement and as required by Rule 22c–1 under the Act. The Section 17 Applicants assert that no brokerage commission, fee, or other remuneration will be paid to any party in connection with the proposed transactions. In addition, the Section 17 Applicants assert that the boards of trustees of each Trust will subsequently review and proposed substitutions and make the determinations required by paragraph (e)(3) of Rule 17a–7.

14. the Section 17 Applicants assert that the proposed transactions are consistent with the general purposes of the Act and that the proposed transactions do not present any of the conditions or abuses that the Act was designed to prevent.

Conclusion

Applicants assert that, for the reasons summarized above, the proposed substitutions are consistent with protection of investors and the purposes fairly intended by the policy and provisions of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–33341 Filed 12–22–99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27115]

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

December 16, 1999.

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 amendments 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 January 10, 2000, to the Secretary, Securities and Exchange Commission, Washington, DC 20549–0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in 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 January 10, 2000, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Entergy Corporation, et al. (70–7561)

Entergy Corporation (''Entergy''), 639 Loyola Avenue, New Orleans, Louisiana 70113, a registered holding company, its public utility generating subsidiary, System Energy Resources, Inc. (''SERI''), 1340 Echelon Parkway, Jackson, Mississippi 39213, and Entergy's other public utility operating subsidiaries, Entergy Arkansas, Inc. (''Arkansas''), 425 West Capitol Avenue, Little Rock, Arkansas 72201, Entergy Mississippi, Inc. (''Mississippi''), 308 East Pearl Street, Jackson, Mississippi 39201, Entergy Louisiana, Inc. (''Louisiana''), 639 Loyola Avenue, New Orleans, Louisiana 70113, and Entergy New Orleans, Inc. (''New Orleans''), 639 Loyola Avenue, New Orleans, Louisiana 70113, have filed a post-effective amendment under sections 6(a) and 7 of the Act and rule 54 to a declaration previously filed under the Act.

By order dated December 23, 1988 (HCAR No. 24791), SERI was authorized to enter into two arrangements, expiring on July 15, 2015 (''Lease Term''), for the sale and leaseback of undivided portions of its interest in Unit No. 1 of the Grand Gulf Steam Electric Generating Station. In connection with the equity funding portion of the arrangements, SERI also was authorized to enter into reimbursement agreements in connection with obtaining letters of credit in amounts of up to $130 million in support of its lease payment obligations.[1] By subsequent order dated November 6, 1996 (HCAR No. 26601) (''Order''), SERI was authorized to pay fronting and annual fees (''Fees'') to banks for these letters of credit, up to an aggregate of 1.4375% *per annum* on the aggregate amount of letters of credit outstanding.

SERI now requests authority to increase the Fees that it may pay in connection with obtaining replacement letters of credit. Specifically, it proposes to pay Fees during the Lease Term not exceeding an aggregate of 3.75% *per annum* on the aggregate amount of letters of credit outstanding.

Wisconsin Energy Corporation (70–9571)

Wisconsin Energy Corporation (''WEC''), 231 West Michigan Street, P.O. Box 2949, Milwaukee, WI 53201, an exempt holding company under section 3(a)(1) of the Act, has filed a declaration under sections 9(a)(2) and 10 of the Act.

WEC proposes to acquire, by means of a merger (''Transaction''), all of the issued and outstanding common stock of WICOR, Inc. (''WICOR''), a Wisconsin corporation and an exempt holding company under section 3(a)(1) of the Act, pursuant to an Agreement and Plan of Merger dated as of June 27, 1999, and as amended on September 9, 1999 (''Merger Agreement''). WEC proposes to cause the formation of a wholly-owned subsidiary (''CEW Acquisition'') solely for the purposes of facilitating the merger between WEC and WICOR.

As a result of the Transaction, WICOR will become a wholly-owned subsidiary of WEC, and WICOR's subsidiaries will be indirect subsidiaries of WEC. The means of accomplishing such a result will depend on whether the entire merger consideration is paid in cash or in a combination of cash and WEC stock. If the former, CEW Acquisition will be merged with and into WICOR, with WICOR surviving as a wholly-owned subsidiary of WEC. If the latter, WICOR will be merged with and into CEW Acquisition, with CEW Acquisition remaining a wholly-owned subsidiary of WEC. The name of CEW Acquisition then would be changed to WICOR. WEC requests that after the Transaction, WEC, and each of its subsidiary companies, will be exempt from all provisions of the Act, other than section 9(a)(2), under section 3(a)(1) of the Act.

Under the Merger Agreement, the consideration to the received for each outstanding share of WICOR common stock, par value $1.00 per share (''WICOR Common Stock'') will be $31.50 per share of WICOR Common Stock, provided the Transaction occurs on or before July 1, 2000. In the event the Transaction occurs after July 1, 2000, the consideration will be increased by an amount equivalent to daily simple interest on $31.50 at the rate of six percent per annum for each day after July 1, 2000, through the closing date (''Exchange Value''). The consideration will be paid in the form of cash, common stock of WEC, par value $0.01 per share (''WEC Common Stock''), or a combination of cash and WEC Common Stock. Prior to the closing date, WEC will select the percentage of the consideration to be paid in WEC Common Stock, which may be not less than 40% nor more than 60% the balance of the consideration will be paid in cash. The exchange ratio for each share of WICOR Common Stock converted into WEC Common Stock will be determined by dividing the Exchange Value by the average of the closing prices of the WEC Common Stock on the New York Stock Exchange for the 10 trading days ending with the fifth trading day prior to the closing date (''Average WEC Price''). Each WICOR shareholder may elect to receive cash, WEC Common Stock or a combination thereof, subject to proration if the cash or stock elections exceed the maximum amounts permitted. Cash will be paid in lieu of any fractional shares of WEC Common Stock, which holders of WICOR Common Stock otherwise would receive. If the Average WEC Price is less than $22.00 per share, WEC may elect to pay the entire Merger Consideration in cash.[2]

WEC is an exempt public utility holding company by order of the Commission dated May 21, 1998 (HCAR No. 26877). WEC owns all of the common stock of two public utility companies: Wisconsin Electric Power Company (''WEPCOR''), a combination electric and gas utility company and Edison Sault Electric Company (''Edison Sault''), an electric utility company.

WEPCO is authorized to provide retail electric in designated territories in Wisconsin, and in certain territories in Michigan. WEPCO also sells wholesale electric power. WEPCO generates, transmits, distributes, and sells electric energy in a territory of 12,000 square miles in southeastern, east central and northern Wisconsin and in the Upper Peninsula of Michigan. WEPCO also purchases, distributes, and sells natural gas to retail customers and transports customer-owned gas in four distinct service areas of about 3,800 square miles in Wisconsin.[3]

Edison Sault is authorized to provide retail electric service in certain territories in Michigan. Edison Sault generates, transmits, distributes, and sells electric energy in a territory of

[1] To secure its obligations under the reimbursement agreement, including the payment of fees, SERI was required to assign, for the benefit of the letter of credit bank, the administrating bank and the participating banks, its right under: (1) the Availability Agreement, dated as of June 21, 1974, as amended, among SERI, Arkansas, Mississippi, Louisiana and New Orleans; and (2) the Capital Funds Agreement, dated as of June 21, 1974, as amended, between SERI and Entergy.

[2] The Transaction is expected to be accounted for a purchase of WICOR by WEC in accordance with generally accepted accounting principles.

[3] At December 31, 1998, WEPCO had total assets of $4.8 billion and approximately 989,000 electric customers and 1,200,000 gas customers. During 1998, WEPCO had electric operating revenues of $1.64 billion and gas operating revenues of $296 million. WEPCO had total operating revenues of $1.96 billion, and net income of $183 million after dividends on preferred stock.

approximately 2,000 square miles in the eastern Upper Peninsula of Michigan. Edison Sault also provide whole sale electric service under contract with one rural cooperative.[4]

At December 31, 1998, WEC had 5,404 employees, of which 5,333 were utility employees. On a consolidated basis at the end of 1998, WEC had total assets of $5.4 billion, total operating revenues of $2.0 billion and net income of $188 million. At September 30, 1999, there were 117,681,613 shares of WEC Common Stock outstanding.

WICOR owns one public utility subsidiary, Wisconsin Gas Company (''Wisconsin Gas'') that distributes gas to residential, commercial and industrial customers throughout Wisconsin.[5]

On a consolidated basis at the end of 1998, WICOR had total assets of $1 billion, total operating revenues of $944 million and net income of $45 million. At September 30, 1999, there were 37,619,133 shares of WICOR Common Stock outstanding.

Conectiv, et al. (70–9573)

Conectiv, a registered holding company, and its nonutility subsidiaries, Conectiv Solutions LLC (''Solutions''), ATE Investment, Inc. (''ATE'') and King Street Assurance Ltd. (''KSA''), all located at 800 King Street, Wilmington Delaware 19899, have filed an application-declaration under sections 9(a), 10 and 12(b) of the Act and rules 45 and 54.

By order dated February 25, 1998 (HCAR No. 26832) (''Merger Order''), the Commission authorized Conectiv to organize itself as a registered holding company and retain certain nonutility subsidiaries, including Solutions. Solutions were authorized to provide, directly and indirectly, a variety of energy-related goods and to furnish service line repairs, extended warranties and other services, including risk management services. Subsequently, KSA was organized as an indirect subsidiary of Solutions to provide risk management services for Solutions.

Solution now plans to expand the products offered to customers beyond the current offering of heating, ventilating and air conditioning (''HVAC'') warranties and to offer a selection of additional insurance products to customers, including surge protection and ''whole house'' appliance protection. KSA now requests authorization for KSA to reinsure a portion of the exposure under all of these programs. KSA also proposed to provide reinsurance covering the Convectiv system's transmission and distribution lines and for general liability, workers' compensation and other system risks.

GPU, Inc. (70–9565)

GPU, Inc. (''GPU''), 300 Madison Avenue, Morristown, New Jersey 07960, a registered holding company,has filed an application-declaration under sections 6(a), 7, 9(a) 10 and 12(b) of the Act and rules 45 and 54 under the Act.

GPU proposes to organize a new, wholly owned subsidiary company, (''Newco''), as a Delaware corporation whose initial purpose will be to acquire from time to time limited partner interests in EnerTech Capital Partners II, L.P., a Delaware limited partnership formed under an Agreement of Limited Partnership (''Partnership Agreement''), and any successor or affiliated limited partnership having substantially similar investment objectives and terms (EnerTech Capital Partners, II L.P., and all successor or affiliated limited partnerships are collectively referred to as the ''EnerTech Partnership''). The aggregate amount of investments in the EnerTech Partnership will not exceed $5 million.

The targeted size of the EnerTech Partnership's investment pool is $100 million, with a minimum commitment of $30 million necessary for an initial closing. Additional commitments may be added until the investment pool reaches a maximum not to exceed $150 million, unless otherwise approved by a majority in interest of the Limited Partners. The interests to be acquired by Newco will in the aggregate represent not more than 9.9% of the Limited Partner interests in any EnerTech Partnership.

The sole general partner of the EnerTech Partnership (''General Partner'') will be ECP II Management L.P., a Delaware limited partnership of which EnerTech Capital Partners II LLC is the managing general partner. The EnerTech Partnership fund will be managed by EnerTech Capital Partners (''EnerTech''), a group of experienced investment professionals associated with Safeguard Scientifics, Inc. and TL Ventures. The EnerTech Partnership fund is the second fund managed by EnerTech.

The EnerTech Partnership is being formed to invest in companies (''Portfolio Companies'') engaged in activities primarily related to the electric and natural gas utilities and their convergence into the broader energy, communications and other utility-like services industries. The Portfolio Companies (none of which will be an affiliate of GPU) may be involved in the development of technologies in one or more of the following categories: Information Technology and Systems Integration; Communications and Networking; Customer Premise Products and Services; Industry Specific Content and Consulting Services; and Asset Utilization and Efficiency Improvement.

The term of the Partnership Agreement will continue until December 31, 2009. The General Partner may extend the term for up to two one-year periods to permit the orderly liquidation of the EnerTech Partnership's assets, upon written consent of the Limited Partners holding a majority in interest of the commitments of all Limited Partners. Profits, gains and losses will generally be allocated 80% to all the Limited Partners, pro rata in accordance with their capital contributions, and 20% to the General Partner.

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

Margaret H. McFarland,

Deputy Secretary.

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[4] At December 31, 1998, Edison Sault had total assets of $70.1 million and approximately 21,000 electric customers. During 1998, Edison Sault had electric operating revenues of $22 million and net income of $2 million.

[5] At December 31, 1998, Wisconsin Gas had total assets of $651 million and approximately 529,000 electric customers. During 1998, Wisconsin Gas had total operating revenues of $429 million, and net income of $23 million.

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24206; 812–11674]

Security Equity Fund et al.; Notice of Application

December 17, 1999.

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

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 (''Act'') for an exemption from section 15(a) of the Act and rule 18f–2 under the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit them to enter into and materially amend sub-advisory agreements without shareholder approval.

APPLICANTS: Security Equity Fund, Security Growth and Income Fund, Security Ultra Fund, Security Income Fund, Security Municipal Bond Fund, Security Cash Fund, SBL Fund, (each a ''Fund'' and collectively, the ''Funds''),