

with a strike price one-third of the original strike price. For instance, the holder of a HFX 420 call will receive three HFX 140 calls. In addition to the strike price being reduced to one-third, the position and exercise limits applicable to the HFX will be tripled, from 5500 contracts⁵ to 16,500 contracts, for a six month period after the split is effectuated. After the initial six month period, the position and exercise limits will be reduced to the original 5,500 contract limit. This procedure is similar to the one employed respecting equity options where the underlying security is subject to a two-for-one stock split, as well as previous reductions in the value of other Phlx indexes.⁶ The trading symbol will remain HFX.

In conjunction with the split, the Exchange will list strike prices surrounding the new, lower index value, pursuant to Phlx Rule 1101A.⁷ The Exchange will announce the effective date by way of Exchange memoranda to the membership, also serving as notice of the strike price and position limit changes.⁸

The Phlx states that the purpose of the proposal is to attract additional liquidity to the product in those series that public customers are most interested in trading. For example, a near-term, at-the-money call option series currently trades at approximately \$1,150 per contract. The Exchange believes that certain investors and traders currently may be impeded from trading at such levels. With the Index split, that same option series (once adjusted), with all else remaining equal, could trade at approximately \$387 per contract. The Phlx believes that a reduced premium value should encourage additional investor interest.

The Exchange believes that Super Cap Index Options provide an important opportunity for investors to hedge and speculate upon the market risk associated with the underlying stocks. By reducing the value of the Index, such investors will be able to utilize this trading vehicle, while extending a smaller outlay of capital. The Exchange believes that this, in turn, should attract

additional investors and create a more active and liquid trading environment.

II. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, the requirements of Section 6(b)(5) of the Act.⁹ Specifically, the Commission believes that reducing the value of the Index will serve to promote the public interest and help remove impediments to a free and open securities market, by providing a broader range of investors with a means of hedging exposure to market risk associated with securities representing the most highly capitalized companies. Further, the Commission notes that reducing the value of HFX options should help attract additional investors, thus creating a more active and liquid trading market. The Commission notes that the Phlx will be providing market participants with adequate prior notice of the Index level change in order to avoid investor confusion.¹⁰

The Commission also believes that the Phlx's position and exercise limits and strike price adjustments are appropriate and consistent with the Act. In this regard, the Commission notes that the position and exercise limits and strike price adjustments are similar to the approach used to adjust outstanding options on stocks that have undergone a two-for-one stock split as well as reductions in value of other indexes.¹¹

The Commission believes that tripling the Index's divisor will not have an adverse market impact or make trading HFX options susceptible to manipulation. After the split, the Index will continue to be comprised of the same stocks with the same weightings and will be calculated in the same manner (except for the change in divisor). Finally, the Phlx's surveillance procedures will also remain the same.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹² that the

proposed rule change (SR-Phlx-96-17) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,
Deputy Secretary.

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BILLING CODE 8010-01-M

TENNESSEE VALLEY AUTHORITY

Environmental Impact Statement: Proposed Exercise of Option Purchase Agreement With LSP Energy Limited Partnership for Supply of Electric Energy

AGENCY: Tennessee Valley Authority.

ACTION: Notice of Intent.

SUMMARY: The Tennessee Valley Authority (TVA) will prepare an environmental impact statement (EIS) for the proposed exercise of an electric energy option purchase agreement (OPA) with LSP Energy Limited Partnership. Under the terms of the OPA, TVA may elect to purchase firm electric energy provided as 750 megawatt (MW) of base load electric capacity. This energy would be provided from a 750 MW (approximate capacity) natural gas-fired combustion turbine combined cycle power plant that LSP Energy Limited Partnership has proposed to construct and operate in the City of Batesville, Mississippi. Batesville is in Panola County and is about 140 miles north of Jackson, Mississippi and 50 miles south of Memphis, Tennessee. The EIS will evaluate the potential environmental impacts of the proposed power plant. TVA wants to use the EIS process to obtain the public's comments on this proposal.

DATES: Comments on the scope of the EIS must be postmarked no later than September 13, 1996. TVA will conduct a public meeting on the scope of the EIS. The location and time of this meeting is announced below.

ADDRESSES: Written comments should be sent to Greg Askew, PE, Senior Specialist, National Environmental Policy Act, Tennessee Valley Authority, mail stop WT 8C, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1499. Comments may also be e-mailed to gaskew@tva.gov.

FOR FURTHER INFORMATION CONTACT: Ron Westmoreland, Environmental Research Center, Tennessee Valley Authority, mail stop CEB 4C, Muscle

⁵ See Phlx Rule 1001A(c).

⁶ See Securities Exchange Act Release Nos. 36577 (December 12, 1995), 60 FR 65705 (December 20, 1995) (reducing the value of the Phlx National Over-the-Counter Index); and 35999 (July 20, 1995), 60 FR 38387 (July 26, 1995) (reducing the value of the Phlx Semiconductor Index).

⁷ Specifically, because the Index value would be less than 500, the applicable strike price interval would be \$5 in the first four months and \$25 in the fifth month and the long-term options. See Rule 1101A(a).

⁸ See note 10, *infra*.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ The Phlx will be issuing two circulars to its membership prior to the effective date of this change. The first circular will advise the members generally of the reduction in value of the HFX and the temporary increase in position and exercise limits. The second circular, which will be issued within one week of the effective date of the change, will also list specific strike prices for the adjusted HFX options. Telephone Conversation between Terry McClosky, Vice President, Regulatory Services, Phlx, and James T. McHale, Attorney, Office of Market Supervision, Division of Market Regulation, on August 7, 1996.

¹¹ See note 6, *supra*.

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).

Shoals, Alabama 35662-1010. E-mail may be sent to idwfq@tva.gov.

SUPPLEMENTARY INFORMATION:

Project Description

The natural gas-fired combustion turbine combined cycle power plant proposed by LSP Energy Limited Partnership to satisfy the requirements of the OPA would be located on a 50 acre site in the Batesville Industrial Park. The industrial park fronts the east side of Mississippi Highway 35 at Brewer Road and is within the Batesville city limits. The power plant would consist of two or more natural gas fired combustion turbine-generators, two or more heat recovery steam generators and exhaust stacks, one or more steam turbine-generators, wet mechanical draft cooling towers, fuel oil storage tanks for backup fuel, feedwater and wastewater treatment systems, a 161 kilovolt switchyard, a control building, and other minor appurtenances and equipment necessary for plant operation and maintenance.

Other actions necessary for operation of the power plant include development and operation of water supply and conveyance systems, construction and operation of wastewater treatment with conveyance and outfall, construction and operation of one or more natural gas pipeline taps and conveyances, construction and operation of an interconnection between the plant switchyard and the TVA Batesville Substation, and construction and operation of improvements to the Batesville Substation. Other improvements to the TVA power transmission system may be necessary to support plant operation.

TVA's Integrated Resource Plan

TVA's integrated resource plan and final programmatic environmental impact statement, Energy Vision 2020, was completed in December 1995. Energy Vision 2020 contains recommendations for meeting future TVA customer energy requirements. Call options (option purchase agreements) are recommended as one component of TVA's preferred alternative which is a portfolio of energy resource options. The Energy Vision 2020 short-term action plan for the years 1996-2002 recommends that TVA purchase call options for up to 3,000 MW of peaking and base load capacity additions to be available in the years 1998 to 2002.

Proposed Issues to be Addressed

The EIS will describe the existing environmental, cultural, and recreational resources that may be

potentially affected by construction and operation of the project. TVA's evaluation of potential environmental impacts due to project construction and operation will include, but not necessarily be limited to the impacts on air quality, water quality, aquatic and terrestrial ecology, endangered and threatened species, wetland resources, aesthetics and visual resources, noise, land use, cultural resources, and socioeconomic resources. Because the proposed project is to be located in an industrial park, the on-site issues of terrestrial wildlife, vegetation, and land use are not likely to be important.

TVA's Integrated Resource Plan, Energy Vision 2020, identifies and evaluates TVA's need for additional energy resources and the environmental impacts of alternative energy resources.

Alternatives

The results from evaluating the potential environmental impacts related to these issues and other important issues identified in the scoping process together with engineering and economic considerations will be used in selecting a preferred alternative. At this time, TVA has identified as alternatives for detailed evaluation in the EIS: (1) Not exercising the OPA (No Action), and (2) Exercising the OPA.

Scoping Process

Scoping, which is integral to the NEPA process, is a procedure that solicits public input to the EIS process to ensure that: (1) Issues are identified early and properly studied; (2) issues of little significance do not consume substantial time and effort; (3) the draft EIS is thorough and balanced; and (4) delays caused by an inadequate EIS are avoided. TVA's NEPA procedures require that the scoping process commence after a decision has been reached to prepare an EIS in order to provide an early and open process for determining the scope of issues to be addressed and for identifying the significant issues related to a proposed action. The scope of issues to be addressed in a draft EIS will be determined, in part, from written comments submitted by mail, and comments presented orally or in writing at a public meeting. The preliminary identification of reasonable alternatives and environmental issues is not meant to be exhaustive or final. TVA considers the scoping process to be open and dynamic in the sense that alternatives other than those given above may warrant study and new matters may be identified for potential evaluation.

The scoping process will include both interagency and public scoping. The

public is invited to submit written comments or e-mail comments on the scope of this EIS no later than the date given under the **DATES** section of this notice and/or attend the public scoping meeting. TVA will conduct a public meeting on the scope of the EIS in Batesville, Mississippi on September 5, 1996. The meeting will begin at 5:00 p.m. at the offices of the Tallahatchie Valley Electric Power Association located at 200 Power Drive just west of the intersection of Mississippi Highway 6 and U.S. Interstate Highway 55.

The agencies to be included in the interagency scoping are U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, Mississippi Department of Environmental Quality, Mississippi Historical Commission, and other federal, state and local agencies as appropriate.

Upon consideration of the scoping comments, TVA will develop alternatives and identify important environmental issues to be addressed in the EIS. Following analysis of the environmental consequences of each alternative, TVA will prepare a draft EIS for public review and comment. Notice of availability of the draft EIS will be published by the Environmental Protection Agency in the Federal Register. TVA will solicit written comments on the draft EIS, and information about possible public meetings to comment on the draft EIS will be announced. TVA expects to release a final EIS by May 1997.

Dated: August 8, 1996.

Kathryn J. Jackson,

Senior Vice President, Resource Group.

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

APEC Intellectual Property Rights Contact Point List: Request for Applications for Inclusion on the List of Private-Sector Individuals Interested in Intellectual Property Rights in the Asia-Pacific Region

AGENCY: Office of the United States Trade Representative.

ACTION: Notice; request for submission of applications for inclusion on list of private-sector individuals working in the area of intellectual property rights protection in the Asia-Pacific region.

SUMMARY: The ad hoc working group on intellectual property operating under the auspices of the Asia Pacific Economic Cooperation (APEC) forum is