

FOR FURTHER INFORMATION CONTACT:
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William T. Johnstone,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[File No. 22-28638]

Application and Opportunity for Hearing: Algoma Steel Inc.

November 20, 2002.

The Securities and Exchange Commission gives notice that Algoma Steel Inc. has filed an application under Section 304(d) of the Trust Indenture Act of 1939. Algoma Steel asks the Commission to exempt from the certificate or opinion delivery requirements of Section 314(d) of the 1939 Act certain provisions of an indenture dated January 29, 2002, as supplemented by indentures dated January 29, 2002 and September 9, 2002, between Algoma Steel and Wilmington Trust Company. The indentures relate to 11% Secured Notes due 2009 and 1% Convertible Secured Notes due 2030.

Section 304(d) of the 1939 Act, in part, authorizes the Commission to exempt conditionally or unconditionally any indenture from one or more provisions of the 1939 Act. The Commission may provide an exemption under section 304(d) if it finds that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the 1939 Act.

Section 314(d) requires the obligor to furnish to the indenture trustee certificates or opinions of fair value upon any release of collateral from the lien of the indenture. The application requests an exemption from section 314(d) for specified dispositions of collateral that are made in Algoma Steel's ordinary course of business. In its application, Algoma Steel alleges that:

1. The indenture permits Algoma Steel to dispose of collateral in the ordinary course of its business;
2. Algoma Steel will deliver to the trustee annual audited financial statements; and
3. Algoma Steel will deliver to the trustee a semi-annual certificate stating that all dispositions of collateral during

the relevant six-month period occurred in Algoma Steel's ordinary course of business and that all the proceeds were used as permitted by the indenture.

Any interested persons should look to the application for a more detailed statement of the asserted matters of fact and law. The application is on file in the Commission's Public Reference Section, File Number 22-28638, 450 Fifth Street, NW., Washington, DC 20549.

The Commission also gives notice that any interested persons may request in writing that a hearing be held on this matter. Interested persons must submit those requests to the Commission no later than December 19, 2002. Interested persons must include the following in their request for a hearing on this matter:

- The nature of that person's interest;
- The reasons for the request; and
- The issues of law or fact raised by the application that the interested person desires to refute or request a hearing on.

The interested person should address this request for a hearing to: Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. At any time after December 19, 2002, the Commission may issue an order granting the application, unless the Commission orders a hearing.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

Jill M. Peterson,
Assistant Secretary.

[FR Doc. 02-29979 Filed 11-25-02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27605]

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

November 19, 2002.

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 December 13, 2002, 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 December 13, 2002, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Northeast Utilities, et al. (70-9343)

Northeast Utilities ("NU"), 174 Brush Hill Avenue, West Springfield, Massachusetts 01090-0010, a registered holding company, NU's wholly-owned nonutility subsidiary, NU Enterprises, Inc. ("NUEI"), and Northeast Utilities Service Company, both located at 107 Selden Street, Berlin, Connecticut 06037, (collectively, the "Applicants") have filed a post effective amendment to their application-declaration under section 12(b) and rules 45 and 54 under the Act.

By order dated November 12, 1998 (HCAR No. 26939) ("Prior Order"), the Commission authorized NU and NUEI to, among other things, issue guarantees or provide similar forms of credit support or enhancements (collectively, "Guarantees") to, or for the benefit of NUEI, NUEI's nonutility subsidiaries, or NU's other to-be-formed direct or indirect energy-related companies, as defined in rule 58 of the Act. The Commission, through subsequent orders in this file, authorized an increase in this Guarantee authority to \$500 million and the extension of the date through which Guarantees may be provided through December 31, 2002, under the terms and conditions of the Prior Order. Applicants request in this filing to maintain the Guarantee authority at \$500 million and to extend the date through which the Guarantees may be provided through September 30, 2003, under the terms and conditions of the Prior Order.

American Electric Power Company, et al. (70-10088)

American Electric Power Company Inc. ("AEP"), Central and South West Corporation ("CSW"), both registered holding companies under the Act, 1

Riverside Plaza, Columbus, Ohio 43215, and the following direct and indirect subsidiaries of AEP (collectively "Subsidiaries" and with AEP and CSW "Applicants"), which include:

(a) *Public utility subsidiaries*: AEP Generating Company ("Generating"), Appalachian Power Company ("Appalachian"), Central Power and Light Company ("CPL"), Columbus Southern Power Company ("Columbus"), Indiana Michigan Power Company ("Indiana"), Kentucky Power Company ("Kentucky"), Kingsport Power Company ("Kingsport"), Ohio Power Company ("Ohio"), Public Service Company of Oklahoma ("PSO"), Southwestern Electric Power Company ("SWEPCO"), West Texas Utilities Company ("West Texas"), and Wheeling Power Company ("Wheeling"), all located at 1 Riverside Plaza, Columbus, Ohio 43215 (collectively, "Utility Subsidiaries");

(b) *Nonutility subsidiaries that participate in the AEP utility money pool*: Cedar Coal Company, Central Appalachian Coal Company, Central Coal Company, Colomet Inc., Simco Inc., Southern Appalachian Coal Company, Blackhawk Coal Company, Conesville Coal Preparation Company, Franklin Real Estate Company, Indiana Franklin Realty Company, all located at 1 Riverside Plaza, Columbus, Ohio 43215 (collectively "Nonutility Participants In The Utility Money Pool"); and

(c) *Nonutility subsidiaries that wish to participate in the AEP nonutility money pool*: Universal Supercapacitors LLC, AEP Coal Inc., AEP Power Marketing Inc., AEP Pro Serv Inc., AEP Retail Energy LLC, AEP T&D Services LLC, AEP Credit Inc., Industry and Energy Associates LLC, AEP C&I Company LLC, AEP Gas Power System GP LLC, AEP Gas Power GP LLC, AEP Retail Energy, AEP Texas Commercial & Industrial Retail CP LLC, AEP Communications Inc., AEP Communications LLC, C3 Networks GP LLC, C3 Networks Limited Partnership, C3 Networks & Comm LP, AEP Fiber Venture LLC, C3 Communications Inc., AEP Energy Services Inc., AEP EmTech LLC, AEP Investments Inc., Ventures Lease Co. LLC, AEP Resource Services LLC, AEP Resources Inc., AEP Delaware Investment Company, AEP MEMCO LLC, AEP Elmwood LLC, United Sciences Testing Inc., AEP Energy Services Gas Holding Company, Mid-Texas Pipeline Company, Jefferson Island Storage & Hub LLC, AEP Acquisition LLC, AEP Energy Services Investments Inc., LIG Inc., LIG Pipeline Company, Tuscaloosa Pipeline Company, LIG Liquids Company LLC,

Louisiana Intrastate Gas Company LLC, LIG Chemical Company, Houston Pipe Line Company, AEP Gas Marketing LP, HPL Holdings Inc., AEP Resources International Limited, AEP Resources Project Management Company Ltd., AEP Pushan Power LDC, CSW International Inc., AEP Delaware Investment Company II, AEP Delaware Investment Company III, AEP Holdings I, AEP Holdings II, AEP Energy Services UK Gen Ltd., AEP Energy Services Limited, CSW Energy Inc., CSW Power Marketing Inc., CSWE/Ft. Lupton Inc., Newgulf Power Venture, CSW Development I Inc., Eastex Cogeneration LP, CSW Eastex LP I Inc., CSW Energy Services Inc., EnerShop Inc., Mutual Energy SWEPCO LP, REP Holdco Inc., Mutual Energy CPL LP, REP General Partner LLC, Mutual Energy WTU LP, Mutual Energy Service Company LLC, AEP Ohio Commercial & Industrial Retail Company LLC, AEP Ohio Retail Energy LLC, Mutual Energy LLC, AEP Texas Retail GP LLC, POLR Power LP, Dolet Hills Lignite Company LLC, AEP Desert Sky GP LLC, AEP Desert Sky LP LLC, all located at 1 Riverside Plaza, Columbus, Ohio (collectively, "Nonutility Money Pool Participants") have filed an application-declaration ("Application") under sections 6(a), 7, 9(a), 10, 12(b) and 12(c) of the Act and rules 43, 45, 46 and 54 under the Act.

Subsidiaries may also include direct or indirect subsidiaries that AEP may form under sections 32, 33 or 34 of the Act or rule 58 under the Act. All of AEP's direct and indirect Subsidiaries, other than Public Utility Subsidiaries, are referred to as nonutility subsidiaries ("Nonutility Subsidiaries"). All subsidiaries and AEP and CSW are sometimes referred to collectively as the "Companies."

The Application seeks authority for various financing transactions ("Financing Plan") as described below. In summary, the Application seeks the following authorizations and approvals of the Commission for the period ending March 31, 2006 ("Authorization Period"):

(i) SWEPCO and Wheeling request authorization to issue long-term debt in amounts not to exceed \$350 million and \$40 million, respectively;

(ii) AEP and its Public Utility Subsidiaries request aggregate short-term financing in the amount of \$7.2 billion outstanding;

(iii) CPL, Columbus, Ohio and West Texas seek interim authority until restructuring is implemented to issue short- and long-term debt in an amount not to exceed \$3.9 billion;

(iv) Subsidiaries seek authorization to organize financing entities for certain

types of financings described more fully below;

(v) Applicants seek authority to make tender offers for their securities and to repurchase their own securities from affiliates;

(vi) AEP and certain Subsidiaries that are participants in the system utility money pool request the continuation of the money pool through the Authorization Period;

(vii) AEP and certain Nonutility Subsidiaries request authority to form and continue a nonutility money pool on substantially the same terms and conditions as the utility money pool;

(viii) AEP and its Subsidiaries request authority to issue guarantees and other forms of credit support in an aggregate amount not to exceed \$900 million outstanding at any one time as more fully described below; and

(ix) AEP and its Nonutility Subsidiaries request authorization for the Nonutility Subsidiaries to pay dividends out of capital or unearned surplus to the fullest extent allowed by law.

By order dated December 30, 1997 (HCAR No. 35-26811), CSW and its electric public utility subsidiary companies, CPL, PSO, SWEPCO, WTU and Central and South West Services Inc., were authorized to engage in various financing and related transactions through December 31, 2002. By order dated June 14, 2000 (HCAR No. 35-27186), AEP was authorized to acquire by merger all of the outstanding common stock of CSW; and AEP, its operating subsidiaries and certain other subsidiaries were added to the CSW money pool. By order dated October 26, 2001 (HCAR No. 35-27457), the money pool authority was extended to December 31, 2002, and certain sublimits related to restructuring of the AEP system were established.

AEP, American Electric Power Services Company ("AEPSC"), CSW, CPL, Columbus, Ohio, SWEPCO and West Texas have pending before this Commission an application ("Restructuring Application"), for which the Commission issued a notice on June 14, 2002 (HCAR No. 27450). The application seeks authority to restructure their operations to comply with deregulation statutes in Texas and Ohio that will result in the separation of the generation and energy delivery functions of CPL, Columbus, Ohio, and West Texas. The authority sought in the Restructuring Application includes the issuance of short- and long-term debt by the new generation, distribution and transmission entities and guarantees relating to these new entities. It is possible that an order in this matter will

not be issued until after December 31, 2002. Interim financing authority for these companies is requested pending issuance of the restructuring order.

The Applicants request authority to engage in financing transactions without further Commission approval for which the specific terms and conditions are not currently known but will engage in these transactions subject to the following conditions concerning the financial condition of the Applicants:

(a) The effective cost of money on long-term debt borrowings issued will not exceed the greater of (i) 450 basis points over comparable term U.S. Treasury securities or (ii) a gross spread over U.S. Treasury securities which is consistent with similar securities of comparable credit quality and maturities issued by other companies, (b) the maturity of indebtedness will not exceed 50 years, (c) the underwriting fees, commissions, or other similar expenses paid in connection with the issue, sale or distribution of a security will not exceed 5% of the principal or total amount of the financing, (d) all debt issued by AEP will be unsecured, (e) except in accordance with a further order of the Commission, the Applicants will not publicly issue any long-term debt unless the securities are rated at the time of issuance at the investment grade level as established by at least one "nationally recognized statistical rating organization," as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of rule 15c3-1 under the Securities Exchange Act of 1934.

AEP states that it will maintain during the authorization period for itself and for all Public Utility Subsidiaries common equity of 30% of consolidated capital (including short-term debt); however, CPL requests that it be permitted to maintain a common equity ratio of 25% for so long as securitization bonds are outstanding.

The proceeds from the sale of securities in external financing transactions by the Applicants will be added to their respective treasuries and subsequently used principally for general corporate purposes including: (i) The financing, in part, of capital expenditures; (ii) the financing of working capital requirements; (iii) the acquisition, retirement or redemption of securities previously issued by AEP or its Subsidiaries without the need for prior Commission approval; and (iv) other lawful purposes, including direct or indirect investment in energy related companies as defined in rule 58 ("Rule 58 Companies"), other subsidiaries approved by the Commission, exempt wholesale generators ("EWGs"), and foreign utility companies ("FUCOs").

Applicants request approval for the following aggregate amounts of outstanding external financing during the Authorization Period (not including refinancing of outstanding securities):

(i) Long-term debt limits: SWEPCO, \$350,000,000; Wheeling, \$40,000,000.

(ii) Short-term borrowing limits through the Money Pool or external borrowings, or borrowings from AEP, as follows: Appalachian, \$600,000,000; Indiana, \$500,000,000; Kentucky, \$200,000,000; Generating, \$125,000,000; Kingsport, \$40,000,000; PSO, \$300,000,000; SWEPCO, \$350,000,000; Wheeling, \$40,000,000. In addition, AEP requests authority for short-term borrowings sufficient to fund the Utility Money Pool and the Nonutility Money Pool as well as its own requirements in an amount not to exceed \$7,200,000,000.

(iii) Interim limits: If the Restructuring Order referred to above is not obtained by December 31, 2002, the companies affected by restructuring will need interim authority to issue debt, including both long and short-term debt, both on the external market or from the Utility Money Pool, until restructuring is implemented as described in SEC File 70-9785. The companies involved in the restructuring request the following authority to issue debt if the Restructuring Order is not issued by the end of 2002: CPL, \$1,400,000,000; Columbus, \$800,000,000; Ohio, \$1,200,000,000; West Texas, \$500,000,000.

External Financing

All external financing will be at rates or prices and under conditions based upon, or otherwise determined, by competitive capital markets. The Applicants request authority to sell securities covered by this Application in any of the following ways: (i) Through underwriters or dealers; (ii) directly to a limited number of purchasers or to a single purchaser, or (iii) through agents or dealers. If underwriters are used in the sale of the securities, the 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. The securities may be offered to the public either through underwriting syndicates (which may be represented by managing underwriters) or directly by one or more underwriters acting alone. The securities may be sold directly by AEP or a Subsidiary or through agents designated from time to time. If dealers are used in the sale of any securities, the securities will be sold

to the dealers as principal. Any dealer may then resell such securities to the public at varying prices to be determined by the dealer at the time of resale.

If debt securities are being sold, they may be sold in connection with "delayed delivery contracts" which permit the underwriters to locate buyers who will agree to buy the debt at the same price but at a later date than the date of the closing of the sale to the underwriters. Debt securities may also be sold through the use of medium-term notes and similar programs, including transactions covered by rule 144A under the Securities Act of 1933. Pollution control revenue bonds may be sold either currently or in forward refundings where the price of the securities is established currently for delivery at a future date.

Long-Term Debt: Under current law, the public utility commissions in the states of Indiana, Virginia, Tennessee, Ohio, Oklahoma and Kentucky approve the issuance of long-term securities by public utility companies. Therefore, rule 52(a) under the Act provides an exemption from the Commission for the issuances of long term debt securities by all of AEP's Public Utility Subsidiaries except CPL, SWEPCO, West Texas and Wheeling. Financing authorization is being sought for CPL and West Texas in the Restructuring Application and in the request for interim limits above. SWEPCO and Wheeling seek long-term debt authority in amounts not to exceed \$350 million and \$40 million, respectively. Any long-term debt or other security would have such designations, aggregate principal amount, maturity, interest rate(s) or methods of determining these amounts, maturities or rates, interest payment terms, redemption provisions, non-refunding provisions, sinking fund terms, conversion or put terms and other terms and conditions as the Applicants may determine at the time of issuance.

Short-Term Debt: The Public Utility Subsidiaries are members of the AEP utility money pool ("Money Pool") and make short-term borrowings from the Money Pool. The Money Pool is funded by AEP currently through a commercial paper program. No participant in the Money Pool ("Participants") may borrow from the Money Pool if the borrowing company could borrow more cheaply directly from banks or through the issuance of its own commercial paper. In the event funds are not available from the Money Pool, AEP and the Public Utility Subsidiaries seek authorization for the issuance of short-term debt in the form of bank loans,

commercial paper programs and other products in the amount set forth in above, as well as direct issuance from AEP. Commercial paper would be sold in established domestic or European commercial paper markets. Short-term borrowings will have maturities of less than one year from the date of issuance. The Public Utility Subsidiaries 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.

AEP requests flexibility in the types of short-term debt by which it borrows externally to take advantage of new products being offered in the market for short-term securities, including but not limited to, the extendible commercial notes program currently being offered by certain commercial paper dealers and new products to provide alternate backup liquidity for commercial paper and short-term notes.

Credit Enhancements: Applicants seek authority to obtain credit enhancement for securities to be offered as proposed in this Application. Credit enhancements could include insurance, a letter of credit or a liquidity facility. Applicants anticipate that even though they would be required to pay a premium or fee to obtain the credit enhancement, they would realize a net benefit through a reduced interest rate on new securities. Applicants would obtain credit enhancement only if it is economically beneficial to do so.

Financing Entities: The Subsidiaries seek authority to organize new corporations, trusts, partnerships or other entities that would facilitate certain types of financings, such as the issuance of tax advantaged preferred securities. Request is also made for these financing entities to issue these types of securities to third parties. Additionally, request is made for authorization with respect to (i) the issuance of debentures or other evidences of indebtedness by the Subsidiaries to a financing entity in return for the proceeds of the financing and (ii) the acquisition by a Subsidiary of voting interests or equity securities issued by the financing entity to establish the Subsidiary's ownership of the financing entity (the equity portion of the entity generally being created through a capital contribution or the purchase of equity securities, such as shares of stock or partnership interests, involving an amount usually ranging from one to twenty-five percent of the capitalization of the financing entity). The Subsidiaries also request authorization to enter into expense

agreements with their respective financing entities through which they would agree to pay all expenses of a financing entity. The Subsidiaries may also guarantee (i) payment of interest, dividends or distributions on the securities issued by their subsidiary financing entities if and to the extent such financing entities declare dividends or distributions or pay interest out of funds legally available for that purpose; (ii) payments to the holders of the securities issued by financing entities of amounts due upon liquidation of these entities or redemption of the securities of these entities; and (iii) certain additional amounts that may be payable in respect of these securities.

Tender Offers and Repurchase of Securities: AEP and the Subsidiaries may determine to acquire outstanding securities ("Outstanding Securities") through tender offers to the holders of Outstanding Securities. Tender offers may be conditioned upon receipt of a certain percentage of the Outstanding Securities. The tender offer price would be based on a number of factors, including the coupon rate of the Outstanding Securities, the date of expiration of the refunding protection of the Outstanding Securities, the redemption price on such expiration date and the then current market rates for similar securities, all of which are relevant to the decision of an informed holder as to whether to hold or sell Outstanding Securities. Holders of Outstanding Securities may be offered a fixed price for their Outstanding Securities, or the tender offer may be a "fixed spread" offer pursuant to which the Applicants will offer a price based upon a fixed spread over comparable U.S. Treasury securities. Any tender offer will be conducted in accordance with standard market practice, *i.e.*, the length of time the offer will be held open, the method of solicitation, etc., at the time of the tender offer.

AEP and the Subsidiaries would, in connection with any tender offer, retain one or more investment banking firms experienced in such matters to act as tender agent and dealer-manager. The dealer-manager will act as the agent in disseminating the tender offer and receiving responses to it. As a dealer-manager, the investment banking firm will not itself become obligated to purchase or sell any of the Outstanding Securities. The dealer-manager's fee will be determined following negotiation and investigation of fees in similar transactions and will include reasonable out-of-pocket expenses and attorney's fees. It is expected that the Applicants will be required, as is customary, to

indemnify the dealer-manager for certain liabilities. The Applicants may also retain a depository to hold the tendered Outstanding Securities pending the purchase of them or an information agent to assist in the tender offer. AEP and the Public Utility Subsidiaries also seek authority to repurchase their own securities issued to affiliates.

Hedging Transactions

Interest rate hedging transactions with respect to existing indebtedness ("Interest Rate Hedges"), subject to certain limitations and restrictions, would be entered into in order to reduce or manage interest rate cost or risk. Interest Rate Hedges would only be entered into with counterparties ("Approved Counterparties") whose senior debt ratings, or whose parent companies' senior debt ratings, 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 or Fitch Investor Service. Interest Rate Hedges will involve the use of financial instruments and derivatives commonly used in today's capital markets, such as interest rate swaps, options, 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. In no case will the notional principal amount of any interest rate swap exceed that of the underlying debt instrument and related interest rate exposure. Applicants will not engage in speculative transactions. Fees, commissions and other amounts payable to the counterparty or exchange (excluding 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.

Interest rate hedging transactions with respect to anticipated debt offerings (the "Anticipatory Hedges") and subject to certain limitations and restrictions 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, options, 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 or the Chicago Mercantile Exchange, 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. Each Applicant will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. Applicants may decide to lock in interest rates and/or limit its exposure to interest rate increases. Applicants represent that each Interest Rate Hedge and Anticipatory Hedge will be treated for accounting purposes under generally accepted accounting principles. Applicants will comply with the then existing financial disclosure requirements of the Financial Accounting Standards Board associated with hedging transactions.

Extension of Authority for Utility Money Pool

By order dated December 30, 1976 (HCAR No. 19829), and in subsequent orders (HCAR No. 26697 (March 28, 1997), HCAR No. 24855 (April 5, 1989), HCAR No. 26254 (March 21, 1995), and HCAR No. 26854 (April 3, 1998)), the Commission authorized Central and South West Corporation ("CSW"), a Delaware corporation and a registered holding company under the Act and a wholly owned subsidiary of AEP, to establish and utilize a system Money Pool to coordinate short-term borrowings for CSW, its electric subsidiary companies and Central and South West Services Inc. By order dated June 14, 2000 (HCAR No. 27186), the Commission authorized AEP to continue the Money Pool and to add its Utility Subsidiaries as well as Nonutility Participants in the Utility Money Pool as Participants in the AEP System Money Pool and established borrowing limits for all Participants. By Order dated October 26, 2001 (HCAR No. 35-27457), AEP was authorized to increase its external borrowing from \$5

billion to \$6.910 billion through December 31, 2002, through the issuance and sale of short-term notes and commercial paper.

All short-term borrowing needs of the Participants may be met by funds in the Money Pool to the extent funds are available. Each Participant shall have the right to borrow from the Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth in orders of this Commission; provided, however, that the aggregate amount of all loans requested by any Participant shall not exceed the applicable borrowing limits set forth in orders of the Commission and other regulatory authorities and agreements binding upon a Participant. No Participant shall be obligated to borrow from the Money Pool if lower cost funds can be obtained from its own external borrowing. AEP will not borrow funds from the Money Pool or any Participant.

AEPSC, a subsidiary service company, acts as administrative agent of the Money Pool. Each Participant and AEP determine the amount of funds it has available for contribution to the Money Pool. The determination of whether a Participant or AEP at any time has surplus funds, or shall lend surplus funds to the Money Pool, will be made by a Participant's treasurer or by a designee of the Participant in his or her sole discretion on the basis of cash flow projections and other relevant factors. Each Participant may withdraw any of its funds at any time upon notice to AEPSC. Each Participant may borrow from the Money Pool to the extent of its Borrowing Limits for short-term debt.

The Money Pool is composed from time to time of funds from the following sources: (i) Surplus funds of AEP; (ii) surplus funds of any of the Participants; or (iii) short-term borrowings by AEP. AEPSC administers the Money Pool by matching up, to the extent possible, short-term cash surpluses and loan requirements of AEP and the various Participants. Participants' requests for short-term loans are met first from surplus funds of other Participants which are available to the Money Pool and then from AEP corporate funds to the extent available. To the extent that Participant contributions of surplus funds to the Money Pool are insufficient to meet Participant requests for short-term loans, borrowings are made from outside the system. Funds which are loaned from Participants into the Money Pool which are not required to satisfy borrowing needs of other Participants will be invested by AEP on behalf of the lending Participants in one or more short-term instruments.

The Money Pool makes funds available to Participants for the interim financing of their capital expenditure programs and their other working capital needs, to AEP to loan and to make capital contributions to any of the Participants, and in both instances to repay previous borrowings incurred. External borrowings by AEP will not be made unless there are no surplus funds in the treasuries of the Participants sufficient to meet borrowing needs. However, no loan will be made by AEP or any Participant if the borrowing company could borrow more cheaply directly from banks or through the sale of its own commercial paper. When more than one Participant is borrowing, each borrowing Participant will borrow *pro rata* from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool.

The interest rate applicable on any day to then outstanding loans through the Money Pool will be the composite weighted average daily effective cost incurred by AEP for short-term borrowings from external sources. If there are no borrowings outstanding then the rate would be the certificate of deposit yield equivalent of the 30-day Federal Reserve "A2/P2" Non Financial Commercial Paper Composite Rate ("Composite"), or if no composite is established for that day then the applicable rate will be the Composite for the next preceding day for which the Composite is established. If the Composite shall cease to exist, then the rate would be the composite which then most closely resembles the Composite and/or most closely mirrors the pricing AEP would expect if it had external borrowings.

Interest income related to external investments will be calculated daily and allocated back to lending parties on the basis of their relative contribution to the investment pool funds on that date. Each Participant receiving a loan shall repay the principal amount of the loan, together with all accrued interest, on demand and in any event not later than the expiration date of the Commission's authorization for the operation of the Money Pool. All loans made through the Money Pool may be prepaid by the borrower without premium or penalty.

Nonutility Money Pool

AEP and the Nonutility Money Pool Participants propose to form and participate in a separate system of inter-corporate borrowings ("Nonutility Money Pool"). The Nonutility Money Pool would be established and administered in the same manner and

subject to the same conditions as the Utility Money Pool described above.

Applicants state that participation by a Nonutility Money Pool Participant in the Nonutility Money Pool would permit their available cash and/or short-term borrowing requirements to be matched on a daily basis with other Nonutility Money Pool Participants to minimize the need of the AEP system for external short-term borrowing. If the Nonutility Money Pool Participants are authorized to participate in the Nonutility Money Pool, funds will be loaned from the Nonutility Money Pool in the form of open account advances under the same terms and limitations as currently authorized for the Utility Money Pool. Participants in the Nonutility Money Pool will not engage in lending and borrowing transactions with Participants in the Utility Money Pool.

Guarantee of Indebtedness and Obligations

AEP requests authorization to enter into guarantees, obtain letters of credit, enter into support or expense agreements or otherwise provide credit support from time to time through March 31, 2006, on behalf of any of its direct or indirect Subsidiaries in amounts up to \$900,000,000. AEP also requests authority to guarantee the obligations of its direct or indirect Subsidiaries as may be appropriate or necessary to enable the subsidiaries to carry on the ordinary course of their businesses. Each of the Public Utility Subsidiaries seeks authorization to enter into guarantees and other credit support with respect to obligations of each of its subsidiaries. Nonutility Subsidiaries also request authority for each Nonutility Subsidiary to provide guarantees and other forms of credit support to other Nonutility Subsidiaries. Certain of the guarantees referred to above may be in support of the obligations of Subsidiaries that are not capable of exact quantification. In such cases, AEP will determine the exposure of the instrument for purposes of measuring compliance with the total guarantee limit. The aggregate amount of the guarantees will not exceed \$900 million (excluding obligations exempt under rule 45 and authorized under other Commission orders).

Payments of Dividends Out of Capital or Unearned Surplus

Section 12(c) of the Act and rule 46 under the Act generally prohibit the payment of dividends out of capital or unearned surplus, except according to an order of the Commission. AEP and the Nonutility Subsidiaries hereby

request authority for the direct and indirect Nonutility Subsidiaries to pay dividends out of capital or unearned surplus to the fullest extent of the law.

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

Jill M. Peterson,
Assistant Secretary.

[FR Doc. 02-29943 Filed 11-25-02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25808; 812-12902]

Alternative Investment Partners, LLC and Trust Advisors, LLC; Notice of Application

November 20, 2002.

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

ACTION: Temporary order and notice of application under section 9(c) of the Investment Company Act of 1940 ("Act").

SUMMARY OF APPLICATION: Applicants have received a temporary order exempting them from section 9(a) of the Act, with respect to a securities-related preliminary injunction entered on November 13, 2002, until the Commission takes final action on an application for a permanent order. Applicants also have requested a permanent order.

APPLICANTS: Alternative Investment Partners, LLC ("AIP") and Trust Advisors, LLC ("TA").

FILING DATE: The application was filed on November 19, 2002.

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 Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 17, 2002, 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 Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants: AIP, 142

Hardscrabble Lake Drive, Chappaqua, NY 10514; TA, 1375 Kings Highway East, Ste. 400, Fairfield, CT 07663.

FOR FURTHER INFORMATION CONTACT: John L. Sullivan, Senior Counsel, at (202) 942-0681, or Michael W. Mundt, Senior Special Counsel, 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 Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. 202-942-8090).

Applicants' Representations

1. AIP is a Delaware limited liability company registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"). AIP serves as the investment adviser to Alpha Strategies I Fund ("Fund"), which is a series of AIP Alternative Strategies Funds, an open-end management investment company registered under the Act. TA, a Delaware limited liability company, is registered as an investment adviser under the Advisers Act and serves as a research consultant to AIP and the Fund with respect to the selection and ongoing review of subadvisers for the Fund. Because the services provided by TA may be characterized as investment advisory services, applicants state that TA may be considered an investment adviser to the Fund under section 2(a)(20) of the Act. Asset Alliance Corporation ("AAC"), a Delaware corporation, states that it is a holding company primarily engaged in the business of owning significant interests in investment managers. AAC directly owns 50% of AIP and indirectly owns 50% of TA. AAC also indirectly owns 50% of Beacon Hill Asset Management LLC ("BHAM").

2. On November 13, 2002, the U.S. District Court for the Southern District of New York entered an order of Preliminary Injunction and Other Relief Against BHAM ("Preliminary Injunction") in a matter brought by the Commission (the "Action").¹ The transactions that are the subject of the Action involved the alleged improper valuations of certain unregistered investment funds managed by BHAM, resulting in BHAM's alleged violation of section 206(2) of the Advisers Act. The

¹ *Securities and Exchange Commission v. Beacon Hill Asset Management, LLC*, Stipulation of Order Granting Preliminary Injunction and Other Relief Against Beacon Hill Asset Management, Case No. 02cv8855 (S.D.N.Y., Nov. 13, 2002).