.28%. Had this reimbursement policy not been in place, the expense ratios for the Index 500 Portfolio for the fiscal years ended December 31, 1995, 1994, and 1993, would have been .47%, .81%, and .95%, respectively.

7. The Dreyfus Corporation (''Dreyfus''), which manages the Dreyfus Fund, receives a fee at the annual rate of .245% of the Fund's average daily net assets. The expense ratios for the Dreyfus Fund for the fiscal years ended December 31, 1995, 1994, and 1993, were .39%, .40%, and .40% of the Fund's average daily net assets. These expense levels take into account Dreyfus's policy to voluntarily reimburse the Fund in any year in which the Fund's expenses exceeded .40% of the Fund's average net assets. Dreyfus has undertaken to maintain this expense reimbursement policy absent 180 days notice to the Fund's shareholders of any change in the policy.

8. The proposed substitution will be effected by redeeming the shares of the Dreyfus Fund held by the Dreyfus Subaccounts, transferring the cash values of Affected Contractholders from the Dreyfus Subaccounts to the Index 500 Subaccounts, and then purchasing shares of the Index 500 Portfolio. The Dreyfus Subaccounts would then be eliminated. All redemptions of shares of the Dreyfus Fund and purchases of shares of the Index 500 Portfolio will be effected in compliance with Rule 22c-1 under the 1940 Act. The substitution will be at net asset value of the respective shares, without the imposition of any transfer, sales, or similar charge. There will be no change in the amount of any Affected Contractholder's investment after the substitution.

Applicants' Legal Analysis

1. Section 26(b) of the 1940 Act provides in pertinent part that ''it shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution.'' Section 26(b) provides that the Commission will approve a substitution if it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act. The purpose of Section 26(b) is to protect the expectation of investors in a unit investment trust that the unit investment trust will accumulate the shares of a particular issuer and to prevent unscrutinized substitutions which might, in effect, force the contractholders, dissatisfied with the substituted security, to redeem their shares, thereby incurring either a loss of the sales load deducted from initial proceeds, an additional sales load upon reinvestment of the redemption proceeds, or both.

2. Applicants request that the Commission issue an order pursuant to Section 26(b) of the 1940 Act to permit the Applicant Accounts to substitute securities of the Index 500 Portfolio for securities of the Dreyfus Fund.

3. Applicants submit that the proposed substitution meets the standard enunciated in Section 26(b), and further that, if implemented, the substitution would not raise any of the concerns that Congress sought to address when the 1940 Act was amended to include the provision. Applicants further submit that the substitution will not result in the type of costly forced redemption that Section 26(b) was intended to guard against and is consistent with the protection of investors and the purposes fairly intended by the 1940 Act.

4. Applicants submit that the investment objective, policies, and operating expenses of the Index 500 Portfolio and the Dreyfus Fund are substantially the same or comparable. Applicants state that the Index 500 Portfolio is large enough to provide the portfolio diversification necessary to decrease investment risk and to provide the economies of scale that may benefit the Affected Contractholders, as well as other Subject Contractholders.

5. Applicants represent that AVLIC will bear the costs of the proposed substitution, including legal, accounting, and brokerage fees, and Affected Contractholders will not incur any fees or charges as a result of the substitution. Applicants also represent that the substitution will not impose any tax liability on Affected Contractholders or raise the level of fees and charges currently paid by Affected Contractholders. Applicants further represent that the rights of affected Contractholders and AVLIC's obligations under any of the Subject Contracts will also not change.

6. Applicants represent that as soon as reasonably practicable after the requested order is issued, AVLIC will send to the Affected Contractholders a written notice (''Notice'') describing the proposed substitution, including the date on which the substitution will take effect. The Notice will advise Affected Contractholders that either before or within thirty days from the date on which the substitution occurs, they may transfer all substituted assets to other subaccounts. Applicants also represent that any transfer of cash values in the Dreyfus Subaccounts that occurs either prior to, or within the thirty days, after the substitution will not be treated as a transfer that may be restricted because of earlier transfers between subaccounts. Applicants further represent that no transfer charge is currently in effect, and none will be imposed before the end of the thirty-day period.

Conclusion

For the reasons summarized above, Applicants assert that the requested order approving the proposed substitution is consistent with the protection of investors and the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 97–4386 Filed 2–21–97; 8:45 am]

**BILLING CODE 8010–01–M**

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**[Rel. No. IC–22515; International Series Release No. 1053; File No. 812–10150]**

## Enron Corp., et al.; Notice of Application

February 14, 1997.

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

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

**APPLICANTS:** Enron Corp. (''Enron''), Enron Oregon Corp. (''Enron Oregon''), Enron Oil & Gas Company (''EOG''), Enron Global Power & Pipelines L.L.C. (''EPP''), and Enron International Inc. (''EII'').

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) of the Act for an exemption from all provisions of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order that would permit applicants and certain of their controlled companies to engage, directly or through subsidiaries, in certain foreign infrastructure projects without being subject to the provisions of the Act.

**FILING DATE:** The application was filed on May 15, 1996, and amended on October 22, 1996 and February 12, 1997. Applicants have agreed to file an amendment, the substance of which is incorporated herein, during the notice period.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's

Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 12, 1997 by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 1400 Smith, Suite 5011, Houston, Texas 77002.

**FOR FURTHER INFORMATION CONTACT:** David W. Grim, Staff Attorney, at (202) 942–0571, or Elizabeth G. Osterman, Assistant Director, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. Enron, a Delaware corporation organized in 1930, is an integrated natural gas company with headquarters in Houston, Texas. Essentially all of Enron's operations are conducted through its subsidiaries and affiliates, which are principally engaged in the transportation and wholesale marketing of natural gas to markets throughout the United States and internationally through approximately 44,000 miles of natural gas pipelines; the exploration for and production of natural gas and crude oil in the United States and internationally; the production, purchase, transportation, and worldwide marketing of natural gas liquids and refined petroleum products; the independent (i.e., non-utility) development, promotion, construction, and operation of natural gas-fired and non-gas-fired power plants in the United States and internationally; and the non-price regulated purchasing and marketing of long-term energy related commitments.

2. Enron Oregon is an Oregon corporation that was organized recently for the purpose of effecting the merger (the ''PGC Merger'') of Enron with Portland General Corporation (''PGC''), an electric utility company organized as an Oregon corporation. Pursuant to the merger agreement among Enron, PGC, and Enron Oregon, subject to satisfaction or waiver of the conditions to the obligations of the parties to effect the PGC Merger, (a) both Enron and PGC will merge with and into Enron Oregon, (b) Enron Oregon will succeed to all of the assets and liabilities of both Enron and PGC, and (c) Enron Oregon will change its name to Enron Corp.[1]

3. EOG, a Delaware corporation, is engaged in the exploration for, and the development, production, and marketing of, natural gas and crude oil primarily in major producing basins in the United States, as well as in Canada, Trinidad, and India, and, to a lesser extent, selected other international areas. Enron currently owns approximately 54% of the outstanding common stock of EOG.

4. EPP is a Delaware limited liability company formed by Enron to acquire, own, and manage operating power plants and natural gas pipelines around the world. EPP's assets consist of interests in two power plants in the Philippines, power plants in both Guatemala and the Dominican Republic, and natural gas pipeline systems in Argentina and Colombia. EPP's strategy is to generate long-term growth in dividends, cash flow, and earnings per share through the selective acquisition and efficient management of operating power plants and natural gas pipelines around the world. Enron owns approximately 54% of the outstanding common shares of EPP.

5. EII is a Delaware corporation that is a wholly-owned subsidiary of Enron. In December 1996, Enron announced that it was reorganizing its business units and that as part of the reorganization Enron International would be Enron's business unit that would develop and own integrated energy projects, commercial power generation, and pipeline activities outside of North America and Europe. This newly organized business unit will pursue all or substantially all of Enron's foreign infrastructure projects outside of North America and Europe, will offer merchant, finance, and risk management products to third parties in emerging markets, and will be responsible for Enron's interest in EPP. As the reorganization was announced only recently, Enron must make a number of decisions and take a number of actions regarding transfers of subsidiaries or properties to this new business unit and other matters in order to complete the organization of the Enron International business unit. Based on preliminary planning, when the organization is completed, EII will be the parent company of the corporate family of companies that comprises Enron International. It is possible, however, that EII will be a wholly-owned subsidiary of the parent company within the Enron International business unit. This could occur if, for example, Enron decides that another form of entity (such as a limited liability company) or an entity incorporated in another jurisdiction (such as a foreign jurisdiction) should be the parent company within the Enron International business unit.

6. Enron, Enron Oregon, EOG, EPP, and EII request relief to permit each applicant and each entity now or in the future controlled by, or under common control with, any of them (Enron, Enron Oregon, EOG, EPP, EII, and each controlled entity, the ''Covered Entities'') to engage, directly or through subsidiaries, in certain foreign infrastructure projects without being subject to the provisions of the Act.

7. Enron is the largest interstate natural gas pipeline company in the United States, and its subsidiaries have participated in the development or ownership and management of gas transmission pipelines, crude oil and refined petroleum products pipelines, natural gas liquids pipelines, oil and gas gathering facilities, gas processing facilities, and chemical manufacturing facilities. Enron and its affiliates also have developed and own and operate a number of domestic facilities for the generation of electricity and steam.

8. As a result of relatively recent changes in the international political and business climate, applicants and their subsidiaries have begun to develop and acquire and operate infrastructure projects throughout the world. Foreign infrastructure projects that applicants have or may become involved in are roads, bridges, communication facilities, mass transit systems or facilities, rail transportation facilities, airports, ports, waterways, water supply facilities, desalinization facilities, recycling or waste water treatment facilities, solid waste disposal facilities, oil, gas, or other mineral exploration, development, or production facilities, housing, schools, hospitals, prisons, electricity generation facilities, electricity transmission or distribution facilities, stream generation facilities, natural gas transmission or distribution pipelines of facilities, petroleum storage facilities, petroleum liquids pipelines, natural gas liquids separating, processing, or distribution facilities, facilities for the liquefication of natural gas or the transportation, distribution, or regasification of liquefied natural gas, refineries, chemical or other

[1] After the PGC Merger, Enron Corp. will be the seventh largest seller of electricity in the United States. Benjamin A. Holden, *Enron Corp. has Accord to Buy Portland General,* Wall St. J., July 23, 1996, at A3.

manufacturing or processing facilities, or any similar facilities or operations. Applicants and their subsidiaries currently are working on approximately 25 foreign infrastructure projects in various stages of development, involving estimated total capital expenditures of approximately $20 billion. These include projects in Guam, India, Indonesia, Israel, Italy, Jordan, Mozambique, Puerto Rico, Qatar, and Turkey. Although it is unlikely that all of the projects ultimately will be completed, the dollar amounts involved are quite significant relative to the size of Enron, EOG, and EPP, whose total assets at year end 1995 were $13.2 billion, $2.1 billion and $188 million, respectively.

9. There are numerous steps that must be pursued by a developer/owner of a foreign infrastructure project. Project development involves, among other things, engineering or architectural design services, site selection, governmental relations, construction services, and the arrangement of financing. The management of operating projects involves responsibilities such as employee and customer relations, contract administration, continuing compliance with environmental and other legal requirements, community and governmental relations, financial and accounting issues, etc.

10. The physical assets comprising a foreign infrastructure project are or will be owned by an entity (a ''Foreign Infrastructure Project Company'') in which a Covered Entity has or will have a direct or indirect beneficial interest. In most cases, the Foreign Infrastructure Project Company is or will be a special purpose entity set up for the sole purpose of owning and operating the assets attributable to a single foreign infrastructure project, although in some cases, Foreign Infrastructure Project Companies own or will own interests in assets comprising multiple foreign infrastructure projects.

11. In some cases, entities are organized for the purpose of providing development, construction, operational, or maintenance services to one or more Foreign Infrastructure Project Companies (''Foreign Infrastructure Service Companies''). Such entities are distinguishable from Foreign Infrastructure Project Companies in that the former do not own assets directly, but rather engage in the business of providing services.

12. For purposes of the application, applicants represent that Foreign Infrastructure Project Companies and Foreign Infrastructure Service Companies are included within the term ''Foreign Infrastructure Company,'' which is any company (a) substantially all of whose operations are conducted outside of the United States; and (b) whose business primarily relates to or whose operations consist primarily of the development, construction, ownership, or operation of, or the provision of management, operational, or maintenance services relating to, foreign infrastructure projects. Applicants and other Covered Entities own and will own their interests in a Foreign Infrastructure Company through direct or indirect interests in companies known as ''Foreign Infrastructure Finance Companies.''

13. For purposes of the application, applicants represent that a ''Foreign Infrastructure Finance Company'' is any company (a) that is a majority-owned subsidiary of a Covered Entity; (b) that has not made, is not making, and does not presently propose to make a public offering of its securities; and (c) that is primarily engaged in the business of owning or holding 10% or more of the economic or voting interests in Foreign Infrastructure companies with respect to which the Covered Entity, the Foreign Infrastructure Finance Company, or a majority-owned subsidiary of either of them, provides ''active developmental assistance.''

14. For purposes of the application, applicants represent that ''active developmental assistance'' means the provision of material assistance in the development, construction, or operation of, or the provision of management, operational or maintenance services relating to, a foreign infrastructure project. An entity will be deemed to furnish such assistance if it is or has been materially involved in providing such assistance. Thus, if an entity was materially involved in the development of a Foreign Infrastructure Company, such entity will be deemed to be providing active developmental assistance to such Foreign Infrastructure Company even after the Foreign Infrastructure Company has moved past the development stage. In addition, the expiration of a long-term contract relating to the operation of a foreign infrastructure project will not cause a company to cease to qualify as a Foreign Infrastructure Finance Company. The requirement of material involvement will not be satisfied, however, by arrangements that are immaterial to the overall development of an infrastructure project or overall success of the Foreign Infrastructure Company's operations, such as a short-term contract or a non-substantive contract (*e.g.*, a consulting arrangement that is sometimes entered into as part of an executive employee's severance arrangement, pursuant to which the ex-employee is paid but does little in the way of actual consulting). A contract that is renewable automatically on a periodic basis unless canceled at the option of one or more contracting parties would not, by virtue of the cancellation provisions, be deemed to be a short-term or non-substantive contract.

15. Because regulations in many countries limit the percentage interest in host country companies that can be owned by foreign companies, the Covered Entities have been and will continue to be permitted to own only minority interests in many Foreign Infrastructure Companies. As a result, it has become increasingly difficult for the Covered Entities to structure their interests so that they may operate without technically falling within the definition of ''investment company'' under the Act. The Covered Entities believe they are not the type of entities that should be regulated under the Act and thus seek relief from all provisions of the Act.

Applicants' Legal Analysis

1. Section 3(a)(3) of the Act defines an ''investment company'' as including any issuer that is engaged in the business of investing, reinvesting, owning, holding, or trading in securities, and owns investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of Government securities and cash items). Section 3(a) defines ''investment securities'' to include all securities except, in pertinent part, securities issued by majority-owned subsidiaries of the owner which are not investment companies. Section 2(a)(24) defines a ''majority-owned subsidiary'' of a person as a company 50% or more of the outstanding voting securities of which are owned by such person, or by a company which, within the meaning of section 2(a)(24), is a majority-owned subsidiary of such person.

2. Applicants represent that the proposed ownership structure for foreign infrastructure projects is the result of legitimate and compelling tax, limited liability, governance, and other reasons. The proposed ownership structure protects applicants against liability to creditors of the Foreign Infrastructure Companies. In addition, some foreign governments remain committed to retaining control over infrastructure projects. Moreover, under the laws of many host countries, there are limitations on the percentage equity interest in host country entities that can be owned by companies such as the Covered Entities that are organized in jurisdictions other than the host

country. As a result, a company desiring to participate in a foreign infrastructure project will often have to choose between becoming a minority project participant with other companies or not participating at all. Because sections 3(a) and 2(a)(24), taken together, impose limits on the percentage of assets of the Covered Entities that may be attributable to securities representing minority interests in other companies, the Act may, in the absence of the requested relief, prevent these entities from participating in foreign infrastructure projects on desirable terms.

3. In certain cases, a Covered Entity may rely on section 3(c)(1) or section 3(c)(9) of the Act or rule 3a–1 thereunder. These provisions, however, are inadequate to permit these entities to participate in foreign infrastructure projects on desirable terms.

4. Section 3(c)(1) of the Act excepts from the definition of investment company private investment companies (''3(c)(1) Entities'') that have 100 or fewer shareholders. Under section 3(c)(1)(A), a company is counted as one shareholder of a 3(c)(1) Entity unless that company owns 10% or more of the shares of the 3(c)(1) Entity and more than 10% of that company's assets are shares of 3(c)(1) Entities. If a company meets these tests, the beneficial ownership of the 3(c)(1) Entity is deemed to be that of the holders of such company's outstanding securities. As a result of this provision, applicants are forced by the Act to limit their investments in 3(c)(1) Entities even where compelling business reasons favor making those investments and where, applicants believe that, none of the Act's purposes would be served by preventing them from making the investments.

5. The National Securities Markets Improvement Act of 1996 (the ''1996 Act'') amended section 3(c)(1)(A) of the Act. When the relevant provisions of the 1996 Act become effective (on the earlier of April 9, 1997 or the date on which the related rulemaking is completed), the amended section 3(c)(1)(A) will no longer apply to a shareholder of a 3(c)(1) Entity that is an operating company (i.e., a company that is not an investment company or a 3(c)(1) Entity). Accordingly, the exception provided by amended section 3(c)(1) may be available to Foreign Infrastructure Finance Companies. However, the 1996 Act also amends the definition of ''investment securities'' under section 3(a) of the Act to provide that securities of majority-owned 3(c)(1) Entities are investment securities. The amended section 3(a) will limit the amount that the Covered Entities can invest in majority-owned 3(c)(1) Entities, such as Foreign Infrastructure Finance Companies. As a result, applicants cannot rely on the current or amended version of section 3(c)(1) to participate in foreign infrastructure projects on desirable terms.

6. Section 3(c)(9) of the Act excepts from the definition of investment company any company substantially all of whose business consists of owning or holding oil, gas, or other mineral royalties or leases. Although the section 3(c)(9) exception may be available to EOG in a number of cases, it does not cover Enron or EPP because of the nature of their businesses. Many foreign infrastructure projects do not involve oil and gas exploration or production properties. Moreover, some projects that do involve such properties involve additional assets not qualifying under section 3(c)(9). As a result, the section 3(c)(9) exception is inadequate to permit the Covered Entities from participating in foreign infrastructure projects on desirable terms.

7. Rule 3a–1 under the Act deems certain issuers that meet the statutory definition of investment company in section 3(a)(3) of the Act not to be investment companies, provided such issuers meet certain criteria. An issuer can qualify for this exemption only if no more than 45% of its assets consist of, and no more than 45% of its net income is derived from, securities other than, among others, securities of certain companies controlled primarily by the issuer. Although the exemption may be relied upon by the Covered Entities from time to time, a company relying on the exemption as a result of a control relationship must have a degree of control greater than that of any other person.[2] Because a foreign government often will primarily control a Foreign Infrastructure Company, rule 3a–1 is inadequate to permit the Covered Entities to participate in foreign infrastructure projects on desirable terms.

8. Section 6(c) provides that the SEC may exempt any person, security, or transaction from any provision of the Act or any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants request an order under section 6(c) to permit the Covered Entities to engage, directly or through subsidiaries, in foreign infrastructure projects without being subject to the provisions of the Act.

9. Applicants believe that the requested relief is necessary and appropriate in the public interest. Applicants state that in many foreign infrastructure projects, foreign regulations force applicants to structure their interests in the project such that they may technically fall within the definition of investment company under the Act. In addition, applicants state that the fact that they conduct their foreign infrastructure activities through subsidiaries is not by any means an attempt to circumvent the limitations imposed in connection with the exception in section 3(c)(1) of the Act. Applicants assert that those limitations were not aimed at situations, such as those described herein, where an active business is conducted through subsidiaries that are set up for legitimate and compelling tax, limited liability, governance, and other reasons that prevent companies actively conducting such business from acquiring direct ownership interests. Applicants argue that section 3(c)(1) reflects a congressional determination that no significant public interest exists in regulating 3(c)(1) Entities under the Act. The beneficial ownership attribution rules in section 3(c)(1)(A) are, in effect, intended to prevent companies from circumventing the requirements of the Act by setting up one or more majority-owned subsidiaries that would be regulated as investment companies but for the fact that no single one of them had more than 100 security holders. Further, the amendments to the beneficial ownership rules in section 3(c)(1)(A) reflect an intent by Congress to simplify the application and limit the scope of the rules rather than a change in the underlying purpose of the section. As a result, applicants assert that the foreign infrastructure activities described herein, which require active developmental assistance, clearly are not the type intended to be covered by the current or amended section 3(c)(1).

10. Applicants believe that the relief requested is consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants state that the Act was not intended to regulate the kind of industrial activity in which the Covered Entities engage. Applicants historically have developed as operating industrial companies rather than investment pools, engaging principally in the natural gas and other energy-related business. In addition, their proposed participation in foreign infrastructure projects through the

[2] Health Communications Services, Inc. (pub. avail. Apr. 26, 1985).

provision of active developmental assistance to a Foreign Infrastructure Company is consistent with the type of activities typically associated with an operating industrial company. Finally, the Covered Entities do not hold themselves out as being engaged in the business of investing, reinvesting, or trading in securities or otherwise as investment pools of the type intended to be regulated by the Act.

Applicants' Conditions

Applicants agree that the order granting the required relief shall be subject to the following conditions:

1. No Covered Entity that proposes to rely on the requested relief will hold itself out as being engaged in the business of investing, reinvesting, or trading in securities.

2. The Covered Entities will rely on the order granting the requested relief only to the extent that the manner in which they are involved in foreign infrastructure projects does not differ materially from that described in the application.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 97–4442 Filed 2–21–97; 8:45 am]

**BILLING CODE 8010–01–M**

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**[Release No. 35–26669]**

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

February 14, 1997.

Notice is hereby given that the following filings(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by March 10, 1997, 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 shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Ameren Corporation (70–8945)

Ameren Corporation (''Ameren''), 1901 Chouteau Avenue, St. Louis, Missouri 63103, a Missouri corporation not currently subject to the Act, has filed an application-declaration under sections 4, 5, 6(a), 7, 8, 9(a), 10, 11, 12(b), (d) and (e), and 13(b) and Rules 42, 43, 45, 62, 65, 82, 83, 87, 88, 90 and 91 thereunder.

Ameren proposes to acquire by merger Union Electric Company (''UE'') and Central Illinois Public Service Company (''CIPS''), a wholly-owned utility subsidiary of CIPSCO Inc. (''CIPSCO''), and acquire indirectly 60% of the outstanding common stock of Electric Energy, Inc., (''EEI''). UE and CIPS will become wholly-owned subsidiaries of Ameren (''Transaction''), and Ameren will register with the Commission under section 4 of the Act.

Ameren also proposes to engage in other Transaction-related activities, including the retention of combination gas and electric public utilities, the retention of all of CIPSCO's and UE's nonutility activities, formation of a service Company and the transfer of certain utility assets from UE to CIPS.

UE is a combination gas and electric public-utility company and an exempt public-utility holding company, pursuant to an order of the Commission under section 3(a)(2) of the Act, authorized to do business in Missouri and Illinois. The principal business of UE is to provide electric energy to customers in a 24,500 square mile area of Missouri and Illinois.

UE's Missouri electric service area includes the City of St. Louis and St. Louis County, and all or portions of 65 other counties. Its Illinois service area includes the cities of East St. Louis and Alton. In addition to the retail electric business, UE serves 18 wholesale electric customers, all of which are located in Missouri. Union Electric also provides natural gas service to customers in 23 Missouri counties and two Illinois counties. UE also provides steam service in Jefferson City, Missouri.

UE provides retail electric service to approximately 1.069 million customers in Missouri and 63,000 in Illinois. UE provides natural gas service to approximately 102,000 customers in Missouri and 18,000 customers in Illinois. As of June 30, 1996, UE has 6,167 employees in its two-state operations. UE owns 100 percent of Union Electric Development Corporation (''UEDC'') (formerly known as Union Colliery), a nonutility subsidiary, and 40 percent of EEI. UE funds UEDC's investments through intercompany loans or advances. These intercompany loans bear interest at a market rate and are short-term in nature or due on demand.

UEDC's nonutility activities include the owning of and/or investing in energy-related and civic and community development-related investments in UE's service territory. EEI, which owns a coal-fired generating plant and transmission lines, was formed in the early 1950s to provide electric energy to a uranium enrichment plant located near Paducah, Kentucky, which is now operated by the United States Enrichment Corporation. The uranium enrichment facility is its only end-user customer. EEI's common stock is held by four utility companies: UE, 40%; CIPS, 20%; and two unaffiliated, utilities, Kentucky Utilities Company, 20%; and Illinois Power Company, 20%. EEI also sells electricity to its sponsoring utilities for resale.

CIPSCO, incorporated under the laws of the State of Illinois in 1986, is an exempt public utility holding company under section 3(a)(1) of the Act, and owns all of the issued and outstanding common stock of CIPS. CIPS, an Illinois corporation organized in 1902, supplies electricity and natural gas services in a 20,000 square mile region of central and southern Illinois, rendering service to approximately 319,000 retail electricity customers in 557 communities and distributing natural gas to approximately 167,000 customers in 267 communities. CIPS' utility service territory has an estimated population of 820,000 (about seven percent of Illinois' population) and contains about 35% of the surface area of Illinois. In addition, CIPS sells electricity in the wholesale and interchange markets to such entities as Soyland Electric Cooperative, Illinois Municipal Electric Agency, Wabash Valley Power Association, Inc., Mt. Carmel Public Utility Company, individual municipal electric systems and other public- and investor-owned electric systems. As noted above, CIPS owns 20 percent of the capital stock of EEI and is an exempt holding company pursuant to section 3(a)(2) of the Act. As of June 30, 1996, CIPS had approximately 2,360 employees.

CIPSCO owns 100 percent of CIPSCO Investment, the holding company for