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(5 U.S.C. 552(a))

Dated at Rockville, Maryland, this 18th day of July 2000.

For the Nuclear Regulatory Commission.

Ashok C. Thadani,

Director, Office of Nuclear Regulatory Research.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27202]

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

July 21, 2000.

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 August 15, 2000, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in 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 August 15, 2000, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

FirstEnergy Corp. (70-9501)

FirstEnergy Corp. ("FirstEnergy"), 76 South Main Street, Akron, Ohio 44308, a public utility holding company claiming exemption under section 3(a)(1) of the Public Utility Holding Company Act of 1935, as amended ("Act"), by rule 2 under the Act, from registration under section 5 of the Act, has filed an application under sections 9(a)(2) and 10 of the Act.

FirstEnergy proposes to acquire directly all of the issued and outstanding voting securities of American Transmission Systems, Inc. ("ATSI"), a corporation FirstEnergy will organize to own and operate certain transmission assets more particularly described below ("Transmission Assets"), currently owned by FirstEnergy's utility company subsidiaries. These subsidiaries include Ohio Edison, Cleveland Electric, Toledo Edison, and Penn Power (collectively, "Operating Companies").

Upon completion of the transfer of the Transmission Assets from the Operating Companies to ATSI, ATSI will become a "public-utility company" as defined in the Act. FirstEnergy states that the Transmission Assets include over 7,100 circuit miles of transmission lines with nominal voltages of 345 kV, 138 kV, and 69 kV, servicing over 2.2 million customers in a 13,200 square mile area in northern and central Ohio and western Pennsylvania.

FirstEnergy states that the proposed transaction will improve service in the region by tying together control, planning, maintenance and financial responsibilities of the Operating Companies' transmission facilities into a single company. FirstEnergy further states that the transfer of the Transmission Assets to ATSI is an

intermediate step in its plan to transfer its assets to a regional transmission organization.

WGL Holdings, Inc., et al. (70-9653)

WGL Holdings, Inc. ("WGL Holdings"), which is currently a wholly owned subsidiary of Washington Gas Light Company ("Washington Gas"), a gas utility company, and Washington Gas' nonutility subsidiary companies, Hampshire Gas Company ("Hampshire"), Crab Run Gas Company ("Crab Run"), Washington Gas Resources Corp. ("WGR"), and Primary Investors, LLC ("Primary Investors"), (collectively, "Applicants"), all located at 1100 H Street, NW., Washington, DC 20080, have filed an application-declaration under sections 6(a), 7, 9(a), 10, 11, 12(b), 12(c), 13, 32, and 33 of the Act and rules 45, 46, 47, and 80-92.

On January 13, 2000, Washington Gas entered into an Agreement of Merger and Reorganization ("Reorganization") which will result in WGL Holdings becoming a holding company over Washington Gas and the current nonutility subsidiaries ("Nonutilities") of Washington Gas becoming direct subsidiaries of WGL Holdings.¹ Washington Gas intends to merge with WGL Holdings' wholly owned subsidiary, Washington Gas Acquisition Corp. ("Acquisition"), with Washington Gas as the surviving company.² Following the Reorganization, WGL Holdings intends to register as a holding company under the Act.

Washington Gas sells and delivers natural gas to customers in metropolitan Washington, DC, the adjoining areas of Maryland and Virginia, and several cities and towns in the northern Shenandoah Valley of Virginia. On April 1, 2000, Washington Gas merged its former wholly owned gas distribution subsidiary, Shenandoah Gas ("Shenandoah") into itself.³ The merged company now serves a total of 863,258 customer meters in an area having a population estimated at 4.5

¹ Washington Gas' shareholders and the Virginia State Corporation Commission ("VSCC") have both approved the Reorganization.

² Each share of Washington Gas common stock outstanding before the Reorganization will be converted into a new share of WGL Holdings common stock. All shares of Acquisition common stock outstanding prior to the Reorganization will be converted into shares of Washington Gas, resulting in WGL Holdings becoming the owner of all outstanding shares of Washington Gas common stock. The shares of WGL Holdings common stock held by Washington Gas immediately prior to the Reorganization will be canceled and the directors of Washington Gas will become the directors of WGL Holdings.

³ See Petition of Washington Gas Light Company and Shenandoah Gas Company, Case No. PUA990071 (Dec. 22, 1999).

million. Approximately 41% of the customers are located in Virginia, approximately 17% in the District of Columbia and approximately 42% in Maryland.⁴ In addition to its gas distribution operations, Washington Gas offers financing for the purchase of natural gas, electrical appliances and other energy-related products and services, and operates steam and chilled water facilities located in a mixed residential commercial complex in Washington DC. Washington Gas is subject to regulation regarding retail rates and transportation service, the issuance of securities, affiliate transactions and other matters by the VSCC, the Public Service Commission of the District of Columbia, ("PSC-DC") and the Public Service Commission of Maryland ("PSC-MD").

Washington Gas directly owns 100% of the outstanding voting securities of three active Nonutility subsidiaries: (i) Hampshire, which operates an underground gas storage field; (ii) Crab Run, which holds an investment in a partnership that is engaged in the exploration and production of oil and gas; and (iii) WGR, which serves as the holding company for other wholly owned, Nonutility subsidiaries. WGR's direct subsidiaries are: (i) Washington Gas Energy Services, Inc., an unregulated energy marketer which holds all of the voting securities of three other subsidiaries which are engaged in providing commercial energy services and in real estate development activities; (ii) American Combustion Industries, Inc., which designs, sells, installs and services commercial heating, ventilating and air-conditioning ("HVAC") equipment in Washington, DC and surrounding areas; (iii) WG Maritime Plaza I, Inc., whose sole purpose is to hold Washington Gas' interest in a venture to develop a 12-acre parcel of land in Washington, DC; and (iv) Washington Gas Consumer Services, Inc., which operates a fee-based program matching customers with finance companies for energy-related equipment.

Washington Gas also holds a 50% equity interest in Primary Investors, a Delaware limited liability company which serves as the holding company for investments in after-market products and services for residential and light commercial HVAC customers.

For the 12 months ended December 31, 1999, Washington Gas reported consolidated operating revenues of \$1,148,853,000, of which \$985,287,000

(85.8%) were derived from regulated sales of gas and transportation service, and \$163,566,000 (14.2%) from diversified nonutility activities, including unregulated sales of gas and the sale, installation and servicing of residential and commercial HVAC equipment. At December 31, 1999, Washington Gas reported consolidated assets of \$1,891,626,000, including net property, plant, and equipment of \$1,409,036,000 and current assets of \$373,143,000. Common equity represents 50% of Washington Gas' total capitalization, including short-term debt.

WGL Holdings requests that the Commission find that Washington Gas' gas distribution system constitutes an integrated gas utility system within the meaning of section 2(a)(29)(B) of the Act and that all of the direct and indirect Nonutility subsidiaries and investments are retainable under the standards of section 11(b)(1) of the Act and, as applicable, section 2 of the Gas-Related Activities Act.

In addition, the Applicants are seeking authority through December 31, 2005, ("Authorization Period") for certain financing activities related to WGL Holdings, and the utility and Nonutility subsidiaries ("Subsidiaries"), described below.

WGL Holdings Long-Term Financing

WGL Holdings proposes to issue and sell up to an aggregate amount of \$300 million of securities in the form of common stock, preferred stock, long-term debt securities and other forms of preferred or equity linked securities. WGL Holdings also proposes to issue stock options, performance shares, stock appreciation rights ("SARs"), debentures, warrants or other stock purchase rights that are exercisable for Common Stock and to issue Common Stock upon the exercise of such options, SARs, warrants or other stock purchase rights.

Common stock may be issued in one or more public or private transactions through underwriters or dealers, through agents or directly to a limited number of purchasers or a single purchaser. If underwriters are used in the sale of Common Stock, such securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Common Stock may be offered to the public either through underwriting syndicates or directly by one or more underwriters acting alone. Common Stock may be

sold directly by WGL Holdings or through agents designated by WGL Holdings from time to time.

WGL Holdings may use Common Stock as consideration for the acquisition of the securities or assets of other, existing companies WGL Holdings seeks to acquire provided that the acquisition of any such equity securities or assets has been authorized in a separate proceeding or is exempt under the Act or the rules thereunder. If Common Stock or other securities linked to Common Stock is used as consideration in connection with any such authorized or exempt acquisition, the market value of the Common Stock on the day before closing of the acquisition, or the average high and low market prices for a period prior to the closing, as negotiated by the parties, will be counted against the proposed \$300 million limitation on financing.

WGL Holdings also proposes to issue Common Stock under Washington Gas' Dividend Reinvestment and Common Stock Purchase plan ("DRP"). Under the DRP, as amended, participating shareholders of WGL Holdings will be entitled to reinvest dividends and make optional cash purchases of shares of Common Stock. The DRP may also be amended to allow for purchases of Common Stock under the plan by new investors.

WGL Holdings also seeks authorization to issue Common Stock under current and possible future stock based plans maintained for the benefit of Washington Gas' employees and directors which WGL Holdings intends to adopt. Shares of Common Stock for use under the Stock Plans may either be newly issued shares, treasury shares or shares purchased in the open market. WGL Holdings will make open-market purchases of Common Stock in accordance with the terms of or in connection with the operation of the plans under rule 42. WGL Holdings may also acquire treasury shares through other open-market purchases. WGL Holdings also proposes to issue and/or sell shares of Common Stock pursuant to the existing Stock Plans and similar plans or plan funding arrangements hereafter adopted without any additional prior Commission order. Stock transactions of this variety would thus be treated the same as other stock transactions permitted pursuant to this Application/Declaration.

WGL Holdings Short-Term Debt

WGL Holdings seeks authorization to issue short-term debt up to an aggregate amount of \$300 million outstanding at any one time to provide financing for general corporate purposes, other

⁴ This number reflects data gathered from the companies operating separately as of December 31, 1999.

working capital requirements and investments in new enterprises until long-term financing can be obtained. The effective cost of money on short-term debt authorized in this proceeding will not exceed at the time of issuance 300 basis points over LIBOR for maturities of one year or less. WGL Holdings may sell commercial paper, from time to time, in established domestic or European commercial paper markets. Commercial paper would typically be sold to dealers at the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally.

WGL Holdings also proposes to establish bank lines in an aggregate principal amount sufficient to support projected levels of short-term borrowings and to provide an alternative source of liquidity. Loans under these lines will have maturities not more than one year from the date of each borrowing. WGL Holdings may also 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.

Washington Gas Short-Term Debt

Washington Gas requests authority to issue and sell from time to time during the Authorization Period notes and other evidence of indebtedness having a maturity of one year or less in an aggregate principal amount outstanding at any one time not to exceed \$350 million. Washington Gas also proposes to establish bank lines of credit in an aggregate principal amount sufficient to support projected levels of short-term borrowings and to provide an alternative source of liquidity. Short-term financing could include, without limitation, commercial paper sold in established domestic or European commercial paper markets in a manner similar to WGL Holdings, bank lines of credit and other debt securities. The effective cost of money on short-term debt of Washington Gas authorized in this proceeding will not exceed at the time of issuance 300 basis points over LIBOR for maturities of one year or less.

Nonutility Subsidiary Loans

Applicants request authority to make loans to associate, Nonutility subsidiaries at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital on the condition that the Nonutility is not directly or indirectly, wholly owned by

WGL Holdings and does not sell goods or services to Washington Gas.

Guarantees

WGL Holdings requests authorization to enter into guarantees and capital maintenance agreements, obtain letters of credit, enter into expense agreements or otherwise provide credit support on behalf, or for the benefit, of any Subsidiary as may be appropriate to enable such Subsidiary to carry on its business in an aggregate principal amount not to exceed \$400 million outstanding at any one time. WGL Holdings proposes to charge the cost of providing guarantees to the Subsidiary company receiving the guarantee. The cost will be determined by multiplying the amount of the WGL Holdings guarantee by the cost of obtaining the liquidity necessary to perform the guarantee for the period of time the guarantee remains outstanding.⁵

The Nonutility subsidiaries of WGL Holdings propose to provide guarantees and other forms of credit support on behalf, or for the benefit of, of other Nonutility subsidiaries in an aggregate principal amount not to exceed \$200 million outstanding at any one time, exclusive of any guarantees and other forms of credit support that are exempt under rule 45(b)(7) and rule 52(b). The Nonutility subsidiary providing any such credit support may charge its associate company a fee for each guarantee provided on its behalf determined in the same manner as guarantees offered by WGL Holdings to its Subsidiaries.

Hedging Transactions

WGL Holdings, and to the extent not exempt under rule 52, its Subsidiaries, request authorization to enter into interest rate hedging transactions with respect to existing indebtedness ("Interest Rate Hedges"), subject to certain limitations and restrictions, in order to reduce or manage interest rate cost. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or the senior debt ratings of the counterparties' parent companies, as published by Standard and Poor's Ratings Group, are equal to or greater than BBB, or an equivalent rating from Moody's Investors Service, Fitch Investor Service or Duff and Phelps. Interest Rate Hedges will involve the use of financial instruments commonly used in today's capital

⁵ Necessary liquidity may include bank line commitment fees or letter of credit fees. In addition, WGL Holdings will pass along the cost of other transactional expenses to the Subsidiary company receiving the guarantee.

markets, such as interest rate swaps, caps, collars, floors, and structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations. The transactions would be for fixed periods and stated notional amounts. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

Anticipatory Hedges

In addition, WGL Holdings and the Subsidiaries request authorization to enter into interest rate hedging the transactions with respect to anticipated debt offerings ("Anticipatory Hedges"), subject to certain limitations and restrictions. Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (i) A forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury obligations and/or a forward swap (each a "Forward Sale"), (ii) the purchase of put options on U.S. Treasury obligations (a "Put Options Purchase"), (iii) a Put Options Purchase in combination with the sale of call options on U.S. Treasury obligations (a "Zero Cost Collar"), (iv) transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations, or (v) 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. Anticipatory Hedges 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 ("CBOT"), 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. WGL Holdings or a subsidiary will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. WGL Holdings or a Subsidiary may decide to lock in interest rates and/or limit its exposure to interest rate increases. All open positions under Anticipatory Hedges will be closed on or prior to the date of the new issuance and neither WGL

Holdings nor any Subsidiary will, at any time, take possession or make delivery of the underlying U.S. Treasury Securities.

System Money Pool

WGL Holdings, Washington Gas, Hampshire, Crab Run, WGR, Washington Gas Energy Systems, Inc., Washington Gas Energy Services, Inc., Brandywood Estates, Inc., American Combustion Industries, Inc., Washington Gas Consumer Services, and WG Maritime Plaza I, Inc. propose to establish a system money pool ("Money Pool") and, to the extent not exempted by rule 52, also request authorization to make unsecured short-term borrowings from the Money Pool, to contribute surplus funds to the Money Pool, and to lend and extend credit to (and acquire promissory notes from) one another through the Money Pool. Washington Gas requests authority to borrow up to \$350 million at any one time outstanding from the Money Pool. WGL Holdings may lend to the Money Pool but may not borrow from it. Under the proposed terms of the Money Pool Agreement, short-term funds would be available from the following sources for short-term loans to the participating Subsidiaries from time to time: (1) Surplus funds in the treasuries of Money Pool participants other than WGL Holdings, (2) surplus funds in the treasury of WGL Holdings, and (3) proceeds from bank borrowings and/or commercial paper sales by WGL Holdings or any Money Pool participant ("External Funds"). The determination of whether Washington Gas at any time has surplus funds to lend to the Money Pool or shall lend funds to the Money Pool would be made by Washington Gas' chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors in Washington Gas' sole discretion. Only those Nonutility subsidiaries identified above shall borrow through the Money Pool. WGL Holdings shall undertake to file a post-effective amendment in this proceeding seeking approval to add any additional Nonutility subsidiary to borrow through the Money Pool. It is proposed that, without further authorization of the Commission, other current or future Nonutility subsidiaries may participate in the Money Pool as lenders but not as borrowers.

Proceeds of any short-term borrowings from the Money Pool may be used by a participant (i) For the interim financing of its construction and capital expenditure programs; (ii) for its working capital needs; (iii) for the repayment, redemption or refinancing of

its debt and preferred stock; (iv) to meet unexpected contingencies, payment and timing differences, and cash requirements; and (v) to otherwise finance its own business and for other lawful general corporate purposes.

Changes in Capital Stock

WGL Holdings requests authority to change the terms of any wholly owned Subsidiary's authorized capital stock capitalization by an amount deemed appropriate by WGL Holdings or other intermediate parent company. A Subsidiary would be able to change the par value, or change between par value and no-par stock, without additional Commission approval. Any such action by a utility subsidiary would be subject to and would only be taken upon the receipt of any necessary approvals by the state commissions in the state or states in which such utility subsidiary is incorporated and doing business.

Financing Subsidiaries

The Applicants request authority to acquire, directly or indirectly, the equity securities of one or more corporations, trusts, partnerships or other entities ("Financing Subsidiaries") created specifically for the purpose of facilitating the financing of the authorized and exempt activities (including exempt and authorized acquisitions) of WGL Holdings and the Subsidiaries through the issuance of long-term debt or equity securities, including but not limited to monthly income preferred securities, to third parties. Financing Subsidiaries would loan, dividend or otherwise transfer the proceeds of the financing to its parent or to other Subsidiaries. The terms of any loan of the proceeds of any securities issued by a Financing Subsidiary would mirror the terms of those securities. WGL Holdings may, if required, guarantee or enter into expense agreements in respect of the obligations of any Financing Subsidiary which it organizes. The Subsidiaries may also provide guarantees and enter into expense agreements, if required, on behalf of any Financing Subsidiaries which they organize pursuant to Rules 45(b)(7) and 52, as applicable. If the direct parent company of a Financing Subsidiary is authorized in this proceeding or any subsequent proceeding to issue long-term debt or similar types of equity securities, then the amount of securities issued by that Financing Subsidiary would count against the limitation applicable to its parent for those securities. However, the guarantee by the parent of that security issued by its Financing Subsidiary would not be counted against the

limitations on WGL Holdings guarantees or Subsidiary guarantees. In other cases, in which the parent company is not authorized in this or in a subsequent proceeding to issue similar types of securities, the amount of any guarantee not exempt under rules 45(b)(7) and 52 that is entered into by the parent company with respect to securities issued by its Financing Subsidiary would be counted against the limitation on WGL Holdings guarantees or Subsidiary guarantees, as the case may be.

Intermediate Subsidiaries

WGL Holdings proposes to acquire, directly or indirectly through a Nonutility subsidiary, the securities of one or more new subsidiary companies ("Intermediate Subsidiaries") which may be organized exclusively for the purpose of acquiring, holding and/or financing the acquisition of the securities of or other interest in one or more exempt wholesale generators as defined in section 32 of the Act ("EWGs"), foreign utility companies as defined under section 33 of the Act ("FUCOs"), companies, the acquisition of which are, exempted from section 9(a) of the Act under rule 58 ("Rule 58 Companies"), exempt telecommunication companies as defined under section 34 of the Act ("ETCs") or other non-exempt Nonutility subsidiaries provided that Intermediate Subsidiaries may also engage in development activities and administrative activities relating to these Subsidiaries. To the extent such transactions are not exempt from the Act or otherwise authorized or permitted by rule, regulation or order of the Commission, WGL Holdings requests authority for Intermediate Subsidiaries to provide management, administrative, project development and operating services to such entities. Such services may be rendered at fair market prices to the extent they qualify for any of the exceptions from the "at cost" standard provided by rule 90(d)(1). WGL Holdings also requests that Washington Gas' investments prior to the date of the reorganization in Subsidiaries engaged in "energy-related" activities under rule 58 be disregarded for purposes of calculating the dollar limitation on such investments under rule 58.

An Intermediate Subsidiary may be organized, among other things, (1) In order to facilitate the making of bids or proposals to develop or acquire an interest in any EWG or FUCO, Rule 58 Company, ETC or other non-exempt Nonutility subsidiary; (2) after the award of a bid proposal, in order to

facilitate closing on the purchase or financing of the acquired company; (3) at any time subsequent to the consummation of an acquisition of an interest in a company in order, among other things, to effect an adjustment in the respective ownership interests in the business held by WGL Holdings and non-affiliated investors; (4) to facilitate the sale of ownership interests in one or more acquired Nonutility companies; (5) to comply with applicable laws of foreign jurisdictions limiting or otherwise relating to the ownership of domestic companies by foreign nationals; (6) as a part of tax planning in order to limit WGL Holdings' exposure to U.S. and foreign taxes; (7) to insulate WGL Holdings and Washington Gas from operational or other business risks that may be associated with investments in Nonutility companies; or (8) for other lawful business purposes.

Investments in Intermediate Subsidiaries may take the form of any combination of the following: (1) Purchase of capital shares, partnership interests, member interests in limited liability companies, trust certificates or other forms of equity interests; (2) capital contributions; (3) open account advances with or without interest; (4) loans; and (5) guarantees issued, provided or arranged in respect of the securities or other obligations of any Intermediate Subsidiaries. Funds for any direct or indirect investment in any Intermediate Subsidiary will be derived from (1) financings authorized in this proceeding; (2) any appropriate future debt or equity securities issuance authorization obtained by WGL Holdings from the Commission; and (3) other available cash resources, including proceeds of securities sales by a Nonutility subsidiary under rule 52. To the extent that WGL Holdings provides funds or guarantees directly or indirectly to an Intermediate Subsidiary which are used for the purpose of making an investment in any EWG or FUCO or a rule 58 Company, the amount of such funds or guarantees will be included in WGL Holdings' "aggregate investment," as calculated in accordance with rule 53 or rule 58, as applicable.

WGL Holdings requests authorization to consolidate or otherwise reorganize under one or more direct or indirect Intermediate Subsidiaries WGL Holdings' ownership interests in existing and future Nonutility subsidiaries. These transactions may take the form of a Nonutility subsidiary selling, contributing or transferring the equity securities of a Subsidiary as a dividend to an Intermediate Subsidiary,

and Intermediate Subsidiaries acquiring, directly or indirectly, the equity securities of such companies, either by purchase or by receipt of a dividend. The purchasing Nonutility subsidiary in any transaction structured as an intrasystem sale of equity securities may execute and deliver its promissory note evidencing all or a portion of the consideration given. Each transaction would be carried out in compliance with all applicable U.S. or foreign laws and accounting requirements and any transaction structured as a sale would be carried out for a consideration equal to the book value of the equity securities being sold. WGL Holdings will report each such transaction in the next quarterly certificate filed under rule 24 in this file, as described below.

Energy Consumer Financing Activities

Washington Gas currently offers financing to its customers for the purchase of natural gas and electric appliances and other energy-related products and services and may continue to do so after the Reorganization. WGL Holdings proposes to expand its financing program for purchases from nonassociate vendors of energy-related equipment and related products and services to include financing for purchases of new or replacement gas or oil furnaces, gas swimming pool heaters, gas or electric hot water heaters, gas fireplace inserts, heat pumps, air conditioning equipment, electric and gas kitchen appliances, air and water treatment equipment and other energy conservation equipment, products and services, and for the costs of any related installation and remodeling work, such as duct work, plumbing and electrical work.

WGL Holdings proposes to offer the expanded consumer financing through one or more existing or newly formed, direct or indirect, Nonutility subsidiaries. The proposed financing activities will be limited to Virginia, Maryland and the District of Columbia. It is anticipated that in the vast majority of cases, the individuals or businesses to whom consumer financing is provided will be natural gas customers of Washington Gas or individuals or businesses who are not currently served by any natural gas supplier. Consumer financing may take the form direct loans to customers, guarantees of third-party loans or purchases, with or without recourse, from vendors of the equipment, supplies or services of installment purchase obligations executed by customers.

During the Authorization Period, WGL Holdings proposes to invest not more than \$100 million in existing or

new Nonutility Subsidiaries that are engaged in the business of providing financing for purchase of energy-related equipment, goods and services. These investments would be in the form of purchases of stock or other equity securities, loans, cash capital contributions and/or open account advances. WGL Holdings will use the proceeds of the financing authorized in this proceeding and/or other available cash to make such investments.

Payment of Dividends Out of Capital or Unearned Surplus

WGL Holdings proposes, on behalf of each of its current and future non-exempt, Nonutility subsidiaries that these companies be permitted to pay dividends with respect to the securities of such companies out of capital and unearned surplus (including revaluation reserve), to the extent permitted under applicable corporate law. However, a non-exempt, Nonutility subsidiary will seek approval of the Commission before declaring or paying any dividend out of capital or unearned surplus if the subsidiary derives any material part of its revenues from the sales of goods, services, electricity or natural gas to Washington Gas.

Services

Washington Gas has been providing administrative, management, technical, legal and other support services to its subsidiaries for many years, subject to approval of the terms of those arrangements by the VSCC-VA and also to the oversight of the PSC-DC C and PSC-MD. In addition, there have been occasions when subsidiaries of Washington Gas have provided services to Washington Gas or to other Washington Gas subsidiaries. Accordingly, Washington Gas requests authorization to provide administrative, management, technical, legal and other support services to the Nonutilities and to provide similar services to WGL Holding after the Reorganization. Consistent with Section 13(a) of the Act, WGL Holdings would not be able to provide any services to Washington Gas. The Nonutilities seek to provide services to Washington Gas or other Nonutilities as may be reasonably necessary. All services or goods shall be provided in accordance with rules 90 through 92.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 00-19094 Filed 7-27-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24563; 812-11956]

Colchester Street Trust, et al.; Notice of Application

July 24, 2000.

AGENCY: Securities and Exchange Commission ("SEC" or "Commission").

ACTION: Notice of application for an order under (a) section 6(c) of the Investment Company Act of 1940 (the "Act") for exemptions from sections 18(f) and 21(b); (b) sections 6(c) and 17(a) for exemptions from sections 17(a)(1) and 17(a)(3); (c) section 12(d)(1)(J) for an exemption from section 12(d)(1); and (d) section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint transactions.

Summary of Application: Applicants request an order that would amend a prior order ("Prior Order")¹ that permits an interfund lending and borrowing facility.

Applicants: Colchester Street Trust, Fidelity Aberdeen Street Trust, Fidelity Advisor Series I, Fidelity Advisor Series II, Fidelity Advisor Series III, Fidelity Advisor Series IV, Fidelity Advisor Series VI, Fidelity Advisor Series VII, Fidelity Advisor Series VIII, Fidelity Beacon Street Trust, Fidelity Boston Street Trust, Fidelity California Municipal Trust, Fidelity California Municipal Trust II, Fidelity Capital Trust, Fidelity Charles Street Trust, Fidelity Commonwealth Trust, Fidelity Concord Street Trust, Fidelity Congress Street Fund, Fidelity Contrafund, Fidelity Court Street Trust, Fidelity Court Street Trust II, Fidelity Covington Trust, Fidelity Destiny Portfolios, Fidelity Devonshire Trust, Fidelity Exchange Fund, Fidelity Financial Trust, Fidelity Fixed-Income Trust, Fidelity Garrison Street Trust, Fidelity Hastings Street Trust, Fidelity Hereford Street Trust, Fidelity Income Fund, Fidelity Investment Trust, Fidelity Magellan Fund, Fidelity Massachusetts Municipal Trust, Fidelity Money Market Trust, Fidelity Mt. Vernon Street Trust, Fidelity Municipal Trust, Fidelity Municipal Trust II, Fidelity New York Municipal Trust, Fidelity New York Municipal Trust II, Fidelity Oxford Trust, Fidelity Phillips Street Trust, Fidelity Puritan Trust, Fidelity Revere Street Trust, Fidelity School Street Trust, Fidelity Securities Fund, Fidelity Select Portfolios, Fidelity Summer Street Trust, Fidelity Trend Fund,

Fidelity Union Street Trust II, Newbury Street Trust, Variable Insurance Products Fund, Variable Insurance Products Fund II, Variable Insurance Products Fund III (collectively, the "Funds"); Fidelity Management & Research Company (together with any person controlling, controlled by, or under common control with Fidelity Management & Research Company ("FMR"); and all other registered open-end management investment companies for which FMR serves as investment adviser.²

Filing Dates: The application was filed on January 31, 2000, and an amendment was filed on July 14, 2000.

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 August 18, 2000, 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 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.

ADDRESS: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. Applicants, 82 Devonshire Street, Boston, Massachusetts 02109.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Special Counsel, at (202) 942-0572, or Nadya B. Roytblat, 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, 450 5th Street, N.W., Washington, D.C. 20549-0102 (tel. (202) 942-8090).

Applicants' Representations

1. Each Fund is registered under the Act as an open-end management investment company and currently is organized as either a Massachusetts or Delaware business trust. Certain of the Funds are organized as series

investment companies. FMR acts as each Fund's investment adviser. Fidelity Management & Research Company is an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act").

2. The Prior Order permits the Funds to participate in a joint lending and borrowing facility under certain conditions ("Credit Facility"). The Credit Facility enables the Funds to lend money to each other for temporary purposes, such as when redemptions exceed anticipated levels ("Interfund Loans"). The Credit Facility is designed both to reduce the cost of borrowing for the Funds and enhance the lending Fund's ability to earn higher rates of interest on investment of their short-term balances. The Prior Order requires that the interest rate for loans made through the Credit Facility ("Interfund Loan Rate") be based on the average of the current rate of overnight repurchase agreements (the "FICASH Rate")³ and a benchmark rate representing the lowest bank loan rate available to the Funds ("Bank Loan Rate"). Applicants request an order amending the Prior Order to permit FMR to calculate the Interfund Loan Rate as the average of (a) the higher of the overnight time deposit rate (the "OTD Rate") and the FICASH Rate, and (b) the Bank Loan Rate.

Applicants' Legal Analysis

1. Section 17(a)(3) of the Act generally prohibits any affiliated person, or affiliated person of an affiliate person ("second-tier affiliate"), from borrowing money or other property from a registered investment company. Section 21(b) generally prohibits any registered management investment company from lending money or other property to any person if that person controls or is under common control with the company. Section 2(a)(3)(c) of the Act defines an "affiliated person" of another person, in part, to be any person directly or indirectly controlling, controlled by, or under common control with, the other person. Applicants state that the Funds may be deemed to be under common control because they either

³ FICASH is a joint account that was established pursuant to SEC exemptive orders. In the Matter of Daily Money Fund, *et al.*, Investment Company Act Releases Nos. 11962 (Sept. 29, 1981) (notice) and 12061 (Nov. 27, 1981) (order); In the Matter of Daily Money Fund, *et al.*, Investment Company Act Release Nos. 19594 (July 26, 1993) (notice) and 19647 (Aug. 23, 1993) (order). Pursuant to these orders, during each trading day, the Funds' cash balances may be deposited in FICASH. FICASH invests these cash balances in one or more large, short-term repurchase agreements. FMR administers FICASH as part of its duties under its existing advisory contract with each of the Funds, and does not charge any additional fee for this service.

¹ Colchester Street Trust, *et al.*, Investment Company Act Release Nos. 23787 (Apr. 15, 1999) (notice) and 23831 (May 11, 1999) (order).

² All existing investment companies that currently intend to rely on the requested order are named as applicants. Any other existing or future investment company that subsequently relies on the requested order will comply with the terms and conditions of the application.