

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26843]

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

March 16, 1998.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated 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 April 9, 1998, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

#### Central Power and Light Co., et al. (70-9073)

Central Power and Light Company, 539 North Carancahua Street, Corpus Christi, Texas, 78401-2802; Public Service Company of Oklahoma, 212 East Sixth Street, Tulsa, Oklahoma, 74119-1212; Southwestern Electric Power Company, 428 Travis Street, Shreveport, Louisiana, 71156-0001; and West Texas Utilities Company, 301 Cypress Street, Abilene, Texas, 79601-5820 ("Utilities"), all public utility subsidiary companies of Central and South West Corporation ("CSW"), a registered holding company, and Central and South West Services, Inc. ("Services"), Williams Tower 2, 2 West 2nd Street, Tulsa, Oklahoma, 74103, a CSW subsidiary service company, have filed an application, as amended, under sections 9(a) and 10 of the Act and rule 54 under the Act.

The Utilities and Services seek authorization to market the mortgage services of PHH Mortgage Services Corporation ("PHH Mortgage"), the relocation services of PHH Real Estate Services Corporation ("PHH Real Estate"), and the mortgage and relocation services of other companies with comparable services and benefits ("Other Companies").

The Utilities, directly or through Services, propose to market to their customers a mortgage incentive program called the Better Choices Home Mortgage Program ("Better Choices Program").

The Better Choices Program is designed to promote efficient energy use and environmental conservation by customers of the Utilities. Under the Better Choices Program, customers will be able to obtain mortgages with enhanced benefits on homes qualified for a Good Cents Home Certification or a Good Cents Environmental Home Certification.

The Good Cents Environmental Home Certification Standards have been submitted to the Edison Electric Institute for certification that those standards are consistent with its program to promote efficient energy use and environmental conservation. The utilities will attest to PHH Mortgage, or to the Other Companies, that the homes meet the standards for a Good Cents Home Certification or a Good Cents Environmental Home Certification and will list the features under which those homes are qualified for such certification.

Based on such certification, customers will be offered various benefits that may permit them to acquire mortgages that are 15% to 20% over conventional mortgages available to them. The increased mortgages are made possible through, for example, mortgages for 100% of the cost of home features for efficient energy use and environmental conservation features and through income calculated to be available to service mortgages on the basis of reduced utility bills. In addition, customers will be offered other inducements like reduced points and interest rates.

The services offered by PHH Mortgage are integrated with the relocation services offered by PHH Real Estate, which maintains a network of residential real estate agents who can help customers sell homes, buy new homes and, with PHH Mortgage, acquire new mortgages under the Better Choices Program if they move within the service territories of the Utilities. In addition to the benefits of the relocation services, customers would, where lawful, be paid

portions of the referral fees received by PHH Real Estate from real estate agents.

The Utilities would not provide relocation services to customers. In addition, the Utilities would not attest to PHH Mortgage that homes meet the standards for a Good Cents Home Certification or a Good Cents Environmental Home Certification for customers that move out of the service territories of the Utilities.

The Utilities, directly or through Services, would market the Better Choices Program through direct mail programs, articles, promotional literature, advertisements and mail inserts. Mail inserts would utilize excess bill space in the bills sent by the Utilities to their customers. Mail inserts would not result in additional postage.

The Utilities would be compensated for their services by payment to them, where lawful, of a portion of the referral fee received by PHH Real Estate (or Other Companies) from real estate agents. The Utilities would also be compensated for their services by the payment to them, where lawful, of fees based on mortgages closed by PHH Mortgage.

#### Conectiv, Inc. (70-9155)

Conectiv, Inc. ("Conectiv"), 800 King Street, Wilmington, Delaware 19899, a Delaware corporation that will register as a holding company under the Act, has filed an application declaration under sections 6(a), 7, 9(a), 10 and 12 (c) of the Act and rules 42 and 46 under the Act.

By order dated February 20, 1998 (HCAR No. 26828), the Commission authorized the acquisition ("Merger") by Conectiv of all of the outstanding voting securities of Delmarva Power & Light Company and Atlantic City Electric Company, each a public utility company.

Conectiv intends to present a stockholder rights plan ("Plan") to its Board of Directors ("Board") for consideration, and requests authority to implement the Plan upon Board approval. The Plan is designed, among other things, to give Conectiv shareholders adequate time to assess a takeover bid without undue pressure. Under the Plan, the Board would declare a dividend distribution of one right ("Right") for each outstanding share of Conectiv common stock ("Common Stock"), and for each outstanding share of Conectiv Class A common stock ("Class A Common Stock"). These distributions would be made a stockholders of record at the close of business on a record date ("Record Date") yet to be established.

*Terms of the Rights*

Each Right issued to a registered holder of Common Stock would, after the Right becomes exercisable, entitle the holder to purchase from Conectiv one one-hundredth of one share ("Unit") of a series of junior participating preferred stock, ("Series 1 Preferred Stock"). Each Right issued to a registered holder of Class A Common Stock would, after the Rights becomes exercisable, entitle the holder to purchase from Conectiv one Unit of another series of junior participating preferred stock ("Series 2 Preferred Stock") and together, "Preferred Stock".<sup>1</sup> The purchase price for a share of either series of Preferred Stock ("Purchase Price") will be determined by the Board as representing the long-term value of Conectiv, reflecting a premium consistent with those used by other companies in setting the purchase price for similar rights.<sup>2</sup>

The Rights will be exercisable upon the earlier to occur ("Distribution Date") of two dates. One date occurs ten days following the date of the public announcement that a person or group ("Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of voting securities of Conectiv. The other date occurs ten business days (unless delayed by the Board) after a person or group commences a tender offer or exchange offer that would result in the offeror becoming an Acquiring Person.

Until the Distribution Date, the Rights will be transferred only with the Common Stock or Class Common Stock, and the Rights will be evidenced by the Common Stock or Class A Common Stock certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights will be mailed to holders of record of Common Stock or Class A Common Stock, as the case may be, as of the close of business on the Distribution Date. Following the distribution of these certificates, the Rights will trade independently of the Common Stock and the Class A Common Stock.

<sup>1</sup> Under certain circumstances, the Class A Common Stock may be convertible to Common Stock. If a conversion occurs before the Rights become exercisable, those Rights attached to the shares of Class A Common Stock will be converted to Rights to purchase Series 1 Preferred Stock. The number of these Rights will be based on the conversion ratio used for converting the Class A Common Stock to Common Stock.

<sup>2</sup> The Purchase Prices, and the number of Units of Preferred Stock (or other securities, as the case may be) issuable upon exercise of the Rights, are subject to adjustment from time to time to prevent dilution.

*Exercise of and Exchange of Rights*

The value of one Unit of the Preferred Stock received upon exercise of a Right will be twice the Purchase Price paid for that Preferred Stock. The Rights of any Acquiring Person and certain of its transferees will be null and void. If Conectiv is acquired in a business combination transaction or 50% or more of its consolidated assets or earning power is sold or transferred, exercise of a Right will entitle its holder to receive common stock or other equity of the acquiring company also having a value equal to twice the Purchase Price then in effect.

In addition, the Plan will also provide that under certain circumstances the Board may exchange a Right, in whole or in part, for one Unit of Preferred Stock (subject to adjustment), or for other securities or assets. These circumstances include any time before an Acquiring Person (other than Conectiv and certain related entities) acquires 50% or more of the total voting power of all shares of voting stock in Conectiv then outstanding.

*Redemption and Termination of Rights*

The Plan will provide that Conectiv may redeem all of the Rights at a price of \$.01 per Right at any time before any person or group becomes an Acquiring Person, subject to adjustment ("Redemption Price"). Immediately upon the action of the Board electing to redeem the Rights, the only right of the holders of Rights will be to receive the Redemption Price. Under the Plan, the Rights will expire at the close of business on the 10 year anniversary of the Record Date, unless earlier redeemed, exchanged or exercised.

*Amendments to the Provisions of the Rights Agreement*

If the Board adopts the Plan the terms of the Rights will be described in an agreement ("Agreement") between Conectiv and Conectiv Resource Partners, Inc. ("Resources"), as Rights agent ("Rights Agent"). Any of the provisions of the Agreement may be amended by the Board without the consent of the holders of the Rights. However, the Agreement may not be amended on or after the Distribution Date in any manner that would adversely affect the interests of holders of Rights (other than the interests of an Acquiring Person and certain of its transferees).

*Terms of the Preferred Stock*

The Preferred Stock will rank junior to all other series of Conectiv's preferred stock with respect to payment of dividends and as to distribution of

assets in liquidation. The value of each Unit of Series 1 Preferred Stock is intended to approximate the value of one share of the Common Stock and the value of each Unit of a share of Series 2 Preferred Stock is intended to approximate the value of one share of Class A Common Stock. Accordingly, each share of Preferred Stock will generally have a quarterly dividend rate equal to the greater of \$1.00 or 100 times the per share amount of cash dividends declared on the related voting securities.

The Series 1 Preferred Stock will not be redeemable. Units of Series 2 Preferred Stock will be redeemable in certain instances upon substantially the same terms and conditions that shares of Class A Common Stock may be redeemed, in accordance with Conectiv's restated certificate of incorporation. In the event of liquidation, each share of the Preferred Stock generally will entitle its holder to receive an amount equal to the greater of \$1.00 plus accrued and unpaid dividends or 100 times the payment to be made for a share of the related voting security. Generally, each share of Preferred Stock will vote together with the Common Stock, the Class A Common Stock, and any other series of preferred stock entitled to vote in a manner and will be entitled to 100 votes. In the event of any merger or other transaction in which shares of the Common Stock and/or Class A Common Stock are exchanged for or changed into other property, each share of Preferred Stock will be entitled to receive 100 times the amount of the property received on the related voting security.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39761; File No. SR-DTC-97-09]

### Self-Regulatory Organizations; The Depository Trust Company; Order Approving a Proposed Rule Change Regarding the Custody Service for Securities That Are Not Depository Eligible

March 16, 1998.

On June 4, 1997, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change