Dated: September 30, 1998.

John F. Wilkinson, Jr.,

Director, Division of Human Resources Management.

[FR Doc. 98–27076 Filed 10–8–98; 8:45 am]

BILLING CODE 7555–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26924]

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

October 2, 1998.

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 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 October 27, 1998, to the Secretary, Securities and Exchange Commission, Washington, D.C. 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 should 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 October 27, 1998, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

GPU, Inc., et al. (70–9201)

GPU, Inc. (''GPU''), a registered holding company, its service company, GPU Service, Inc. (''GPUS''), both of 300 Madison Avenue, Morristown, New Jersey 07962, and its operating companies, Jersey Central Power & Light Company (''JCP&L''), Metropolitan Edison Company (''Met-Ed'') and Pennsylvania Electric Company (''Penelec'') (collectively, ''Public Utility Companies''), each of P.O. Box 16001, Reading, Pennsylvania 19640, have filed an application-declaration under sections 6(a), 7, 9(a), 10, 12(b) and 13(b) of the Act and rules 45, 54, 87(b)(1), 90 and 91 under the Act.

By order of the Commission GPUS was authorized to perform certain management, planning, engineering, coordinating and administrative services for the Public Utility Companies.[1] In 1996, certain GPUS personnel providing various services [2] related to the energy services and delivery businesses of the Public Utility Companies were functionally realigned to report to the Public Utility Companies' management team.[3] GPUS also employs personnel performing services used across the GPU system, such as legal services and consolidated accounting services.

The Public Utility Companies and GPUS now propose to enter into an amended services agreement (''New Services Agreement'') which will permit GPUS to perform expanded functions for the Public Utility Companies as discussed below. The expanded functions constitute several of the components of the proposed consolidation of the GPU system.

New Integrated Core Information System

The Public Utility Companies intend to replace most of their existing information systems with a new integrated core information system developed by SAP America, Inc. (''SAP'').[4] The aggregate cost of implementing the SAP system, estimated between $108 million and $115 million,[5] will be allocated among the Public Utility Companies using the multiple factor formula discussed below.[6] The Public Utility Companies will use internally generated funds to pay for the SAP system. The applicants represent that implementation of the SAP system is expected to result in labor-related savings to the Public Utility Companies of approximately $20 million annually.

Personnel Realignment

In order to maximize the benefits, efficiencies and effectiveness of the SAP system, the Public Utility Companies have concluded that it is necessary to combine their human, technical, material and operation resources into a single service company. Accordingly, in order to implement the single service company approach, the Public Utility Companies intend to transfer substantially all of their personnel, including the union personnel, to GPUS.[7] The personnel transfers are not expected to involve the physical relocation of a substantial number of employees.

In October 1997, the Public Utility Companies announced a plan to divest all of their nonnuclear generation facilities in 1999. These facilities are currently owned by the Public Utility Companies and operated and maintained by GPU Generation, Inc. (''Genco'').[8] In anticipation of this divestiture, the 1,630 employees of the Public Utility Companies performing operation and maintenance services for GPU's nonnuclear facilities may not initially be transferred to GPUS as part of the personnel realignment. The applicants anticipate that if any of these employees are not hired by the buyer(s) of GPU's nonnuclear generation assets, and remain employed with the Public Utility Companies and Genco, they will be transferred to GPUS.

[1] *See* Holding Co. Act Release No. 17112 (Apr. 29, 1971).

[2] These services included: library services, graphic resources, forms management, general books and plant accounting, payroll and accounts payable, interconnected transmission services, power services, procurement, facilities management, materials and supplies, transportation, information technology services, human resources, communications and environmental affairs.

[3] By 1996, GPU had functionally combined the energy services and delivery businesses of the Public Utility Companies. As a result of this realignment, a single management team became responsible for the combined energy services and delivery businesses of the Public Utility Companies.

[4] The Public Utility Companies anticipate that implementation of the SAP system will: (i) replace the major existing systems and provide a single integrated information system for all major Public Utility Company activities; (ii) standardize and align work processes; (iii) avoid the difficult and expensive integration of existing systems; and (iv) provide for the operation of the information systems beyond 1999. The applicants state that the single service company approach, discussed below, will allow for the most effective use of the SAP system and will minimize the need for costly and complex customization of the core components of the SAP system.

[5] This amount will cover the costs of process redesign, hardware, software, data conversions, testing and training.

[6] The applicants represent that the Public Utility Companies are the only GPU system companies currently receiving any significant benefit from the SAP system. However, if in the future other GPU system companies use the SAP system in any significant manner, GPU will allocate to these other companies an equitable share of the costs and savings based on the facts and circumstances existing at that time.

[7] To the extent the personnel realignment involves union employees, GPUS will become a successor employer under the various collective bargaining agreements (''Union Agreements'') between the Public Utility Companies and their union employees. GPUS intends to become the employer party to the Union Agreements and adopt the terms of these agreements.

[8] See Holding Co. Act Release No. 26463 (Jan. 26, 1996).

GPU's nuclear generating facilities are operated and maintained by GPU Nuclear, Inc. (''GPUN'').[9] In July 1998, GPU announced its intention to sell the Three Mile Island Unit 1 nuclear generating facility. With respect to Oyster Creek, the other nuclear facility operated by GPUN, a decision has not been reached whether to continue its operation or effect an early retirement. Pending the final disposition of the nuclear generating assets, GPU does not intend to transfer the nuclear operating personnel of GPUN or the Public Utility Companies to GPUS.

GPUS currently has 670 employees while Genco has 516 and GPUN has 219. Approximately 3,075 union and 1,730 nonunion employees, having a yearly budget payroll of approximately $265 million are expected to be transferred from the Public Utility Companies to GPUS.[10] Following completion of the personnel realignment, but subject to the divestiture of nuclear and nonnuclear generating assets discussed above, the only employees of the Public Utility Companies will be approximately 80 personnel responsible for transmission and distribution dispatching, 1,630 personnel (all union) engaged in nonnuclear generation operations and 1,100 personnel (all union) engaged in nuclear generating operations. These nontransferred personnel will retain the same job responsibilities and duties after the personnel realignment.

As part of the personnel realignment, GPUS will create an Operations Division which will include substantially all of the Public Utility Company employees who are to be transferred to GPUS. It is expected that officers of the Public Utility Companies will also serve as officers of the Operations Division of GPUS. In addition, existing GPUS personnel involved in corporate, treasury, legal, accounting and certain other functions will continue to perform those services in a separate division GPU intends to form as the Corporate Division of GPUS.

Under the proposed New Services Agreement, the Public Utility Companies may, from time to time, request that GPUS lease its employees to the Public Utility Companies. The applicants presently anticipate that only New jersey based employees will be leased. Under this proposal, all union personnel formerly employed by JCP&L and then transferred to GPUS are expected to be leased to JCP&L on an annual basis, subject to automatic renewal unless terminated by JCP&L. The cost of leasing will equal the cost of services provided by the employees had they not been leased and had the services been provided directly to JCP&L.[11] The applicants state that the leasing program is not expected to restrict employees leased to one Public Utility Company from providing services to the other Public Utility Companies or the allocation of costs among the Public Utility Companies.

Inventory and Procurement Functions

As part of this consolidation, the purchasing and inventory functions for the transmission and distribution systems of the Public Utility Companies will be assumed by GPUS so that equipment and materials will be acquired and inventories by GPUS and sold to an Public Utility Company, at cost,[12] when needed. GPUS may also purchase fuel, including natural gas, for resale, at cost, to an Public Utility Company for an owned generation plant or for a nonutility generator with which an Public Utility Company has a power supply agreement. GPUS will use the facilities and properties of the Public Utility Companies in carrying out its responsibilities. Any agreements with nonaffiliated entities will be entered into either directly by the Public Utility Companies which own the respective generation facilities or by GPUS as agent for the affected Public Utility Company.

In connection with the assumption by GPUS of these inventory and purchasing functions, the Public Utility Companies propose to sell to GPUS up to $60 million aggregate book value of existing transmission and distribution inventory to GPUS, at cost,[13] under rules 90 and 91 under the Act. The inventories consist of approximately 22,000 categories of items that fall into four groups: materials and supplies, meters, substation items and transformers.[14] These items are used in all facets of the operation and maintenance of the GPU transmission and distribution system. The inventories are primarily located in one of four storeroom locations, located in either New Jersey or Pennsylvania. It is expected that inventory purchased by a Public Utility Company from GPUS will come from the storeroom located in the purchaser's service territory. Consequently, the ''repurchase'' price paid by the Public Utility Company and the sale price of the item to GPUS will be the same for items comprising the initial inventory.

The applicants state that GPUS will not engage in the sale of inventory to persons other than the Public Utility Companies, except in cases of emergency or when inventory levels are substantially in excess of the Public Utility Companies' requirements. Any transactions with (x) other associates will be effected at cost and (y) nonassociates will be at current market prices or at prices achieved through arms length bargaining (provided that sales of excess inventory would also be made at prices not less than GPU's cost, unless otherwise authorized by the Commission). Any profits derived from sales to nonassociates will be applied to offset the cost of capital to be charged to the Public Utility Companies as required under 17 C.F.R. 256.01-2.

The applicants state that the consolidation of purchasing and inventory functions will produce an expected one-time benefit of $8 million in year 2000 (reflecting a reduction in inventory required in year 2000). In addition, savings in the form of reduced carrying charges associated with inventory reduction are estimated at approximately $1.2 million annually starting in year 2000.

Another component of GPU's consolidation is GPU's decision to change from its current departmental and functional alignment to a process-based managed approach. GPU states that its business activities should focus on three core business processes: Managing and Servicing Delivery Assets; Providing Customer Service; and Managing Energy Risk. Similarly, GPU plans to concentrate on providing three support functions: Providing Support Services; Managing Financial Performance; and Developing Business Opportunities.

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[9] See Holding Co. Act Release No. 21708 (Sept. 5, 1980).

[10] The proposed personnel transfers are intended to, among other things, simplify the existing payroll, operational and administrative complexities of having functionally-related personnel employed by more than one Public Utility Company. Applicants further assert that the consolidation will produce a more focused and efficient management of human resources, avoid data replication in different entities and other similar benefits.

[11] Applicants state that the New Jersey Division of Taxation has advised JCP&L that the services performed under the leasing proposal will be exempt from New Jersey sales/use tax.

[12] Applicants state that at cost will be calculated at the average unit prices by storeroom location and will be charged only for materials and fuel actually delivered to the site.

[13] The at cost determination will be based on the actual book cost of the Operating Companies at December 31, 1998.

[14] Applicants state that the initial inventory owned by the Operating Companies will be acquired by GPUS with the proceeds of loans from the Operating Companies. These loans will be payable upon demand and will bear interest at the rate equal to each Operating Company's average short-term interest for 1997. Thus, JCP&L will charge interest at 5.82% while Met-Ed will charge 5.70% and Penelec will charge 5.78%.

Cost Allocation

Under the proposed New Services Agreement, GPUS will render all services on an at cost basis. Each core business or support process in the Operations Division will maintain records to accumulate all costs of doing business and to determine the cost of service. The factors in determining cost of service include: wages and salaries of employees, fees and other charges of contractors supplying goods and services, and related expenses, like insurance, taxes, pensions and other employee welfare expenses. The Corporate Division will maintain records of general administrative expenses, including the costs of operating GPUS as a corporate entity.

Whenever possible, charges for services rendered or personnel assigned or leased to a particular Public Utility Company and related expenses and nonpersonnel expenses incurred for the benefit of a particular Public Utility Company will be billed directly to that Public Utility Company.

When an Operations Division service is rendered for the benefit of two or more companies and the benefits cannot be directly charged, the costs will be shared by the receiving companies in proportion to the average of: (1) Gross distribution plant, (2) energy delivered to ultimate consumers in KWH, and (3) operating and maintenance expense excluding purchased power. This multiple factor formula is currently in use and the factors are updated annually. The formula will be applied to those functions that provide support services for the operation of the Public Utility Companies, GPUN and Genco.

When a Corporate Division service which is principally used by the Public Utility Companies cannot be directly charged, the multiple factor formula will be used. In other cases, Corporate Division services which cannot be directly charged will be allocated based on the direct payroll cost ratio formula. This formula is based on the amount of payroll and payroll overheads directly charged to individual GPU system companies, including nonutility subsidiaries. The direct payroll cost ratio formula will equitably allocate the costs of Corporate Division services to all GPU system companies, since the bulk of the allocated costs associated with the Corporate Division is represented by payroll.

The applicants represent that all other costs will be fairly and equitably allocated in accordance with rules 90 and 91 of the Act.

Applicants undertake not to change the organization of GPUS, the type and character of the companies to be serviced, the methods of cost allocation among the Public Utility Companies, the scope or character of the services rendered subject to section 13 of the Act, or any applicable rule, regulation or order without prior Commission authorization by order or under the 60-day letter procedure.

Applicants represent that the proposed consolidation will not involve the formation of any new legal entities, the write-down of any rate-based assets or the transfer of any utility assets. GPUS will obtain working capital from a working capital account, funded by the Public Utility Companies and established under Article 6 of the proposed New Services Agreement.

New Century Energies, Inc., et al. (70–9341)

New Century Energies, Inc. (''New Century Energies''), a registered holding company, located at 1225 17th Street, Denver, Colorado, 80202–5534, has filed an application-declaration under sections 6(a), 7, 12(b), 32 and 33 of the Act and rules 45, 53, and 54 under the Act.

New Century Energies is currently authorized under the terms of orders dated August 1, 1997 and May 14, 1998 (NCAR Nos. 26750 and HCAR Nos. 26872, respectively), among other things, to use the proceeds of the issuance of short-term debt and common stock to invest, directly or indirectly through one or more special purpose subsidiaries or project parents (''Intermediate Subsidiaries''), in exempt wholesale generators (''EWGs'') and foreign utility companies (''FUCOs''), and to issue guarantees of the obligations of these entities. Under the terms of these orders and rule 53(a)(1) under the Act, New Century Energies may not use the net proceeds of these issuances for these investments or issue guarantees for these obligations if New Century Energies' ''aggregate investment,'' as defined in rule 53(a) under the Act, in all EWGs and FUCOs exceeds 50% of New Century Energies' ''consolidated retained earnings,'' as defined in the rule.

New Century Energies requests that the Commission modify this limitation and exempt New Century Energies from the requirements of rule 53(a)(1). Specifically, New Century Energies requests an order that would allow it to use the net proceeds of common stock sales and borrowings to invest in EWGs and FUCOs and to issue guarantees of the obligations of these entities [15] in an aggregate amount that, when added to new Century Energies' then existing aggregate investment in EWGs and FUCOs, would not at any time exceed 100% of New Century Energies' consolidated retained earnings.[16]

New Century Energies' aggregate investment in EWGs and FUCOs as of December 31, 1997 (approximately $364.4 million) represents approximately 50.9% of its consolidated retained earnings (approximately $715.6 million).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–27119 Filed 10–8–98; 8:45 am]

BILLING CODE 8010–01–M

[15] Guarantees may also be issued for the obligations of Intermediate Subsidiaries.

[16] New Century Energies is currently seeking authority in a separate filing to issue certain debt securities, the proceeds of which would be used, among other things, to invest in EWGs and FUCOs.

SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments and Recommendations

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new, and/or currently approved information collection.

DATES: Comments should be submitted on or before December 8, 1998.

FOR FURTHER INFORMATION CONTACT: Curtis B. Rich, Management Analyst, Small Business Administration, 409 3rd Street, S.W., Suite 5000, Washington, D.C. 20416. Phone Number: 202–205–6629.

SUPPLEMENTARY INFORMATION:

Title: ''Validation of Pass Registration''.

Type of Request: Revision of a currently approved collection.

Form No's: 1167 and 1395.

Description of Respondents: Small Businesses interested in federal procurement Opportunities.

Annual Responses: 189,600.

Annual Burden: 33,200.

Comments: Send all comments regarding this information collection to, Glen Harwood, Pass Program Manager, Office of Government Contracting, Small Business Administration, 409 3rd Street S.W., Suite 8000, Washington, D.C. 20416. Phone No: 202–205–7310.

Send comments regarding whether this information collection is necessary