

at: <http://www.nrc.gov/SECY/smj/schedule.htm>

This notice is distributed by mail to several hundred subscribers; if you no longer wish to receive it, or would like to be added to it, please contact the Office of the Secretary, Attn: Operations Branch, Washington, DC 20555 (301-415-1661). In addition, distribution of this meeting notice over the Internet system is available. If you are interested in receiving this Commission meeting schedule electronically, please send an electronic message to wmh@nrc.gov or dkw@nrc.gov.

Dated: October, 22, 1999.

William M. Hill, Jr.,

SECY Tracking Officer, Office of the Secretary.

[FR Doc. 99-28173 Filed 10-25-99; 1:01 pm]

BILLING CODE 7590-01-M

PRESIDIO TRUST

Notice of Public Meeting

AGENCY: The Presidio Trust.

ACTION: Notice of public meeting.

SUMMARY: In accordance with section 103(c)(6) of the Presidio Trust Act, 16 U.S.C. 460bb note, Title I of Public Law 104-333, 110 Stat. 4097, and in accordance with the Presidio Trust's bylaws, notice is hereby given that a public meeting of the Presidio Trust Board of Directors will be held from 9 a.m. to 12 p.m. (PST) on Wednesday, November 17, 1999, at the Presidio Golden Gate Club, Fisher Loop, Presidio of San Francisco, California. The Presidio Trust was created by Congress in 1996 to manage approximately eighty percent of the former U.S. Army base known as the Presidio, in San Francisco, California.

The purpose of this meeting is to consider the Vegetation Management Plan. Public comment on this topic will be received and memorialized in accordance with the Trust's Public Outreach Policy. A swearing in ceremony will take place for newly appointed and reappointed Board members.

TIME: The meeting will be held from 9 a.m. to 12 p.m. (PST) on Wednesday, November 17, 1999.

ADDRESSES: The meeting will be held at the Presidio Golden Gate Club, Fisher Loop, Presidio of San Francisco.

FOR FURTHER INFORMATION CONTACT: Karen A. Cook, General Counsel, the Presidio Trust, 34 Graham Street, P.O. Box 29052, San Francisco, California 94129-0052, Telephone: (415) 561-5300.

Dated: October 20, 1999.

Karen A. Cook,

General Counsel.

[FR Doc. 99-27998 Filed 10-26-99; 8:45 am]

BILLING CODE 4310-4R-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27092]

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

October 21, 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 November 15, 1999, 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 November 15, 1999, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Dominion Resources Inc., et al. (70-9477)

Dominion Resources, Inc. ("DRI"), 120 Tredegar Street, Richmond, Virginia 23219, a Virginia corporation and public utility holding company exempt from registration under section 3(a)(1) and rule 2 under the Act, and Consolidated Natural Gas Company ("CNG"), CNG Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222, have filed an application-declaration in connection with a proposed merger between the two companies under sections 6(a), 7,

10 and 13(b) of the Act and rules 54, 87, 88, 90 and 91 under the Act.

DRI and CNG have entered into an amended and restated agreement and plan of merger ("Merger") dated as of May 11, 1999.¹ The Merger contemplates a two-step transaction. In the first step, a wholly owned subsidiary of DRI will merge ("First Merger") with and into DRI, in which DRI will be the surviving corporation.² In the second step, CNG will either merge ("Second Merger") (1) with and into another wholly owned subsidiary of DRI ("CNG Acquisition") in a transaction in which CNG Acquisition will be surviving corporation, or (2) with and into DRI in a transaction in which DRI will be the surviving corporation. The First Merger and Second Merger, are hereinafter referred to as the "Merger," are each conditioned on the other occurring. As a result of the Merger and other transactions contemplated by the Merger Agreement, either CNG Acquisition, as the successor in interest to CNG, will become a direct subsidiary of DRI or each of CNG's public utility subsidiaries will become direct subsidiaries of DRI.³

In the Merger, shareholders of both DRI and CNG will have the option to elect to receive either cash or DRI common stock in return for each of their DRI or CNG shares, as the case may be, subject to allocation and certain limitations. In exchange for each share of DRI common stock held, DRI shareholders will have the option to receive either \$43.00 in cash or one share of DRI common stock. In either case, this option is subject to the limitation that the aggregate amount of cash to be distributed to DRI shareholders in the First Merger shall be equal to \$1,251,055,526 (plus any cash paid for fractional shares).⁴ In exchange for each share of CNG common stock held, CNG shareholders will have the option to receive either \$66.60 in cash or shares of DRI common stock at an exchange rate, plus an amount in cash

¹ DRI, CNG, and their respective subsidiaries have also filed in S.E.C. file no. 70-9517 an application-declaration related to the financing of the proposed DRI registered holding company system and CNG's registered holding company system. A notice of that filing is being issued simultaneously with this notice.

² As part of their approval of the Merger, DRI shareholders approved an amendment to the DRI Articles of Incorporation to increase the authorized shares of common stock of DRI from 300 million to 500 million.

³ CNG's public utility subsidiaries include: Virginia Natural Gas, Inc. ("VNG"), Hope Gas, Inc. ("Hope"), The Peoples Natural Gas Company ("Peoples"), and The East Ohio Gas Company ("East Ohio").

⁴ Under the terms of the Merger, DRI has the right to increase this amount to \$1,668,400,000.

equal to 1.52 multiplied by the excess, if any, of \$43.816 over the Average Price.⁵ The CNG exchange ratio will be (1) \$66.60 divided by the Average Price of DRI common stock, if the DRI Average Price is no less than \$43.816 and (2) 1.52, if the DRI Average Price is less than \$43.816. In either case, this option is subject to the proration so that 38,159,060 shares of CNG common stock (including any fractional shares exchanged for cash) will be converted into the right to receive cash in the Second Merger. However, DRI may reallocate the cash and shares of DRI commons stock to be received by CNG shareholders to follow more closely the actual elections of CNG shareholders as long as the reallocation does not affect the desired tax treatment of the Second Merger.

Following the proposed Merger, current DRI shareholders will own approximately 65% of the combined company and current CNG shareholders will own approximately 35% of the combined company.

As a result of the Merger, the combined company will have *pro forma* 1998 assets of \$28.0 billion as of March 31, 1999 and revenues of \$8.8 billion for the year ended December 31, 1998. The combined company will also have an energy portfolio of approximately 20,000 MW of domestic power generation, 2.9 trillion cubic feet equivalent in natural gas and oil reserves producing nearly 300 billion cubic feet equivalent annually. It will operate a major interstate gas pipeline system and the largest natural gas storage system in North America with approximately 900 Bcfe of storage and will have approximately 5,000 miles of electric transmission lines. The combined company will be the eleventh largest independent oil and gas producer in the United States, measured by reserves.

Following completion of the Merger, DRI will register as a holding company with the Commission under section 5 of the Act and CNG may continue to register as a holding company with the Commission.

Parties to the Merger

DRI and Its Subsidiaries

DRI seeks authorization to retain its interest in its utility and nonutility business and to acquire and retain the interests of CNG's utility and nonutility business.

⁵ Average Price is defined as the average market price of DRI common stock over a twenty consecutive day trading period ending on the tenth business day before the closing.

DRI is a diversified utility holding company⁶ whose principal subsidiary is Virginia Electric and Power Company ("Virginia Power"),⁷ an electric public utility company primarily engaged in the generation, transmission, distribution and sale of electric energy within a 30,000 square-mile area in Virginia and northeastern North Carolina.⁸ Virginia Power operates nuclear, fossil fuel and hydroelectric generating units with an aggregate capability of 13,635 MW. It supplies energy at retail to approximately two million customers and sells electricity at wholesale to rural electric cooperatives, power marketers and certain municipalities. The Virginia service area represents 65% of Virginia's total land area and accounts for over 80% of its population. The North Carolina service area is comprised of retail customers located in the northeastern region of the state, excluding certain municipalities. Virginia Power also engages in off-system wholesale purchases and sales of electricity and purchases and sales of natural gas. In 1998, Virginia Power accounted for \$4,285 million in revenues.

DRI's other major subsidiaries are Dominion Energy, Inc. ("DEI"), an independent power and natural gas subsidiary, and Dominion Capital, Inc. ("DCI"), a financial services company.⁹ DRI also owns and operates a 365 MW natural gas fired generating facility in the United Kingdom.

DEI is primarily engaged in the competitive electric power generation business and in the development, exploration and operation of natural gas and oil reserves. DEI is involved in power projects in five states in Argentina, Bolivia, Belize and Peru.¹⁰ Domestic power projects include the Kincaid Power Station, a 1,108 MW coal fired station in central Illinois; a 600 MW gas-fired peaking facility under construction in central Illinois; two

⁶ At December 31, 1998, DRI and its subsidiaries had 11,033 full time employees.

⁷ The term "Virginia Power" refers to the entirety of Virginia Electric and Power Company, including its Virginia and North Carolina operations and all of its subsidiaries. In Virginia it trades under the name "Virginia Power" and in North Carolina it trades under the name "North Carolina Power."

⁸ Virginia Power has made investments in some nonutility business and supports the investment and financing needs of its subsidiaries on a stand-alone basis.

⁹ DRI states that it will divest its interest in DCI and DCI's subsidiary companies within three years following completion of the Merger.

¹⁰ International power projects include a hydroelectric and a gas-fired project in Argentina, two hydroelectric projects in Bolivia, a run-of-river hydroelectric project in Belize, and two hydroelectric and six diesel oil-fueled projects in Peru.

geothermal projects and one solar project in California; three small hydroelectric projects in New York; a waste coal-fueled project in West Virginia and a waste wood and coal-fueled project in Maine. Additionally, DEI has interests in various generation and small power production facilities in the United States all of which are qualifying facilities ("QFs") as defined in the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), or exempt wholesale generators ("EWGs") as defined in section 32 under the Act. DEI is also involved in natural gas and oil development, exploration and production in Canada, the Appalachian Basin, the Michigan Basin, the Illinois Basin, the Black Warrior Basin, the Uinta Basin, the San Juan Basin and owns proven oil and natural gas reserves of approximately 1.2 trillion cubic feet of natural gas equivalent. DEI, through its subsidiaries, is involved in the wholesale aggregation, marketing and trading of natural gas and storage capacity positions, on behalf of DEI and third parties. In 1998, DEI accounted for \$383 million in revenues.

DCI is a diversified financial services holding company with several subsidiaries in the commercial lending, merchant banking and residential lending business.¹¹ Its principal subsidiaries are First Source Financial, LLP, First dominion Capital LLC, Saxon Mortgage, Inc. and Stanton Associates, Inc. DCI also owns a 46% interest in Cambrian Capital LLP. First Source Financial provides cash-flow and asset-based financing to middle-market companies seeking to expand, recapitalize or undertake buyouts. First Dominion Capital is an integrated merchant banking and asset management business. Saxon Mortgage and its affiliates originate and securitize home equity and mortgage loans to individuals. Cambrian Capital provides financing to small and mid-sized independent oil and natural gas producers undertaking acquisitions, refinancings and expansions. Stanton

¹¹ DCI's financial activities include providing commercial finance through senior secured loans, unsecured or subordinated debt or mezzanine investments, bridge loans and equity investments. Senior secured loans have a first priority lien on all assets which includes, but is not limited to, accounts receivable, inventory, real and personal property, equipment, trademarks, and copyrights. Corporate finance activities include underwriting and syndication of debt and equity instruments and debt and equity securities, managing assets for third parties and broker-dealer operations. Consumer finance comprises origination, purchase, securitization and servicing of mortgages. Other operations include investments in real estate, a lease in a hydroelectric facility, venture capital and a portfolio of preferred and equity securities.

Associates, Inc. engages in real estate investment and management.

DRI, either directly or indirectly is also involved in the following business activities: oil and natural gas exploration and development, both domestically and internationally, transportation and processing of natural gas and the manufacture and sale of equipment used in connection therewith, energy marketing and brokering, telecommunications, real estate activities, energy lending, and debt and equity financing to commercial businesses and consumers. DRI, through DCI, also holds minority interests in various other businesses, of which the aggregate amount of investments made by DCI at March 31, 1999, was \$176 million. In 1998, DCI accounted for \$409 million in revenues.

CNG and Its Subsidiaries

CNG is engaged solely in the business of owning and holding all of the outstanding equity securities of nineteen directly owned subsidiary companies. CNG and its subsidiaries are engaged in all phases of the natural gas business including: distribution, transmission, storage, exploration and production.

VNG, Hope, Peoples and East Ohio are the four public utility subsidiaries of CNG. Principal cities served on a retail basis include: Cleveland, Akron, Youngstown, Canton, Warren, Lima, Ashtabula and Marietta in Ohio; Pittsburgh (a portion), Altoona and Johnstown in Pennsylvania; Norfolk, Newport News, Virginia Beach, Chesapeake, Hampton and Williamsburg in Virginia; and Clarksburg and Parkersburg in West Virginia. CNG serves approximately two million residential, commercial and industrial gas sales and transportation to retail customers.

CNG Transmission Corporation operates a regional interstate pipeline system and provides gas transportation and storage services to each of CNG's public utility subsidiaries and to non-affiliated utilities, end-users and others in the Midwest, the mid-Atlantic states and the Northeast. Through its wholly owned subsidiary, CNG Iroquois, Inc., CNG Transmission Corporation holds a 16% general partnership interest in the Iroquois Gas Transmission System, L.P., which owns and operates an interstate natural gas pipeline extending from the Canada United States border near Iroquois, Ontario, to Long Island, New York. The Iroquois pipeline transports Canadian gas to utility and power generation customers in metropolitan New York and New England.

CNG Producing Company is CNG's exploration and production subsidiary. Its activities are conducted primarily in the Gulf of Mexico, the southern and western United States, the Appalachian region, and in Canada.

CNG Retail Services Corporation markets natural gas, electricity and related products and services to residential, commercial and small industrial customers. CNG Products and Services, Inc. also provides energy-related services to customers of CNG's local distribution subsidiaries and others.

CNG International Corporation invests in foreign energy activities. CNG International Corporation currently owns interests in natural gas pipeline companies in Australia, and gas and electric utility companies in Argentina.

Establishment of a Service Company and Service Agreement

DRI intends to establish a new direct subsidiary service company, DRI Services, which will assume from DRI all of the service functions currently performed for affiliates of DRI and all employees performing those functions will become employees of DRI Services.¹²

It is contemplated that as a result of the Merger, some centralization of service functions will occur. Initially, DRI and CNG proposed to commence their combined operations with two subsidiary service companies. Upon closing of the Merger, DRI Services and other DRI affiliates will enter into a new single systemwide Service Agreement with CNG, CNG Services and other subsidiaries of CNG. The new agreement will be modeled after the current service agreement in effect for the CNG system.¹³ The combined company will operate with two service companies, and each DRI-CNG affiliate will have the opportunity to elect to purchase services from either company.

Over time it is anticipated that the provision of services within the combined DRI-CNG system will be rationalized. However, in the interim, DRI and CNG each seek authorization to engaged, through their respective service companies, the following service activities: accounting, auditing, legal and regulatory services, information technology, electronic transmission and computer services, software pooling,

employee benefits and pension investment, employee relations, operations, executive and administrative services, business and operations services, exploration and development services, risk management, marketing, medical services, corporate planning, purchasing, rate structure analysis, research, tax services, corporate secretary services, and investor relations.

Following completion of the Merger, DRI states that all services will be provided to system companies in compliance with all applicable provisions of the Act, including section 13(b) and rules 90 and 91 under the Act. DRI does, however, request and exemption from the at-cost standard of section 13(b) of the Act and rules 90 and 91 under the Act in one or more of the following situations: (1) to permit Virginia Power to continue to provide services to exempt nonutility associate companies which are subject to the Virginia State Corporation Commission's 1986 settlement order; and (2) to permit Virginia Power to provide future service arrangements to exempt nonutility associate companies within the DRI-CNG system. Exempt nonutility associate companies are defined as: (1) FUCOs and EWGs which do not derive any part of their income either directly or indirectly, from the generation and sale of electric energy within the United States; (2) EWGs which sell electricity at market based rates that have been approved by the Federal Energy Regulatory Commission ("FERC") or relevant state public utility commission, provided that the purchaser is not an electric utility company affiliate of DRI; (3) a QF that sells electricity exclusively at rates negotiated at arm's length to one or more industrial or commercial customers purchasing the electricity for their own use and not for resale, or to an electric utility company that is not a DRI affiliate company at the purchaser's "avoided cost" as determined under the regulations under PURPA; and (4) an EWG or QF that sells electricity based upon its cost of service, as approved by the FERC or any state public utility commission having jurisdiction, provided that the purchaser of the electricity is not an electric utility company affiliate of DRI.

Dominion Resources, Inc. (70-9517)

Dominion Resources, Inc. ("DRI"), 120 Tredgar Street, Richmond, Virginia 23219, a Virginia corporation and holding company exempt from registration under section 3(a)(1) of the Act and rule 2, has filed an application-declaration under sections 6(a), 7, 9, (a),

¹² Initially, DRI Services will issue 100 shares of common stock, no par value, all of which will be subscribed to DRI at \$1 per share.

¹³ On August 26, 1986 (Holding Co. Act Release No. 15548), the Commission authorized formation of CNG's service company. Several amendments to the service agreement have been approved by the Commission under "60-day letter proceedings."

10, 12(b) of the Act and rules 42, 45, 53 and 54 under the Act.

This application-declaration is submitted in connection with DRI's proposed acquisition of Consolidated Natural Gas Company ("CNG"), a Delaware corporation and registered holding company ("Merger") (S.E.C. file No. 70-9477). As result of the Merger and other related transactions, either (1) CNG Acquisition, as the successor in interest to CNG, will become a direct subsidiary of DRI or (2) each of CNG's four public utility subsidiaries will become direct subsidiaries of DRI. Following completion of the Merger, DRI will register as a holding company with the Commission under section 5 of the Act.

To effectuate the merger,¹⁴ shareholders of DRI will have the option to receive either \$43.00 in cash or one share of DRI common stock in exchange for each share of DRI common stock held, subject to certain cash distribution limitations. Shareholders of CNG common stock will have the option to receive either \$66.60 in cash or shares of DRI common stock in exchange for each share of CNG common stock held, subject to certain cash distribution limitations.

Applicants seek authority for: (1) DRI to issue common stock of DRI to shareholders of CNG in connection with the Merger; (2) DRI to issue additional equity, preferred and/or debt securities for general corporate purposes for the period from and after the Merger through the second anniversary of the effectiveness of the Merger ("Authorization Date"); (3) DRI and its subsidiaries, including CNG, to maintain in effect for the period from and after the Merger through the Authorization Date, all existing credit facilities and financing arrangements and to maintain outstanding all indebtedness and similar obligations created thereunder as of the date of the closing of the Merger (including, without limitation, any facilities, financing arrangements, indebtedness or similar obligations incurred in connection with or to finance the Merger) and to amend, renew, extend and/or replace any of these credit facilities, financing arrangements, indebtedness or similar obligations up to the aggregate dollar amounts specified below, provided that no amendment, renewal, extension and/or replacement which is effected following completion of the Merger shall provide for an increase in the aggregate amount

¹⁴ The Merger transaction is more fully described in File No. 70-9477, which has been noticed contemporaneously.

of indebtedness which occurs after the Authorization Date, unless otherwise approved by the Commission; (4) DRI and its subsidiaries, including CNG, to incur additional indebtedness and similar obligations including guarantees and other credit support; and (5) DRI to issue up to 45.5 million shares of common stock under dividend reinvestment and stock-based management incentive and employee benefit plans.

Issuance of Securities and Incurrence of Indebtedness

Shareholders of DRI and CNG will, in connection with the Merger, be given the option to receive either cash or shares of DRI common stock in exchange for each share of DRI or CNG common stock held, subject to limitations on the aggregate amount of cash that may be distributed in connection with Merger. Accordingly, indebtedness will be incurred to finance cash payments to DRI and CNG shareholders in connection with the Merger. DRI anticipates that approximately \$4.5 billion will be required to finance the cash portion of the Merger. Of this amount, \$1 billion will be obtained through equity securities or securities convertible into equity securities and the remaining financing will be obtained through debt securities with a maturity not to exceed 50 years and an interest rate not in excess of 500 basis points over the comparable London Interbank Offered Rate ("LIBOR").

DRI anticipates that cash will initially be obtained through the issuance of commercial paper under an expanded DRI commercial paper program backed by a combination of short-term and long-term credit facilities similar to the types of credit facilities that DRI currently has in place. After closing of the Merger, DRI anticipates replacing a significant portion of the commercial paper program with proceeds from (1) the issuance of debt, preferred and/or convertible securities, (2) divestiture of DRI's financial services subsidiary, Dominion Capital, Inc. ("DCI"), and (3) the sale of other non-core assets.¹⁵

At present, DRI has established various financing arrangements with respect to its equity, preferred and debt securities ("Securities").¹⁶ DRI has

¹⁵ DRI states that it will divest its interest in DCI and DCI's subsidiary companies within three years following completion of the Merger.

¹⁶ DRI filed a universal shelf registration with the Commission on September 12, 1997 (Registration No. 333-35501). The shelf registration covers equity, preferred and debt securities and allows DRI to issue any one or more of the foregoing types of securities provided that the aggregate principal

entered into various credit facilities with outside lenders, has issued debt securities, and has guaranteed or otherwise supported the obligations of its nonutility subsidiaries. DRI seeks authorization to maintain its, and CNG's, existing financing arrangements and other commitments through the Authorization Date.¹⁷

DRI proposes through the Authorization Date to issue equity, preferred and/or debt securities including, without limitation, for the purpose of refinancing indebtedness incurred to finance the cash component of the consideration to be paid to DRI and CNG shareholders in connection with the Merger. DRI seeks authorization to issue the above-mentioned securities provided that the aggregate principal amount of the proceeds not exceed \$1.5 billion and provided that the cost of money with respect to these securities shall not exceed 500 basis points over LIBOR.¹⁸

In addition to the Securities, DRI proposes to issue other securities ("Other Securities"). DRI currently maintains in effect the following credit and financing facilities:

(1) DRI sells commercial paper in regional and national markets. Proceeds of commercial paper issuances are used for general corporate purposes and are made available to DRI's nonutility subsidiaries under intercompany credit agreements. DRI's nonutility subsidiaries repay these financings through cash flows and proceeds of permanent financings. DRI's commercial paper is supported by bank lines of credit maintained by DRI. At December 31, 1998, the aggregate outstanding maximum face amount of DRI commercial paper was \$3.1 million.

(2) DRI has entered into an Amended and Restated Credit Agreement dated April 3, 1996 and amended by the First Amendment dated April 2, 1997 ("DRI Credit Agreement"), among DRI, the lenders identified, and NationsBank,

amount of proceeds of securities issuances that may be obtained does not exceed \$950 million. As of the date of the application-declaration, DRI issued common stock under the universal shelf registration and derived \$275 million of proceeds from the issuance.

¹⁷ By order dated March 28, 1996 (Holding Co. Act Release No. 26500) ("Omnibus Order"), CNG was authorized to engage in various financing and related transactions through March 31, 2001.

¹⁸ The dividends payable on preferred stock and the interest rate and maturity of debt securities which may be issued under this authorization will be determined at the time of issuance and will not exceed those generally obtainable at the time of issuance for securities having the same or reasonably similar maturities, terms, conditions and features issued by utility companies or utility holding companies of reasonably comparable credit quality.

N.A., as agent for the lenders, under which the lenders have agreed to make loans to DRI in an aggregate principal amount not to exceed \$300 million at any one time outstanding. Proceeds of the loans may be used for general corporate purposes and to support commercial paper. The commitment of the lenders under the DRI Credit Agreement will expire on April 3, 2002 if not canceled or terminated.

(3) DRI has entered into a Second Amended and Restated Short-Term Credit Agreement dated March 31, 1999 ("DRI Short-Term Credit Agreement"), among DRI, the lenders identified, and NationsBank, N.A., as administrative agent for the lenders, under which the lenders have, subject to the terms and conditions set forth in the DRI Short-Term Credit Agreement, agreed to make loans to DRI in an aggregate principal amount not to exceed \$300 million at any one time outstanding. Proceeds of loans may be used for general corporate purposes and to support commercial paper. The commitment of the lenders under the DRI Short-Term Credit Agreement will expire 364 days after the date thereof if not canceled or terminated.

(4) DRI has in place an Indenture dated as of December 1, 1997 ("DRI Indenture") between DRI and The Chase Manhattan Bank under which DRI may, subject to the terms and conditions set forth in the DRI Indenture, issue an unlimited amount of Junior Subordinated Debentures in one or more series. As of the date of this application-declaration, DRI has entered into a First Supplemental Indenture dated December 1, 1997 with The Chase Manhattan Bank under which DRI has issued \$257.7 million aggregate principal amount of 7.83% Junior Subordinated Debentures to Dominion Resources Capital Trust I, which has in turn issued \$250 million aggregate principal amount of Capital Securities to investors. Proceeds of the issuance of the Capital Securities by Dominion Resources Capital Trust I are used solely to acquire Junior Subordinated Debentures. Payments on account of the Junior Subordinated Debentures are used by Dominion Resources Capital Trust I to make payments on account of the Capital Securities. Proceeds of the issuance of the Junior Subordinated Debentures are used by DRI for general corporate purposes including debt repayment. Amounts in respect of the Capital Securities are guaranteed by DRI under the Capital Securities Guarantee Agreement dated as of December 8, 1997 between DRI and The Chase Manhattan Bank, as guarantee trustee, and the New Capital Securities Guarantee Agreement

dated as of June 18, 1998 between DRI and The Chase Manhattan Bank, as guarantee trustee.

(5) DRI has entered into a five-year End Loaded Lease Financing ("ELLF") as of September 9, 1998. The ELLF is structured as an off-balance sheet financing with a single purpose grantor trust, the lessor, formed to purchase, improve and own certain assets which are then leased to DRI. The lease structure is designed to permit DRI to finance the assets on an off-balance sheet basis while allowing DRI to maintain control of the property and retain the benefits of ownership for tax purposes. The assets which are financed under the ELLF include an office building and two aircraft. Payments made by DRI under this leasing arrangement are intended to cover the periodic interest and principal payments required to be made by the lessor which has financed its acquisition of the lease assets. The estimated aggregate amount of lease payment that DRI is required to make under the lease are \$12.5 million.

(6) DRI has issued a note in the face amount of \$28.4 million due in 2008 which bears interest at a rate of 9.25% per year. As of December 31, 1998, the principal balance outstanding of the note was \$18.6 million.

(7) DRI has also entered into a Guarantee Agreement dated as of October 30, 1998 in favor of Bayerische Landesbank Girozentrale in connection with the Pounds Sterling 33,500,000 Committed Multi-Currency Revolving Advances Facility dated as of October 30, 1998 between DR Group Holdings, a special purpose financing subsidiary company organized under the laws of the United Kingdom, and Bayerische Landesbank Girozentrale.

DRI requests Commission authorization to maintain outstanding the Other Securities which currently total approximately \$955.31 million. DRI further requests authorization to issue additional other securities ("Additional Other Securities") with financing arrangements similar to those described above in paragraphs (1) through (7), through the Authorization Date, provided that the additional aggregate principal amount of the Additional Other Securities shall not exceed \$250 million, the cost of money shall not exceed 500 basis points above LIBOR and the final maturity date of the Additional Other Securities shall not exceed 50 years.

Guarantees and Other Credit Support

As of December 31, 1998, Dominion Energy, Inc. ("DEI"), a nonutility

subsidiary of DRI,¹⁹ had paid-in-capital from equity investments made by DRI of \$456.4 million. DRI has entered into an Intercompany Credit Agreement dated as of August 31, 1987 between DRI and DEI under which DEI may, subject to the terms and conditions of the Intercompany Credit Agreement, borrow up to \$350 million aggregate principal amount at any one time outstanding from DRI. Proceeds from borrowings may be used by DEI for general corporate and working capital purposes. As of the date of this application-declaration, DRI has guaranteed \$122.312 million aggregate principal amount of payment obligations of DEI and its subsidiaries.

DEI has also entered into an engagement letter dated July 13, 1999 with Bank of America Leasing and Capital Group, an affiliate of NationsBank, with respect to a \$825 million lease financing for the construction and lease of ten to fourteen new gas-fired turbines and associated equipment to be installed at various new power generation facilities currently under development by DEI.²⁰ The terms of the engagement letter require that DRI guarantee the obligations of the lessee under the lease financing documents.

DRI requests authorization to maintain in place the above guarantee and other credit support arrangements, which total approximately \$947.312 million through the Authorization Date. In addition, DRI proposes, through the Authorization Date, to provide additional guarantees or other credit support for DEI and its subsidiaries up to an aggregate principal amount of \$1.5 billion.

As of December 31, 1998, DCI had paid-in-capital from equity investments made by DRI of \$593.5 million. As of the date of this application-declaration, except as described below, DRI has not entered into any capital contribution agreement or similar arrangement which expressly requires DRI to make additional cash capital contributions to DCI or any of the other DCI Companies. As of the date of this application-declaration, DRI has entered into an Intercompany Credit Agreement dated as of December 20, 1985 between DRI and DCI under which DCI may, subject

¹⁹ DEI has interests in various generation and small power production facilities in the United States, all of which are qualifying facilities (QFs) as defined in the Public Utility Regulatory Policies Act of 1978, as amended, or exempt wholesale generators ("EWGs") as defined in section 32 of the Act.

²⁰ It is anticipated the generation facilities will be "eligible facilities" within the meaning of section 32(a)(2) of the Act and their owners will qualify as EWGs.

to the terms and conditions of the Intercompany Credit Agreement, borrow up to \$250 million aggregate principal amount at any one time outstanding from DRI. Proceeds of borrowings by DCI may be used for general corporate and working capital purposes.

As of the date of this application-declaration, DRI has guaranteed \$47.5 million aggregate principal amount of payment obligations of DCI and its subsidiaries and has provided liquidity support under the following agreements:

(1) Guaranty Agreement dated as of May 13, 1996 by DRI in favor of DYNEX Capital, Inc. (formerly Resource Mortgage Capital, Inc.). The Guaranty was given in connection with a \$47.5 million promissory note made by Dominion Mortgage Services, Inc., an indirect wholly owned subsidiary of DRI.

(2) Support Agreement dated as of February 5, 1999 made by DRI in favor of DCI in connection with the implementation of a \$400 million commercial paper financing program by DCI. The Support Agreement requires DRI to maintain 100% ownership of DCI voting stock, to maintain a net worth \$100 million for DCI and to provide liquidity support for DCI.

DRI requests authorization to maintain in place the foregoing guarantees and other credit support arrangements for the benefit of DCI. DRI further requests through the Authorization Date, to provide additional guarantees or other credit support for DCI and its subsidiaries up to an aggregate principal amount of \$1.6 billion.

Incentive Compensation Plans and Employee Benefit Plans

DRI maintains a direct stock purchase plan ("Dominion Direct") with a dividend reinvestment feature, incentive compensation plans,²¹ and other employee benefit plans. Following the Merger, Dominion Direct, DRI's incentive compensation plans, and other employee benefit plans will remain in effect.

CNG maintains a dividend reinvestment plan ("CNG DRIP"). DRI proposes, following consummation of the Merger, to terminate the CNG DRIP. CNG also maintains several stock incentive plans. Following consummation of the Merger, DRI proposes to compensate plan participants for all benefits, grants of awards, and options with an appropriate

amount of cash. CNG also maintains employee benefit plans. DRI proposes that following consummation of the Merger, that the employee benefit plans be either maintained, modified to provide for the issuance of DRI common stock in lieu of CNG common stock, or terminated.

CNG and Its Subsidiaries

By Commission order dated March 28, 1996, (Holding Co. Act Release No. 26500) ("Omnibus Order"), CNG was authorized to engage in various financing and related transactions through March 31, 2001. The Omnibus Order allows CNG financing if CNG meets the following conditions: (1) CNG's long-term debt must be rated investment grade by at least one nationally recognized statistical rating organization; (2) CNG's common equity, as reflected in its most recent Form 10-K or Form 10-Q as adjusted to reflect subsequent events that affect capitalization, will be at least 30% of consolidated capitalization; (3) the effective cost of money for debt may not exceed 300 basis points over the interest rate on United States Treasury securities of a comparable term; (4) the effective cost of money for preferred stock and other fixed securities may not exceed 500 basis points over the interest rate on 30-year United States Treasury securities; (5) the maturity of debt may not be more than 50 years; (6) issuance expenses in connection with an offering of securities, including any underwriting fees, commissions or other similar compensation, may not exceed 5% of the total amount of securities being issued; (7) proceeds of the proposed financing may not be used to invest in an EWG or a FUCO; (8) at the time of each financing transaction, CNG must be in compliance with the requirements of rule 53 under the Act; and (9) proceeds of the proposed financing by subsidiaries of CNG must be used only in connection with their respective existing businesses.

Under the Omnibus Order CNG may issue and sell common stock, preferred stock, short-term debt, long-term debt and other securities from time to time through March 31, 2001, provided that the aggregate amount of short-term and revolving debt outstanding at any one time and the aggregate amount of common stock, preferred stock, long-term debt and other securities issued during the period shall not exceed \$7 billion. All sales and issuances of common stock, short-term debt and long-term debt by CNG subsequent to March 28, 1996 have occurred under the Omnibus Order.

CNG issues and sells commercial paper under the Omnibus Order to dealers at the discount rate prevailing at the date of issuance for comparable commercial paper. The dealers reoffer this commercial paper at a discount to investors. The amount of commercial paper outstanding at any one time varies according to the seasonal working capital needs of CNG. There was \$558.9 million principal amount of CNG commercial paper outstanding on December 31, 1998.

Currently outstanding under the Omnibus Order is a credit agreement dated as of June 27, 1997 ("CNG Credit Agreement"), among CNG and several banks with The Chase Manhattan Bank, as agent. The CNG Credit Agreement provides a line of credit of up to \$775 million as back-up for commercial paper. No loans are currently outstanding under the Credit Agreement.

As of December 31, 1998, CNG had an aggregate of \$1,392,875 principal amount of senior debentures outstanding (excluding current maturities). Of this amount, \$950 million principal amount were issued under an Indenture, dated as of April 1, 1995, between CNG and United States Trust Company of New York, as trustee. The remaining \$442,875,000 principal amount was issued under an Indenture, dated as of May 1, 1971, between CNG and The Chase Manhattan Bank, as successor trustee.

CNG, and certain of its subsidiaries, are authorized under the Omnibus Order to enter into guarantee arrangements, obtain letters of credit and otherwise provide credit support with respect to the obligations of its subsidiaries. The aggregate amount of all these arrangements cannot exceed \$2 billion. Approximately \$169.3 million in guarantees is currently outstanding.

DRI proposes to make the following modifications to the Omnibus Order: (1) that the term of the Omnibus Order be extended through the Authorization Date; (2) that the amount of financing permitted under the Omnibus Order, as extended, be increased from \$7 billion to \$10 billion; (3) that the aggregate amount of guarantees and credit support that may be given by CNG and its subsidiaries be increased from \$2 billion to \$3 billion; and (4) that CNG be authorized to give guarantees and other credit support for the benefit of any of its direct and indirect subsidiaries as needed to support the subsidiary's normal course of business.

There are also several individual outstanding authorizations granted to CNG system companies under the Act in addition to the Omnibus Order.

²¹ Performance grants, restricted stock awards, goal-based stock awards, stock options and stock appreciation rights may be granted under the DRI incentive compensation plans.

(1) CNG Money Pool. By orders dated June 12 and July 16, 1986 (Holding Co. Act Release Nos. 24128 and 24150, respectively), as amended by orders dated May 27, 1987 (Holding Co. Act Release No. 24399), February 14, 1990 (Holding Co. Act Release No. 25040), May 13, 1991 (Holding Co. Act Release No. 25311), April 8, 1994 (Holding Co. Act Release No. 26021), and July 18, 1997 (Holding Co. Act Release No. 26742), the Commission authorized the establishment and operation of the Consolidated System Money Pool.

(2) Iroquois Pipeline. By orders dated January 9, 1991, February 28, 1991, May 7, 1991, July 6, 1993, and September 12, 1996 (Holding Co. Act Release Nos. 25239, 25263, 25308, 25845 and 26571, respectively), the Commission authorized CNG Transmission Corporation ("CNGT") to provide financing to its wholly owned subsidiary, CNG Iroquois, Inc. ("CNGI"), for use relating to CNGI's 16% general partnership interest in Iroquois Gas Transmission System L.P. ("Iroquois"). The interstate pipeline owned by Iroquois was completed in 1992. Financing of CNGT's interest in Iroquois was accomplished through the purchase by CNGT of common stock of CNGI. Related authorizations concerning credit support expire on June 30, 2001.

(3) Hub Market Center. By order dated October 21, 1994 (Holding Co. Act Release No. 26148), the Commission authorized CNG to provide its subsidiary, CNG Power Company ("CNG Power") with up to \$2 million in financing to be used by CNG Power to invest in its special purpose wholly owned subsidiary, CNG Market Center Services, Inc. ("CNGMC"). Financing can be provided by CNG through the purchase of CNG Power common stock, the making of open account advances, long-term loans to CNG Power, or any combination thereof. The authorization expires on July 1, 2004.

(4) Energy Related Services. By orders dated August 28, 1995 and August 27, 1997 (Holding Co. Act Release Nos. 26363 and 26757, respectively), the Commission authorized CNG Products and Services, Inc. ("CNGP&S") to engage in the business of providing several categories of energy-related services to customers of CNG's local distribution companies and to others, primarily customers of utilities not affiliated with CNG. CNG was authorized to provide CNGP&S with up to \$10 million of financing through the sale of debt and common stock to its immediate parent, or through the obtaining of open account advances from its parent. The authorization expires on December 31, 2000.

(5) Partnerships. By orders dated July 26, 1995 and December 30, 1997 (Holding Co. Act Release Nos. 26341 and 26807, respectively), the Commission authorized a former wholly owned subsidiary of CNG, CNG Energy Services Corporation ("Energy Services"), to acquire ownership interests with nonaffiliates in projects that involve gas-related activities. The dollar limit on these investments is \$200 million. Under this authorization, Energy Services formed CNG Main Pass Gas Gathering Corporation and CNG Main Pass Oil Gathering System. In connection with the sale of Energy Services to an unaffiliated third party, ownership in these two companies was transferred to CNG, and the authority to form partnerships with nonaffiliates without prior Commission approval was transferred to CNG Producing Company. This authorization expires on December 31, 2002.

(6) Power Services Guarantees. By order dated August 2, 1996 (Holding Co. Act Release No. 26551), the Commission authorized CNG to issue parent guarantees up to an aggregate of \$250 million on behalf of its wholly owned subsidiary, CNG Power Services Corporation ("CNG Power Services"). CNG Power Services is engaged in the purchase and sale of electricity at wholesale. The authorization expires on March 13, 2001.

(7) Energy Marketing. By order dated January 15, 1997 (Holding Co. Act Release No. 26652), the Commission authorized Energy Services to invest up to \$250 million to expand its business to market electricity and other energy commodities and to engage in fuel management and other incidental related activities. Energy Services was authorized to acquire interests in other entities, including corporations, partnerships, limited liability companies, and joint ventures. CNG Retail Corporation was formed on January 30, 1997 under the order to engage in the business of selling natural gas, electricity and other products at retail. On July 29, 1998 (Holding Co. Act Release No. 26900), CNG Retail Corporation became a direct subsidiary of CNG and succeeded to the authorizations and reporting obligations under the order subsequent to the sale of Energy Services by CNG to an unaffiliated party. The authorization expires on December 31, 2001.

(8) CNG International. By order dated May 30, 1996 (Holding Co. Act Release No. 26523), the Commission authorized CNG to form CNG International Corporation ("CNG International"), to acquire directly or through intermediary companies interests in foreign EWGs

and FUCOs. The order also authorized CNG to provide CNG International up to \$300 million credit support with respect to its investments. Jurisdiction was retained over CNG's request to invest up to \$300 million in certain foreign energy activities including foreign gas pipelines. By supplemental order dated October 25, 1996 (Holding Co. Act Release No. 26595), the Commission released jurisdiction over proposed investments of up to an aggregate of \$75 million in two gas pipelines, one in Bolivia and the other in Argentina. No direct investment was made by CNG International under this authorization, and the authorization is regarded as having lapsed. By supplemental order dated November 19, 1996 (Holding Co. Act Release No. 26608), the Commission released jurisdiction over a proposed investment of up to \$75 million in three gas pipelines in Australia.

Approximately \$38.8 million was invested in these projects in late 1996. As a result of these transactions, CNG International now indirectly holds a 30% ownership interest in Epic Energy Pty Ltd., an Australian company. By supplemental order dated February 12, 1998 (Holding Co. Act Release No. 26824), the Commission released jurisdiction over a proposed investment of up to \$165 million by CNG International in the Alinta gas pipeline in Western Australia. In March 1998, CNG International paid approximately \$143.2 million to acquire its 33% equity interest in the pipeline, through intermediate companies including Epic Energy Australia Trust. By supplemental order dated April 9, 1999 (Holding Co. Act Release No. 27002), the Commission released jurisdiction over a proposed investment of up to \$100 million by CNG International in a gas pipeline being privatized by the state of Victoria, Australia. CNG International was not the winning bidder for the pipeline, and no investment will be made under this authorization.

DRI requests Commission authorization to maintain in effect the above described CNG financing arrangements and to extend through the Authorization Date, all of the above described authorizations which are stated to expire prior to December 31, 2002.

Energy East Corporation, et al. (70-9545)

Energy East Corporation ("Energy East"), a New York corporation and a public utility holding company exempt from registration under section 3(a)(1) of the Act from all provisions of the Act, except section 9(a)(2), and Merger Co.,

a Connecticut corporation wholly owned by Energy East which is not currently subject to the Act, c/o Energy East, each at P.O. Box 1196, Stamford, Connecticut 06904, seek an order under sections 9(a)(2) and 10 of the Act authorizing them to acquire all of the issued and outstanding common stock of Connecticut Energy Corporation ("Connecticut Energy"), a Connecticut corporation and a public utility holding company exempt from registration under section 3(a)(1) of the Act from all provisions of the Act, except section 9(a)(2). Energy East and Merger Co. also request exemptions under section 3(a)(1) from all provisions of the Act, except section 9(a)(2), upon consummation of the proposed transaction.

Energy East is an exempt holding company by order of the Commission.²² Energy East's principal subsidiaries are New York State Electric & Gas Corporation ("NYSEG"), a combined gas and electric public utility company, and Energy East Enterprises, Inc.

("Enterprises"), a non utility company which is also a public utility holding company by virtue of its ownership of a majority of the voting securities of CMP Natural Gas, L.L.C. ("Maine GasCO"), a gas public utility company.

NYSEG, a New York corporation, is engaged in generating,²³ purchasing, transmitting, and distributing electricity, and purchasing, transporting, and distributing natural gas. NYSEG's electric service territory covers about 19,900 square miles and NYSEG's natural gas service territory covers about 6,594 square miles, both in the central, eastern, and western parts of the State of New York. NYSEG serves about 826,000 electric customers and about 244,000 natural gas customers. NYSEG's retail electric and gas service, among other things, is regulated by the Public Service Commission of the State of New York ("NYPSC"), and its wholesale sales of electricity are regulated by the Federal Energy Regulatory Commission ("FERC").

Enterprises, a wholly owned subsidiary of Energy East, is an exempt holding company by order of the Commission.²⁴ Enterprises owns natural gas and propane air distribution companies including a majority of the voting securities of Maine Gas Co.

Enterprises' nonutility subsidiaries are: New Hampshire Gas Corporation, an energy services company in New Hampshire specializing in propane air distribution systems; Southern Vermont Natural Gas Corporation, which is developing a combined natural gas supply and distribution project that includes an extension of a pipeline from New York to Vermont and the development of natural gas distribution systems in Vermont; and Seneca Lake Storage, Inc., which proposes to own and operate a gas storage facility in New York.

Maine GasCo, a Maine corporation, is an emerging gas utility company which began providing service to retail customers in May 1999. Maine GasCo is in the process of constructing a local natural gas distribution system in the State of Maine.

Energy East also owns several non-utility subsidiaries, including: (1) Enterprises, which, besides serving as Main GasCo's parent, owns natural gas and propane air distribution companies; (2) XENERGY Enterprises; Inc., which provides energy and telecommunications services and owns several nonutility subsidiary companies; (3) Energy East Management Corporation, which invests the proceeds of the sale of NGE Generation, Inc.'s generation assets; (4) Oak Merger Co., which was formed solely for the purpose of consummating the proposed merger with COG Resources, Inc., an exempt gas utility holding company; and (5) EE Merger Corp., which was formed solely for the purpose of consummating the proposed merger with and into CMP Group, Inc., an exempt electric and gas utility holding company.

For the 12 months ended June 30, 1999, Energy East's operating revenues and total utility plant on a consolidated basis were approximately \$2.5 billion and \$2.2 billion, respectively. Also as of June 30, 1999, Energy East had 115,878,000 outstanding shares of common stock, \$0.01 par value; 25,000,000 outstanding shares of preferred stock subject to mandatory redemption; and 10,131,000 outstanding shares of preferred stock redeemable solely at the option of the subsidiary.

Connecticut Energy claims an intrastate exemption by rule 2. Connecticut Energy wholly owns The Southern Connecticut Gas Company ("Southern Connecticut"), a gas utility company, which is Connecticut Energy's sole public utility subsidiary. Connecticut Energy also directly and indirectly owns several non utility subsidiaries, including: CNE Energy Services Group, Inc., which provides an

array of energy products and services to commercial and industrial customers, including sales of bulk energy, operation of a liquefied natural gas open access storage facility, and sales of natural gas for peak-shaving and emergency deliveries; CNE Development Corporation, which is a 16.67% equity participant in East Coast Natural Gas Cooperative, LLC, which purchases and stores gas spot supplies, provides storage service utilization services and is involved in bundled sales; and CNE Venture-Tech, Inc., which invests in ventures that produce or market technologically advanced energy-related products.

Southern Connecticut, a Connecticut corporation, is engaged in the transportation and retail distribution of natural gas in a service territory along the southern Connecticut coast from Westport to Old Saybrook, including Bridgeport and New Haven. Southern Connecticut serves about 158,000 customers. Southern Connecticut is subject to retail rate regulation, among other things, by the Connecticut Department of Public Utility Control ("DPUC").

For the 12 months ended June 30, 1999, Connecticut Energy's operating revenues and total utility plant on a consolidated basis were \$230 million and \$277 million, respectively. Also as of June 30, 1999, Connecticut Energy had 10,388,000 outstanding shares of common stock, \$1 par value.

Energy East also states that the merged gas system will meet the standards of section 2(a)(29)(B) as the gas operations of Energy East and Connecticut Energy will be integrated. Energy East states that Connecticut Energy's gas system and Energy East's gas system will share a "common source of supply" and will be operated as a "single coordinated system." Energy East further states that Connecticut Energy and Energy East will be able to achieve "substantial economies" in gas supply through the increased purchasing power and gas supply coordination that will result from being part of the larger combined gas system. Finally, Energy East states that the area or region served by NYSEG and by Southern Connecticut will not be "so large as to impair * * * the advantages of localized management, efficient operation, and the effectiveness of regulation."

Merger Co. was formed to facilitate the merger of Energy East and Southern Connecticut. Energy East owns all of Merger Co.'s issued and outstanding shares. Merger Co. owns no subsidiary companies.

²² See *Energy East Corporation*, Holding Co. Act Release No. 26976 (Feb. 12, 1999).

²³ NYSEG generates electricity from its 18% share of a nuclear station and its hydroelectric stations. NYSEG has agreed to sell its share of the nuclear station, which is expected to be completed by early next year.

²⁴ See *Energy East Corporation*, Holding Co. Act Release No. 26976 (Feb. 12, 1999).

Under the Agreement and Plan of Merger, dated as of April 23, 1999, as amended as of July 15, 1999 ("Merger Agreement"), Energy East will acquire all of the issued and outstanding common stock of Connecticut Energy.²⁵ Upon completion of the proposed transaction, Merger Co. will be the surviving party, remain a wholly-owned subsidiary of Energy East, and change its name to, and operate under, the name of "Connecticut Energy Corporation." Southern Connecticut will become a direct, wholly-owned subsidiary of Merger Co. and an indirect, wholly-owned subsidiary of Energy East.

For the transaction, all outstanding shares of common stock of Connecticut Energy (other than those held by Connecticut Energy shareholders who have not voted in favor of the transaction and have properly demanded dissenters' rights) will be converted into the right to receive the merger consideration. Connecticut Energy shareholders can elect to receive cash, Energy East shares, or a combination of cash and Energy East shares. The cash consideration amounts to \$42 in cash, without interest, per share. The stock consideration is a number of Energy East shares that will vary depending on the "Average Market Price," which is defined in the Merger Agreement as the average of the closing prices of Energy East shares on the New York Stock Exchange during the 20 trading days immediately preceding the second trading day prior to the effective time of the transaction. If the Average Market Price is equal to or more than \$23.10 per share and equal to or less than \$29.40 per share, then a Connecticut Energy share will be exchanged for \$42 worth of Energy East shares. If the Average Market Price is less than \$23.10, then a Connecticut Energy share will be exchanged for 1.82 Energy East shares. If the Average Market Price is more than \$29.40, then a Connecticut Energy share will be exchanged for 1.43 Energy East shares.

Subject to an adjustment for tax reasons, 50% of all outstanding

²⁵ The transaction will be accounted for as an acquisition of Connecticut Energy by energy east under the purchase method of accounting in accordance with generally accepted accounting principles. A portion of the purchase price will be allocated to nonutility assets and liabilities of Connecticut Energy based on their estimated fair market values at the date of acquisition. As a regulated utility, the assets and liabilities of Southern Connecticut will not be revalued. The difference between the purchase price, representing fair value, and the recorded amounts will be shown as goodwill on the balance sheet of Connecticut Energy.

Connecticut Energy shares will be converted into cash and 50% will be converted into Energy East shares. Connecticut Energy shareholders as a group may submit elections to convert more than half of the outstanding Connecticut Energy shares into cash or more than half into Energy East shares. If either cash or Energy East shares is oversubscribed, then an equitable *pro rata* adjustment will be made to ensure that half of the outstanding Connecticut Energy shares are converted into cash and half are converted into Energy East shares.

Energy East states that the transaction will produce benefits to the consumers of electricity and gas in the northeastern United States by operating more cost-effectively, increasing financial flexibility and providing strategic growth opportunities that will benefit the combined company and its shareholders and customers. Energy East also states that, after the transaction, the combined system will be better positioned to take advantage of operating economies and efficiencies through, among other measures, joint management and optimization of their respective portfolios of gas supply, transportation, and storage assets. Furthermore, Energy East states that the combination of the companies' complementary expertise and infrastructure will provide the combined system with the size and scope necessary to be an effective participant in the emerging and increasingly competitive electric and natural gas markets. Finally, Energy East states that the combined system will be financially stronger and will have a broader customer base than Connecticut Energy has as an independent entity.

The application states that, following the transaction, Energy East and Merger Co. will each meet the requirements for an exemption under section 3(a)(1) of the Act. It is stated that each of Energy East and Merger Co. and their respective public utility subsidiaries will be predominantly intrastate in character and will carry on their business substantially in New York and Connecticut, respectively, the states in which they are organized. It is also stated that Enterprises will continue to be entitled to an exemption under section 3(a)(1) of the Act as the transaction will have no impact on the status of Enterprises as a holding company.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-27984 Filed 10-26-99; 8:45 am]

BILLING CODE 8010-01-M

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: Submit comments on or before December 27, 1999.

ADDRESSES: Send all comments regarding whether these information collections are necessary for the proper performance of the function of the agency, whether the burden estimate is accurate, and if there are ways to minimize the estimated burden and enhance the quality of the collections, to Cynthia Pitts, Program Analyst, Office of Disaster Assistance, Small Business Administration, 409 3rd Street, S.W. Suite 6050.

FOR FURTHER INFORMATION CONTACT: Cynthia Pitts, Program Analyst, 202-205-6734 or Curtis B. Rich, Management Analyst, 202-205-7030.

SUPPLEMENTARY INFORMATION:

Title: "Governor's Request for Disaster Declaration."

Form No: N/A.

Description of Respondents: Person's applying for Disaster Loans.

Annual Responses: 52.

Annual Burden: 1,040.

Title: "Disaster Home/Business Loan Inquiry."

Form No: 700.

Description of Respondents: Person's applying for Disaster Loans.

Annual Responses: 37,736.

Annual Burden: 9,434.

Dated: October 22, 1999.

Vanessa Piccioni,

Acting Chief, Administrative Information Branch.

[FR Doc. 99-28095 Filed 10-26-99; 8:45 am]

BILLING CODE 8025-01-P