are being made in the types of any effluents that may be released off site, and there is no significant increase in occupational or public radiation exposure. Therefore, there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential nonradiological impacts, the proposed action does not involve any historic sites. It does not affect nonradiological plant effluents and has no other environmental impact. Therefore, there are no significant nonradiological environmental impacts associated with the proposed action.

Accordingly, the NRC concludes that there are no significant environmental impacts associated with the proposed action.

Alternatives to the Proposed Action

As an alternative to the proposed action, the staff considered denial of the proposed action (i.e., the ''no-action'' alternative). Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

Alternative Use of Resources

This action does not involve the use of any different resources than those previously considered in the Final Environmental Statement for St. Lucie Unit 2 (NUREG–0842).

Agencies and Persons Consulted

In accordance with its stated policy, on May 17, 2001, the staff consulted with the Florida State official, William Passetti, of the Bureau of Radiation Control, regarding the environmental impact of the proposed action. The State official had no comments.

Finding of No Significant Impact

On the basis of the environmental assessment, the NRC concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the NRC has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the licensee's letter dated November 27, 2000. Documents may be examined, and/or copied for a fee, at the NRC's Public Document Room, located at One White Flint North, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible electronically from the ADAMS Public Library component on the NRC Web site, *http://www.nrc.gov* (the Public Electronic Reading Room).

Dated at Rockville, Maryland, this 30th day of May 2001.

For the Nuclear Regulatory Commission.

Brendan T. Moroney,

Project Manager, Section 2, Project Directorate II Division of Licensing Project Management Office of Nuclear Reactor Regulation

[FR Doc. 01–14093 Filed 6–4–01; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: Nuclear Regulatory Commission.

DATES: Weeks of June 4, 11, 18, 25, July 2, 9, 2001.

PLACE: Commissioners' Conference Room, 11555 Rockville Pike, Rockville, Maryland.

STATUS: Public and Closed.

MATTERS TO BE CONSIDERED:

Week of June 4, 2001

Tuesday, June 5, 2001

9:25 a.m.—Affirmation Session (Public Meeting) (if needed)

2:00 p.m.—Discussion of Management Issues (Closed-Ex. 2)

Wednesday, June 6, 2001

10:30 a.m.—All Employees Meeting (Public Meeting)

1:30 p.m.—All Employees Meeting (Public Meeting)

Week of June 11, 2001—Tentative

Thursday, June 14, 2001

9:55 a.m.—Affirmation Session (Public Meeting) (If needed)

10:00 a.m.—Meeting with Nuclear Waste Technical Review Board (Public Meeting)

1:30 p.m.—Briefing on License Renewal Program (Public Meeting) (Contact: David Solorio, 301–415–1973)

Week of June 18, 2001—Tentative

There are no meetings scheduled for the Week of June 18, 2001.

Week of June 25, 2001—Tentative

Wednesday, June 27, 2001

9:25 a.m.—Affirmation Session (Public Meeting) (If needed)

Week of July 2, 2001—Tentative

There are no meetings scheduled for the Week of July 2, 2001.

Week of July 9, 2001—Tentative

Monday, July 9, 2001

1:25 p.m.—Affirmative Session (Public Meeting) (If needed)

*The schedule for Commission meetings is subject to change on short notice. To verify the status of meetings call (recording)—(301) 415–1292. Contact person for more information: David Louis Gamberoni, (301) 415–1651.

The NRC Commission Meeting Schedule can be found on the Internet 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 the distribution, please contact the Office of the Secretary, Washington, D.C. 20555 (301–415–1969). 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 *dkw@nrc.gov.*

Dated: May 31, 2001.

David Louis Gamberoni,

Technical Coordinator, Office of the Secretary.

[FR Doc. 01–14257 Filed 6–1–01; 2:03 pm]

BILLING CODE 7590–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27409]

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

May 29, 2001.

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 amendment(s) 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 June 22, 2001, to the Secretary, Securities and Exchange Commission, Washington, DC 20549–0609, and serve a copy on the relevant applicant(s) and/or declaration(s) at the address(es) specified below. Proof of service (by

affidavit or, in the 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 June 22, 2001, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Emera Incorporated, et al. (70–9787)

Emera Incorporated (''Emera''), a holding company formed under the laws of the Province of Nova Scotia Canada; Nova Scotia Power Inc. (''NSPI''), Emera's wholly owned electric utility subsidiary company, both located at P.O. Box 910, Halifax, Nova Scotia, Canada B3J2W5; Bangor Hydro-Electric Company (''BHE''), a Maine electric public utility company and a holding company currently exempt by order under section 3(a)(1) of the Act; and Bangor Var Co., Inc. (''Bangor Var''), a wholly owned subsidiary of BHE, both located at 33 State Street, P.O. Box 1599, Bangor, Maine 04402–0932 (''Applicants'') have filed an application-declaration (''Application'') under sections 2(a)(7), 2(a)(8), 3(a)(1), 6, 7, 9, 10, 11, 12, 13(b), 32, and 33 and rules 45, 52, 53, 54, and 80–92 under the Act.

I. Summary of Proposal

Emera proposes to acquire the outstanding common stock of BHE and its public utility subsidiary companies (''Merger''). In connection with the proposed Merger, Emera has undertaken that NSPI will qualify for an exemption as a foreign utility company (''FUCO'') within the meaning of section 33 of the Act. Emera will register as a holding company under the Act after completion of the Merger as will the to-be formed intermediate holding companies US HoldCo and Acquisition Co. No.1 (''Acq. Co 1'' (collectively, ''Intermediate HCs''). BHE and Bangor Var request an exemption from registration under section 3(a)(1). In addition, Applicants request authority for financing, creation of a service company, associate company transactions, and other intrasystem authorizations. For purposes of identifying what entities in this application are requesting authority, the term ''Subsidiaries'' includes all companies of which Emera holds 10% or more of the voting securities, but specifically excludes NSPI, and the term ''Nonutility Subsidiaries'' refers to all Subsidiaries other than BHE, MEPCO, Chester SVC Partnership (''Chester SVC'' and Bangor Var Emera, the Subsidiaries, and NSPI are referred to as the Emera system (''Emera System'').

II. The Applicants

A. Emera

Emera is a corporation that was formed under the laws of the Province of Nova Scotia, Canada in 1998. Emera's common stock is listed and traded on the Toronto Exchange (''TSE''). Emera is subject to TSE's rules and regulations and files public disclosures in SEDAR, TSE's version of the Commission's EDGAR system. The securities commissions of each of the provinces of Canada regulate securities issuances by Emera.

Emera is the parent of NSPI, a Canadian electric utility company that owns and operates a vertically integrated electric utility system in Nova Scotia. NSPI serves 440,000 customers in Nova Scotia with 2, 183 MW of generating capacity, approximately 5,200 km of transmission lines, 24,000 km of distribution lines, associated substations, and other facilities. NSPI has no retail gas distribution facilities. NSPI's electric generation, transmission and distribution facilities are located exclusively within Nova Scotia.

NSPI is subject to regulation by the Nova Scotia Utility and Review Board (''UARB''). The UARB has supervisory powers over NSPI's operations and expenditures. The UARB also regulates NSPI's electricity rates and capital structure.

NSPI's transmission assets are used primarily to transmit power within Nova Scotia and, on a limited basis, to transmit power for sale to customers in New Brunswick and beyond. In 2000, NSPI generated 11,432 GWh of electricity and sold 10,656 GWh of electricity. Of the amount sold, 10,475 GWh was consumed in the province of Nova Scotia and 181 GWh was exported using the international lines of New Brunswick Power Corporation (''NB Power''). NB Power's principal interconnection with the U.S. is with the transmission facilities of Maine Electric Power Company, Inc. (''MEPCO''), in which BHE, then to be acquired domestic utility, has a minority interest of 14.2%. Currently, NSPI is not authorized to transmit power and energy within the U.S., and all purchasers of energy from NSPI purchase the energy within Canada for export by the purchaser across the international border for transmission via ISO-New England facilities.

Emera requests that the Commission find that all of Emera's nonutility subsidiaries, directly or indirectly held, are retainable interests under section 11(b)(1) and include the following: NS Power Services Ltd. (''NS Power''), which is inactive, but provided energy services, and owns 50% of NSP Trigen Inc. that is also inactive; Enercom Inc. (''Enercom''), which is a holding company that wholly owns Emera Fuels Inc. that is engaged in the supply of furnace and fuel oil, lubricants, diesel, and gasoline products; Stellarton Basin Coal Gas Inc. (''Stellarton''), which participates in a joint venture to explore and develop methane gas reserves in Nova Scotia; Strait Energy Inc. (''Strait Energy''), which sells steam energy in Nova Scotia; 510845 N.B. Inc. (''510845 NB''), which engages in the supply and maintenance of electric transformers and wholly owns Cablecom Ltd. that wholly owns Fibretek Inc. (both are engaged in the design, engineering, project management, construction, structured cabling, maintenance and installation of fiber optic and wireless communications applications); 1447585 Ontario Ltd. (''1447585''), which was formed for the merger, will not be used, and is currently inactive; 3054167 Nova Scotia Ltd. (''3054167''), which holds the Sable Offshore Energy Project; NSP Pipeline Management Ltd. (''NSP Management''), which owns a 12.5% interest in Maritimes and Northeast Pipeline Management Ltd (''M&N Management)''[1] NSP Pipeline Inc. (''NSP Pipeline''), which owns a 12.375% interest in M&N Limited Partnership;[2] and NSP US Holdings Inc. (''NSP US Holdings''),[3] which indirectly owns a 12.5% interest in Maritimes and Northeast Pipeline L.L.C. (''M&N L.L.C.''), which owns the U.S. portion of the Maritimes and Northeast Pipeline through these holding companies: Scotia Holdings Inc.; Nova Power Holdings Inc., and Scotia Power U.S. Ltd. Emera wholly owns these direct Nonutility Subsidiaries: NS Power, Enercom, Stellarton, Strait Energy,

[1] M&N Management is 12.5% owned by NSP Management and the remainder is owned by nonaffiliates. M&N Management is also the general partner of and owns a 1.25% interest in Maritimes and Northeast Pipeline Limited Partnership (''M&N Limited Partnership''). M&N Management operates and manages the Canadian portion of the Maritimes and Northeast Pipeline, a natural gas pipeline with its origin in Nova Scotia and its terminus near Boston.

[2] M&N Limited Partnership is 12.375% owned by NSP Pipeline and 1.25% owned by M&N Management. Nonaffiliates own the remainder. M&N Limited Partnership owns the Canadian portion of the Maritimes and Northeast Pipeline.

[3] NSP US Holdings wholly owns a financing subsidiary, NSP Investments Inc., which was established to acquire the interest in M&N L.L.C. M&N L.L.C is 12.5% owned by Scotia Power U.S. Ltd. and the remainder is owned by nonaffiliates.

510845 NB, 1447585, 3054167, NSP Management, NSP Pipeline, and NSP US Holdings.

On February 6, 2001, Emera offered to purchase 8.4% of the Sable Offshore Energy Project (''SOEP'') infrastructure assets for approximately $60.6 million. The offer is subject to certain rights of first refusal, and other approvals. The SOEP infrastructure assets comprise a gas processing plant at Goldboro, Nova Scotia; a natural gas liquids fractionation plant at Point Tupper, Nova Scotia; a natural gas liquids line connecting the Goldboro and Point Tupper operations; and offshore production platforms and sub-sea gathering pipelines. Applicants request Commission authorization to acquire the SOEP assets, if they have not been acquired prior to Emera's registrtion under the Act, and to retain the SOEP assets if they have already been acquired when Emera registers.

For the twelve months ending December 31, 2000, Emera had revenues of approximately $604.4 million and NSPI had operating revenues of approximately $548.2 million. As of December 31, 2000, Emera and NSPI had assets approximately $1,989.0 million and $1,913.3 million, respectively.

B. BHE

BHE is a public utility and holding company currently exempt by order dated October 25, 1999 (HCAR No. 27094) under section 3(a)(1) of the Act. BHE provides the transmission and distribution system for the delivery of electricity to approximately 123,000 Maine customers. The Maine Public Utility Commission (''MPUC'' regulates BHE. Under Maine's electric restructuring laws, BHE exited the power supply aspect of traditional utility function as of March 1, 2000.

BHE holds a 14.2% equity interest in MEPCO, a Maine utility that owns and operates electric transmission facilities from Wiscasset, Maine to the Maine-New Brunswick border. MEPCO is owned jointly by Central Maine Power Company (''CMP'') (78.3%), BHE (14.2) and Maine Public Service Company (7.5%). In addition, BHE owns a 50% general partnership interest in Chester SVC through BHE's wholly-owned subsidiary Bangor Var. Chester SVC is a single-purpose financing entity formed to own a static var compensator, electrical equipment that supports the New England Power Pool (NEPOOL)/ Hydro Quebec Phase II transmission line.

BHE requests that the Commission find that all of BHE's nonutility subsidiaries, directly or indirectly held, are retainable interests under section 11(b)(1) and include the following: Bangor Energy Resale, Inc. (''BE Energy Resale''), which permits BHE to use a power sales agreement as collateral for a bank loan; CareTaker, Inc. (''Care Taker''), which provides security alarm services; East Branch Improvement Company (''EBIC''), which BHE owns 60% of the common stock and holds the inactive subsidiaries, Godfrey's Falls Dam Company and The Sawtelle Brook Dam & Improvement Company; The Sebois Dam Company (''Sebois''), which is an inactive subsidiary; The Pleasant River Gulf Improvement Company (''Pleasant River''), which is an inactive subsidiary; Bangor Fiber Company, Inc. (''Bangor Fiber''), which owns and leases fiber optic communications cable; and Bangor Line Company (''Bangor Line''), which constructs and maintains transmission and distribution lines and provides engineering services. BHE wholly owns BE Energy Resale, Care Taker, Sebois, Pleasant River, Bangor Fiber, and Bangor Line.

BHE also holds 7% of the outstanding common stock of Maine Yankee Atomic Power Company (''Maine Yankee''), a company that owns and, prior to its permanent closure in 1997, operated an 880 MW nuclear generating plant in Wiscasset, Maine. Maine Yankee is being decommissioned.

BHE is obligated to negotiate in good faith to acquire a 50% interest in a joint venture to develop a second 345 kV transmission line to New Brunswick, Canada, under a Memorandum of Understanding with Penobscot Hydro, LLC. The transmission line would connect with BHE's existing transmission facilities. BHE's investment in the joint venture has not been determined at this time but could be approximately $25 million. In addition, Applicants request that the Commission reserve jurisdiction over the acquisition of an interest in a joint venture until the record is complete.

For the twelve months ending December 31, 2000, BHE had $212 million of utility operating revenues. As of December 31, 2000, BHE has approximately $532 million in utility assets.

III. The Proposed Merger and Financing the Merger

A. The Proposed Merger

Under the terms of the merger agreement entered into on June 29, 2000 (''Merger Agreement''), Merger Sub, a to-be-formed Emera subsidiary incorporated in the U.S., will merge with and into BHE, with BHE surviving (the ''Surviving Corporation''). Under the terms of the Merger Agreement: (1) Each outstanding share of common stock of Merger Sub will be converted into one share of common stock of the Surviving Corporation; (2) each outstanding share of preferred stock of BHE (''BHE Preferred Stock'') will remain outstanding as one share of preferred stock of the Surviving Corporation; and (3) each outstanding share of common stock of BHE (''BHE Common Stock'') other than Dissenting Shares (as defined in the Merger Agreement) or shares owned by BHE as treasury shares, or by Emera, if any, will be converted into the right to receive $26.50 in cash (''Per Share Amount''),[4] the amount may be adjusted in accordance with the Merger Agreement (the ''Merger Consideration''). Holders of BHE's warrants outstanding at the effective time of the Merger will be entitled to receive, upon exercise of each warrant, the Merger Consideration less the exercise price.

The total value of consideration that BHE shareholders will receive in the Merger, based on the number of BHE shares of BHE common stock outstanding on September 15, 2000 (7,363,424), is approximately $195 million. If the closing of the Merger does not occur on or prior to June 29, 2001, then the Per Share Amount shall be increased by an amount equal to $0.003 for each day after June 29, 2001 up to and including the day which is one day prior to the closing of the Merger.

To effect the Merger, Emera will hold its ownership interest in BHE through one or more Intermediate HCs. The Intermediate HC will be wholly owned, directly or indirectly, by Emera and will have no public or private institutional equity or debt holders. The Intermediate HC will be capitalized with equity and/ or debt, all of which will be held either by Emera or an Intermediate HC. The only utility holdings of the Intermediate HCs will be direct or indirect interests in BHE and its utility subsidiaries. Applicants further request that the Commission authorize Emera to reorganize the Intermediate HC structure without seeking prior Commission approval subject to the following conditions: (1) The companies in the intermediate structure would be wholly owned directly or indirectly by Emera; (2) the companies in the intermediate structure would not issue debt or equity to any company outside the Emera System and would not borrow from BHE or its subsidiaries; (3) the changes will not have a material

[4] The closing price of BHE's common stock on June 29, 2000, the day prior to the Merger announcement, was $15.13 per share.

impact on the financial condition or operations of BHE or its subsidiaries or a material adverse effect on Emera; and (4) the companies in the intermediate structure would be organized in the U.S., Canada, or a country in Europe.

Following the Merger, BHE will be operated as a subsidiary of Emera. BHE will retain its name and continue to serve its customers under the terms of its existing contracts and state and federal requirements. Emera expects that the President and CEO of BHE will be a resident of Maine and a member of BHE's board. The Merger Agreement requires that when the Merger is consummated the Board of BHE post-merger must have at least nine members, with at least four carry-over from the prior BHE Board of Directors. the merger Agreement provider that BHE's corporate headquarters will be located in Maine for not less than ten years following the Merger. BHE will also retain local facilities for customer service, maintenance and field work operations.

B. Financing the Merger

Emera expects to use a combination of its available cash deposits and credit facility entered into with one or more banks in the amount of up to $225 million to fund the Merger consideration. The credit facility will have a non-revolving term of 364 days and at the borrower's option an interest rate of (1) the greater of (a) the Agent's Base Rate Canada, and (b) the Federal Funds Effective Rate for overnight funds (as published by the Federal Reserve in the U.S.) plus 50 basis points per annum, or (2) the London Interbank Offered Rate (''LIBOR'') plus 75 to 90 basis points. Emera expects that this credit facility will be replaced or refinanced with longer-term debt, equity or preferred securities in the future. Also, Emera intends to use a wholly owned special purpose financing entity (''ULC'') to provide debt and non-voting preferred financing to Acq. Co. 1 for the purpose of partially funding the Merger consideration. Applicant's request for financing authorization incorporates the debt that will be issued to fund and refinance the Merger.

IV. Post Merger Financing Request

Applicants seek Commission authorization of the financing activities of the Emera System for the period through June 30, 2004 (''Authorization Period''). Applicants propose that the following general terms and conditions (''Financing Parameters'') would apply, where appropriate, to the requested financing authorizations:

Investment Grade Credit Rating—Emera commits that all long-term debt issued by Emera to unaffiliated parties under the authority requested in the Application will, when issued, be rated investment grade by a nationally recognized statistical rating organization.

Minimum Capitalization Ratio—Emera, on a consolidated basis, and BHE, individually, will maintain common stock equity as a percentage of total capitalization of at least 30%.

Effective Cost of Money on Borrowings—The effective cost of money on debt financings by Emera under the authorizations requested in the Application will not exceed the competitive market rates available at the time of issuance to companies with comparable credit ratings with respect to debt having similar maturities. The effective cost of money on BHE's short-term debt will not at the time of issuance exceed 300 basis points over the comparable term LIBOR.

Maturity of Debt—The maturity of debt will not exceed 50 years.

Effective Cost of Preferred Stock—The dividend rate on preferred stock or other types of preferred or equity-linked securities will not exceed at the time of issuance the rate generally obtainable for preferred securities having the same or reasonably similar terms and conditions issued by utility holding companies of reasonably comparable credit quality, as determined by competitive capital markets.

Issuance Expenses—The underwriting fees, commissions and other similar remuneration paid in connection with the non-competitive issue, sale or distribution of a security pursuant to this Application would not exceed an amount or percentage of the principal or total amount of the security being issued that would be charged to or paid by other companies with a similar credit rating and credit profile in a comparable arm's-length credit or financing transaction with an unaffiliated person.

Emera's ''aggregate investment'' as defined in rule 53(a)(1)(i)—investment in exempt wholesale generators (''EWG'') and FUCOs will not exceed $3.0 billion.

A. Emera's External Financing

Emera proposes to issue long-term equity and debt securities aggregating not more than $3 billion at any one time outstanding during the Authorization Period, which includes the Merger related financing. Securities could include, but would not necessarily be limited to, common stock, preferred stock, options, warrants, long- and short-term debt (including commercial paper), convertible securities, subordinated debt, bank borrowings and securities with call or put options. Emera may also issue guarantees and enter into interest rate swaps and hedges.

1. *Common Stock.* During the Authorization Period, Emera requests authorization to issue and sell from time to time common stock, either: (a) Through underwritten public offerings; (b) in private placements; (c) under its dividend reinvestment, stock-based management incentive and employee benefit plans; (d) in exchange for securities or assets being acquired from other companies; and (e) in connection with redemptions of the Series C and Series D shares. Emera also proposes to issue and sell common stock or options, warrants, or other stock purchase rights. Emera may also buy back shares of common stock during the Authorization Period in accordance with rule 42 under the Act. Common stock and securities convertible into common stock will not exceed $2 billion. Common stock sales will be at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets.

Emera may seek to acquire securities of companies engaged in energy-related businesses as described in rule 58 under the Act (''Rule 58 Companies''), exempt telecommunications companies (''ETCs''), EWGs and FUCOs. These acquisitions may involve the exchange of Emera stock for securities of the company being acquired. The Emera common stock to be exchanged may be purchased on the open market under rule 42, or may be original issue. Original issue stock may be registered or qualified under applicable securities laws or unregistered and subject to resale restrictions. Emera does not intend to engage in any transaction where original issue stock is not registered or qualified while a public offering is being made, other than a public offering under a compensation, dividend or stock purchase plan, or a public offering of debt.

For purposes of calculating compliance with the $3 billion external financing limit, Emera's common stock would be valued at market value based upon the closing price on the day before closing of the sale or based upon average high and low prices for a period of 20 days prior to the closing of the sale.

2. *Preferred Stock.* Emera may issue preferred stock from time to time during the Authorization Period, which will not to exceed $500 million. Preferred stock or other types of preferred or equity-linked securities may be issued

in one or more series with such rights, preferences, and priorities as may be designated in the instrument creating the series, as determined by Emera's Board of Directors. All such securities will be redeemed no later than 50 years after the issuance. The dividend rate on any series of preferred stock or other preferred securities will not exceed at the time of issuance the rate generally obtainable for preferred securities having the same or reasonably similar terms and conditions issued by utility holding companies of reasonably comparable credit quality, as determined by competitive capital markets. Dividends or distributions on preferred stock or other preferred securities will be made periodically and to the extent funds are legally available for such purpose, but may be made subject to terms that allow the issuer to defer dividend payments for specified periods. Preferred stock or other preferred securities may be convertible or exchangeable into shares of common stock.

3. *Long-Term Debt.* Emera proposes to issue long-term unsecured debt in accordance with the conditions described in the overall financing terms and not to exceed $1.5 billion. Any long-term debt security will have the maturity, interest rates or methods of determining the same, terms of payment of interest, redemption provisions, sinking fund terms and other terms and conditions as Emera may determine at the time of issuance. Prior to issuing debt, preferred securities or equity, Emera will evaluate the relevant financial implications of the issuance, including without limit, the cost of capital, and select the security that provides the most efficient capital structure consistent with sound financial practices and the capital markets.

4. *Short-Term Debt.* Emera requests authorization to issue short-term debt including, but not limited to, institutional borrowings, commercial paper and bid notes; all in accordance with the conditions described in the overall financing terms. Short-term debt will not exceed $1.5 billion. Proceeds of any short-term debt issuance may be used to refund pre-Merger short-term debt and Merger-related debt, and to provide financing for general corporate purposes, working capital requirements and Subsidiary capital expenditures until long-term financing can be obtained.

Emera may sell commercial paper, from time to time, in established domestic U.S. or European commercial paper markets. The commercial paper will be sold to dealers at the discount rate or the coupon rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring commercial paper from Emera will reoffer the paper at a discount to corporate, institutional and, with respect to European commercial paper, individual investors. Institutional investors are expected to include commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges and universities and finance companies.

Emera also proposes to establish bank liens of credit, directly or indirectly through one or more financing subsidiaries. Loans under these liens will have maturities of less than one year from the date of each borrowing. Emera may engage in other types of short-term financing generally available to borrowers with comparable credit ratings as it may deem appropriate in light of its needs and market conditions at the time of issuance.

5. *Hedges and Interest Rate Risk Management.* Emera requests authority to enter into, perform, purchase and sell financial instruments intended to manage the volatility of interest rates, including but not limited to interest rate swaps, caps, floors, collars and forward agreements or any other similar agreements (''Hedging Instruments''). Emera would employ Hedging Instruments as a means of managing the risk associated with any of its outstanding debt issued under the authority requested in this application or an applicable exemption by, in effect, synthetically (a) converting variable rate debt to fixed rate debt, (b) converting fixed rate debt to variable rate debt, (c) limiting the impact of changes in interest rates resulting from variable rate debt and (d) providing an option to enter into interest rate swap transactions in future periods for planned issuances of debt securities. Emera, states it will not engage in ''leveraged'' or ''speculative'' transactions. Off-exchange Hedging Instruments will be entered into only with counterparties whose senior debt ratings are investment grade (''Approved Counterparties'').

In addition, Emera requests authorization to enter into Hedging Instruments with respect to anticipated debt offerings (''Anticipatory Hedges''), subject to certain limitations and restrictions. Anticipatory Hedges will only be entered into with Approved Counterparties, and will be used to fix and/or limit the interest rate risk associated with any new issuance through (a) a forward sale of exchange-traded U.S. or Canadian Treasury futures contracts, U.S. or Canadian Treasury obligations and/or a forward swap (''Forward Sale''), (b) the purchase of put options on U.S. or Canadian Treasury obligations (''Put Options Purchase''), (c) a Put Options Purchase in combination with the sale of call options on U.S. or Canadian Treasury obligations (''Zero Cost Collar''), (d) transactions involving the purchase or sale, including short sales, of U.S. or Canadian Treasury obligations, or (e) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to structured notes, caps and collars, appropriate for the Anticipatory Hedges.

Hedging Instruments may be executed on-exchange (''On-Exchange Trades'') with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade, the opening of over-the-counter positions with one or more counterparties (''Off Exchange Trades''), or a combination of On-Exchange Trades and Off-Exchange Trades. Emera will determine the optimal structure of each Hedging Instrument transaction at the time of execution. No gain or loss on hedging transaction entered into by Emera or Emera's subsidiaries (except BHE and BHE's subsidiaries) will be allocated to BHE or BHE's subsidiaries, regardless of the accounting treatment accorded to the transaction.

To the extent such securities are not exempt under rule 52(a), BHE requests authorization to enter into Hedges on the same terms as applicable to Emera.

6. *Guarantees.* Emera requests authorization to enter into guarantees, obtain letters of credit, enter into expense agreements or otherwise provide credit support (''Guarantees'') with respect to the obligations of Emera's subsidiaries in an aggregate principal amount not to exceed $500 million outstanding at any one time and not taking into account obligations exempt under rule 45. All debt guaranteed will comply with the Financing Parameters. Included in this amount are Guarantees entered into by Emera that were previously issued in favor of Emera's subsidiaries. The limit on Guarantees is separate from the limit on Emera's external financing. Emera proposes to charge each Subsidiary a fee for each Guarantee provided on its behalf that is not greater than the cost, if any, of obtaining the liquidity necessary to perform the guarantee.

B. Subsidiary, Nonutility Subsidiary, and Intermediate HCs Financing

Emera requests authorization to lend funds to its Nonutility Subsidiaries at a mark up to Emera's cost of funds at any time during the Authorization Period without prior Commission authorization. The authorization request would not apply to BHE or any of BHE's subsidiaries or to NSPI. Applicants state this is desirable as a risk management measure and it avoids cross subsidization of higher risk Subsidiaries from lower risk subsidiaries. The Nonutility Subsidiaries that will be financed in this manner will not pass any increased costs on to BHE or BHE's subsidiaries because they will not sell goods or services or lend funds to BHE or BHE's subsidiaries.

Emera intends to finance BHE's capital needs at the lowest practical cost. BHE will either finance its capital needs through short, medium, and long-term borrowings authorized by the MPUC and exempt under rule 52(a) or through borrowings from Emera, directly or indirectly, through the Intermediate HC. BHE may also borrow funds from NSPI,[5] if NSPI has surplus funds and the interest rate on the loan would result in a lower cost of borrowing for BHE. All borrowings by BHE from an associate company would be at the lower of Emera's effective cost of capital, NSPI's effective cost of capital (if NSPI is the lender) or BHE's effective cost of capital incurred in a direct borrowing at that time from nonassociates for a comparable term loan. In addition, borrowings by BHE from an associate company would be unsecured (*i.e.,* not backed by the pledge of specific BHE assets as collateral).

BHE requests Commission authorization to issue and sell securities with maturities of less than one year.[6] The short-term debt will not exceed an aggregate amount of $60 million outstanding at any time during the Authorization Period. BHE also requests authorization to guarantee the obligations of BHE's subsidiaries in an aggregate amount not to exceed $30 million. BHE may charge each of BHE's subsidiaries a fee for each guarantee provided on its behalf that is not greater than the cost, if any, of obtaining the liquidity necessary to perform the guarantee.

Each of the Intermediate HC's requests authorization to issue and sell securities to the other Intermediate HC's and Emera, and to acquire securities from their respective Intermediate HC subsidiaries and BHE. Each of the Intermediate HCs also seeks authority to issue guarantees and other forms of credit support to direct and indirect Intermediate HCs and BHE. In no case would the Intermediate HC borrow, or receive any extension of credit or indemnity from any of their respective direct or indirect subsidiary companies. Each of the Intermediate HCs intends to function as a financial conduit to facilitate Emera's U.S. investments. The terms and conditions of any Intermediate HC's financings will be on arm's length basis, as noted for financings by BHE. The Intermediate HC's proposed financings would be used to finance capital requirements of BHE and any exempt or subsequently authorized activity that is acquired in the future. The Intermediate HC financing will not be used by the Intermediate HCs to carry on business or investment activities within the Intermediate HCs.

C. Use of Proceeds

The proceeds from the financings authorized by the Commission under this Application will be used for general corporate purposes, including (1) refinancing the Merger-related debt, (2) financing, in part, investments by and capital expenditures of Emera and its Subsidiaries, (3) funding future investments in EWGs, FUCOs and Rule 58 Companies, (4) repaying, redeeming, refunding or purchasing any securities issued by Emera or any Subsidiary, and (5) financing the working capital requirements of Emera and its Subsidiaries.

Applicants represent that no financing proceeds will be used to acquire the equity securities of any company unless such acquisition has been approved by the Commission in this proceeding, in a separate proceeding, or in accordance with an available exemption under the Act or rules, including sections 32 and 33 and rule 58. The proceeds of financing and guarantees used to fund investments in Rule 58 Companies will be subject to the limitations of rule 58 under the Act.

D. Other Intrasystem Transactions

1. *Changes in Capital Stock of wholly Owned Subsidiaries.* The portion of an individual Subsidiary's aggregate financing to be effected through the sale of stock to Emera or other immediate parent company during the Authorization Period pursuant to rule 52 and/or an order issued in this file is unknown at this time. The proposed sale of capital securities (*i.e.,* common stock or preferred stock) may in some cases exceed the then authorized capital stock of the Subsidiary. In addition, the Subsidiary may choose to use capital stock with no par value. As needed to accommodate the proposed transactions and to provide for future issues, Applicants request authority to change the terms of any wholly owned Subsidiary's authorized capital stock capitalization by an amount deemed appropriate by Emera or other intermediate parent company.

The requested authorization is limited to Emera's wholly owned Subsidiaries and will not affect the aggregate limits or other conditions noted. A Subsidiary would be able to change the par value, or change between par value and no-par stock, without additional Commission approval. Any action by BHE or any other public utility company will be subject to and will only be taken upon the receipt of any necessary approvals by the MPUC or other public utility commission with jurisdiction over the transaction. BHE will maintain, during the Authorization Period, a common equity capitalization of at least 30%.

2. *Payment of Dividends Out of Capital or Unearned Surplus.* To allow BHE to pay dividends after the Merger, BHE requests authorization to pay dividends out of additional paid-in-capital and to redeem its common stock held by its associate company parent in lieu of the payment of dividends to the extent permitted by state law, provided that in each case, BHE maintains the required minimum 30% common equity capitalization. In no case will dividends be paid if BHE's common stock equity as a percentage of its total capitalization is below 30%. Applicants anticipate that BHE's cash flow from operations after the Merger will improve, because BHE's future earnings projections include amortization of ''legacy'' assets associated with its restructuring into a pure ''wires'' company. Applicants explain that when BHE collects the revenue associated with these ''legacy'' assets, cash flows from operations improve, generating operating cash in excess of earnings. Applicants further state, the legacy revenues produce cash that is free and available for dividend payments because it is derived from BHE's former role as a provider of generation. BHE states that because it no longer is in the generation business, it does not need to reinvest these revenues in generation activities to continue to provide adequate services to customers.

[5] Applicants note that as a FUCO, NSPI's financing would be exempt under section 33 and because NSPI can offer creditors a direct claim on its assets rather than the indirect claim that Emera's creditors are offered, NSPI generally finances its capital needs independently of Emera.

[6] The MPUC exercises jurisdiction over the securities issued by BHE with maturities of one year or longer.

Applicants predict that without removal of the cash in the form of a dividend, BHE's common equity component of its capital structure will grow. Therefore, Applicants request that they merely use dividends or common stock redemptions to maintain BHE's equity level in the 30% to 40%[7] total capitalization band.

3. *Financing Entities.* Emera and the Subsidiaries seek authorization to organize new corporations, trusts, partnerships or other entities that will facilitate financings by issuing income preferred securities or other securities to third parties. To the extent not exempt under rule 52, the financing entities also request authorization to issue the securities to third parties. In connection with this method of financing, Emera and the Subsidiaries may: (a) Issue debentures or other evidences of indebtedness to a financing entity in return for the proceeds of the financing; (b) acquire voting interests or equity securities issued by the financing entity to establish ownership of the financing entity (the equity portion of the entity generally being created through a capital contribution or the purchase of equity securities, ranging from one to three percent of the capitalization of the financing entity); and (c) guarantee a financing entity's obligations in connection with a financing transaction. Emera and the Subsidiaries also request authorization to enter into expense agreements with financing entities to pay the expenses of any such entity. Applicants represent that any amounts issued by a financing entity to a third party under this authorization will be included in a overall external financing limitation authorized for the immediate parent of the financing entity; however, the underlying intra-system mirror debt and parent guarantee shall not be included.

4. *Tax Allocation Agreement.* Applicant ask the Commission to approve an agreement among certain Emera System companies to file a consolidated tax return (''Tax Allocation Agreement''). Applicants state the Intermediate HCs are seeking to retain the benefit of tax losses that have been generated by it in connection with Merger-related debt only. Applicants state the Tax Allocation Agreement will not give rise to the types of problems (*e.g.*, upstream loans) that the Act was intended to address.

5. *Direct Stock Purchase and Dividend Reinvestment Plan, Incentive Compensation Plans and Other Employee Benefit Plans.* Emera proposes, from time to time during the Authorization Period to issue and/or acquire in open market transactions or by some other method that complies with applicable law and Commission interpretations, then in effect, up to 5 million shares of Emera common stock under Emera's dividend reinvestment plan, certain incentive compensation plans and certain other employee benefit plans currently existing or that may be adopted in the future. Emera currently maintains the flowing stock based benefit plans for employees: (a) Emera Senior Management Stock Option Plan, which currently has 1,706,109 treasury shares reserved; (b) Emera Common Share Purchase Plan, which currently has 2,000,000 treasury shares reserved; and (c) Emera Dividend Reinvestment Plan. The plans will remain in effect following consummation of the Merger.

V. Intra-System Service Arrangements

Emera requests authorization to form a service company, Emera Services, to provide a variety of services to the companies in the Emera System. The individual system companies will continue to perform certain functions independently that are most efficiently and effectively provided internally by each company. Emera Services will offer system-wide coordination and strategy services, oversight services and other services where economies can be captured by centralization of personnel, equipment, practice and procedures in one organization. Emera Services will also ensure adequate oversight and realize economies of scale by consolidating certain administrative and service functions for the Emera System.

Applicants anticipate that the following services may be offered by Emera Services to system companies: Rates and regulatory services; internal auditing; strategic planning; external relations; transmission and distribution system management; legal services and general legal oversight, as well as corporate secretarial functions; marketing; financial services; information systems and technology; executive services such as formulating and executing general plans and policies, including operations, issuances of securities, appointment of executive personnel, budgets and financing plans, expansion of services, acquisitions and dispositions of property, and public relationships; investor relations; customer services; employee services; engineering; business support; power procurement; purchasing; and facilities management.

In accordance with the services agreement, services provided by Emera Services will be directly assigned if possible or allocated as necessary by activity, project, program, work order or other appropriate basis. It is anticipated that Emera Services will be staffed primarily by transferring personnel from Emera and, to a certain extent, with personnel transferred from NSPI and BHE. Emera Services' accounting and cost allocation methods and procedures would be structured to comply with the Commission's standards for service companies in a registered holding company system.[8]

As compensation for services, the services agreement will provide for client companies to pay to Emera Services the cost of such services, computed in accordance with the applicable rules and regulations (including, but not limited to rules 90 and 91) under the Act and appropriate accounting standards. Where more than one company is involved in or has received benefits from a service performed, the services agreement will provide that client companies will pay their fairly allocated *pro rata* share in accordance with the methods set out in a schedule to the services agreement. Charges for all services provided by Emera Services to associate utility companies, Nonutility Subsidiaries, and Emera will be on an ''at cost'' basis as determined under rules 90 and 91 of the Act.

Emera proposes that, for a limited period of time ending on March 31, 2002 (''Transition Period''), Emera will continue to provide services and sell goods to Emera System companies. Emera will comply with the provisions of rule 90 with respect to the performance of services or construction for associate companies on the basis of cost and with the provisions of rule 92 with respect to the sale of goods produced by the seller. Applicants state the Transition Period will allow the Emera holding company system to implement the transition to Emera Services as the principal provider of services to the Emera System.

VI. Request for Authority To Reorganize the Nonutility Subsidiaries

Applicants propose to restructure Nonutility Subsidiaries. To do this, Emera requests authorization to acquire, directly or indirectly, the equity securities of one or more intermediate subsidiaries (''Intermediate

[7] The MPUC, which regulates BHE, has prescribed a target common equity component not exceeding 40% of total capitalization.

[8] Applicants represent that the regulatory agency, Nova Scotia Utility and Review Board UARB, will not regulate the conduct of business by Emera Services.

Subsidiaries'') organized exclusively for the purpose of acquiring, financing, and holding the securities of one or more existing or future Nonutility Subsidiaries. The Intermediate Subsidiaries would be organized for the purpose of acquiring, holding and/or financing the acquisition of the securities of or other interest in one or more EWGs, FUCOs, and Rule 58 Companies. Intermediate Subsidiaries may also provide management, administrative, project development, and operating services to Nonutility Subsidiaries.

Intermediate Subsidiaries may engage in development activities (''Development Activities'') and administrative activities (''Administrative Activities'') relating to the permitted businesses of the Nonutility Subsidiaries. Development Activities will be limited to due diligence and design review; market studies; preliminary engineering; site inspection; preparation of bid proposals, including, in connection with, posting of bid bonds; application for required permits and/or regulatory approvals; acquisition of site options and options on other necessary rights; negotiation and execution of contractual commitments with owners of existing facilities, equipment vendors, construction firms, power purchasers, thermal ''hosts,'' fuel suppliers and other project contractors; negotiation of financing commitments with lenders and other third-party investors; and such other preliminary activities as may be required in connection with the purchase, acquisition, financing or construction of facilities or the acquisition of securities of or interests in new businesses. Administrative Activities will include ongoing personnel, accounting, engineering, legal, financial, and other support activities necessary to manage Emera's investments in Nonutility Subsidiaries.

Applicants state restructuring could also involve the acquisition of one or more new special-purpose subsidiaries (''SPSs''). The SPS would acquire and hold direct or indirect interests in any or all of the Emera System's existing or future authorized nonutility businesses.

Applicants may transfer existing Subsidiaries, or portions of existing businesses, among the Emera associates and/or the reincorporation of existing Subsidiaries in a different jurisdiction.

Emera does not seek authorization to acquire an interest in any nonassociate company as part of the authority requested and states that the reorganization will not result in the entry by the Emera System into a new, unauthorized line of business.

VII. Request To Invest in Rule 58 Companies After the Merger

Applicants state Emera's post-merger investment in Canadian energy-related and gas related companies will be aggregated with its post-merger investment in Rule 58 Companies for purposes of calculating the 15% limit of consolidated capitalization limit under rule 58(a)(1)(ii).[9]

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–14025 Filed 6–4–01; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–24995; File No. 812–12226]

Sun Life Assurance Company of Canada (U.S.), et al.

May 30, 2001.

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

ACTION: Notice of application for an order pursuant to section 11(a) of the Investment Company Act of 1940 (the ''Act'') approving the terms of an offer of exchange and for an order pursuant to section 6(c) of the Act granting exemptions from sections 2(a)(32), 22(c) and 27(i)(2)(A) of the Act and Rule 22c–1 thereunder to permit the recapture of certain bonus credits.

Applicants: Sun Life Assurance Company of Canada (U.S.)(''Sun Life''), Sun Life Assurance Company of Canada (U.S.) Variable Account F (''Variable Account''), and Clarendon Insurance Agency, Inc. (''Clarendon'').

Summary of Application: Applicants seek an order approving the terms of a proposed offer of exchange of MFS Regatta Choice, a new variable annuity contract issued by Sun Life and made available through the Variable Account (the ''New Contract''), for MFS Regatta Gold, an outstanding annuity contract issued by Sun Life and made available through the Variable Account (the ''Old Contract,'' collectively with the New Contract, the ''Contracts''). Applicants also seek an order to permit the recapture, from any New Contract returned to Sun Life during the free look period, of a 2% bonus payment credited on amounts transferred to the New Contract under the proposed offer of exchange.

Filing Date: The application was filed on August 16, 2000, and Amendment No. 1 was filed on May 30, 2001.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on June 25, 2001, and should be accompanied 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 requester's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Applicants: Sun Life Assurance Company of Canada (U.S.), One Copley Place, Boston, Massachusetts 02116.

FOR FURTHER INFORMATION CONTACT: Kenneth C. Fang, Attorney, or Keith E. Carpenter, Branch Chief, at (202) 942–0670, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application is available for a fee from the Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

Applicants

1. Sun Life is a stock life insurance company incorporated under the laws of Delaware on January 12, 1970. Sun Life does business in 49 states of the United States, the District of Columbia and Puerto Rico. Sun Life is an indirect wholly-owned subsidiary of Sun Life Assurance Company of Canada (''Sun Life (Canada)''). Sun Life (Canada) completed its demutualization on March 22, 2000. As a result of the demutualization, a new holding company, Sun Life Financial Services of Canada Inc. (''Sun Life Financial''), is now the ultimate parent of Sun Life (Canada) and Sun Life. Sun Life Financial, a corporation organized in Canada, is a reporting company under the Securities Exchange Act of 1934 with common shares listed on the

[9] Emera conducts various businesses in Canada that would qualify as ''energy-related'' or ''gas-related'' companies under rule 58, but for the fact that the revenues from these companies are from Canada. Emera requests that investment in these companies be excluded from the investment limit under rule 58 of the Act.