Dated: July 30, 2003.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27703; International Series Release No. 1270]

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

July 30, 2003.

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 25, 2003, 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 25, 2003, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Hydro-Québec, et al. (70–10083)

Hydro-Québec (''HQ''), 75 René-Lévesque Blvd. West, Montréal, Québec H2Z 1A4 Canada, a corporation wholly owned by the government of Québec and a public-utility holding company that claims exemption under the Act under rule 10, and its subsidiaries, TransEnergie HQ, Inc. (''TEI''), 740 rue Nôtre-Dame Ouest, Bureau 800, Montréal, Québec, H3C 3X6 Canada, a Canadian corporation, TransEnergie U.S. Ltd. (''TEUS''), a Delaware corporation and Cross-Sound Cable Company (New York), LLC (''CSC NY''), a New York limited liability company, both located at 110 Turnpike Road, Westborough, MA 01581 (collectively, ''Applicants'') have filed an application under sections 3(a)(1), 3(a)(5), 9(a)(2) and 10 of the Act in connection with a proposed acquisition of interests in CSC NY (the ''Transaction'').

Applicants request an order under sections 9(a)(2) and 10 of the Act authorizing HQ, through TEI and TEUS to acquire interests in CSC NY; [1] an order exempting TEUS from registration under section 3(a)(1); and an order exempting HQ from registration under section 3(a)(5).

I. Background

HQ is a large electric utility operating in eastern Canada. HQ owns both gas and electric systems. The company's overall international strategy is to become a multi-service electric and gas utility in the areas where it operates.

HQ was created in 1944 by the Hydro-Québec Act of the Parliament of Québec. HQ's common stock is held entirely by the Government of Québec (''GOQ''). Applicants state that the GOQ plays no role in day-to-day management of HQ, but it appoints the 18-member board of directors of the company. Of these eighteen, two are representatives of the GOQ, one is also the chief executive officer of HQ, and the remaining fifteen directors, including the Chairman of the Board, are independent directors. The daily affairs of HQ are managed by the Executive Committee, which consists of seven members appointed by the Board of Directors. Of those seven, five are drawn from the ranks of the independent directors. The Executive Committee, in turn, appoints the senior corporate officers.

Pursuant to the Hydro-Québec Act, HQ must provide quality electric service to all Québec customers and manage its affairs to create value for its sole shareholder, the GOQ. To that end, every two years, HQ submits a strategic plan to the GOQ for approval. This plan discusses whether the generation will be built or developed, financial targets for profitability of the major business segments (generation, transmission and distribution) and the nature and amount of investments for each segment. Upon GOQ approval of the plan, the utility's officers (selected by the Board of Directors) will execute the plan. Applicants note that, although HQ is wholly owned by the GOQ, it is required by the *Act respecting the Régie de l'énergie* to be subject to the regulatory jurisdiction of the Québec Energy Board, an independent agency established pursuant to the *Act respecting the Régie de l'énergie* with respect to certain matters primarily related to transmission and distribution.

HQ has six functionally, but not legally, separate business segments: Transmission; Distribution; Generation; Construction; Oil and Gas; and Corporate and Other Activities (which includes research and development and corporate and financial services). HQ is organized along these functional lines, but, as a result of its statutory mandate, it does not conduct business outside of Québec. Instead, all of its non-Québec activities are conducted through intermediate companies, such as TEI.

HQ's Generation segment activities include the sale of surplus electricity outside of Québec through a subsidiary, H.Q. Energy Marketing, Inc. (''HQEM''), and energy trading operations. HQ exports electrical power subject to the *National Energy Board Act (Canada)*, which requires that a permit or license be obtained from the National Energy Board of Canada (the ''National Board'') for such exports. HQ holds two permits, which were granted by the National Board in December 1994 and which authorize HQ to export annually, for a continuous period of no more than five years for any single contract, up to 30 gigawatts (''TWh'') of interruptible energy and up to 20 TWh of firm energy to the United States. The permits cover a 16-year period from December 1, 1994 to December 31, 2010, and allow HQ to take advantage of the spot market in the United States. Longer-term export contracts (more than five years) remain subject to the prior issuance of specific permits or licenses by the National Board.

On April 8, 1999, HQEM, a Québec corporation wholly owned by HQ, obtained two permits from the National Board to enable HQEM, as a power marketer outside Québec, to export firm and interruptible energy up to 30 TWh annually to the United States from interconnections located in other provinces, under contracts with a term of five years or less. The permits cover a 10-year period from April 8, 1999 to April 7, 2009. HQEM buys, sells and trades power in Canada and the United States. On March 5, 2003, HQEM obtained a renewal of its permit to export natural gas to the United States. This permit covers a 2-year period through March 4, 2005.

HQ is a holding company under the Act by reason of its indirect ownership interest in Gaz Métropolitain, Inc. (''GMI''), a Canadian corporation and a public-utility holding company exempt from registration by order under section

[1] When CSC NY commences operations, it will be a public-utility company under the Act.

3(a)(5) of the Act.[2] GMI is the general partner of Gaz Métropolitain and Company, Limited Partnership (''GMCLP''), in which it holds a 77.4% interest. Through Northern New England Gas Corporation, a public-utility holding company exempt from registration under section 3(a)(1) of the Act, GMCLP owns a 100% ownership interest in Vermont Gas Systems, Inc., a Vermont gas utility company. By order of the Commission dated November 23, 1994, GMI is exempt from registration under section 3(a)(5) of the Act.[3] The holding companies over GMI rely upon rule 10(a)(2) for exemption from registration.[4]

Noverco also owns 9.8% of Enbridge Inc. (''Enbridge''), a Canadian gas public-utility company that wholly owns St. Lawrence Gas Company, Inc. (''St. Lawrence Gas''), a New York public-utility company. HQ thus holds an indirect, economic interest in St Lawrence Gas of less than 5%.

HQ's subsidiaries also have an active presence in the United States gas and electric markets.[5] HQ Energy Services (U.S.) Inc. (''HQUS'') is a power marketing subsidiary of HQ that was authorized by the Federal Energy Regulatory Commission (the ''FERC'') in November 1997 to sell electricity at wholesale within the United States at market-based rates. HQUS does not own any electric generation or transmission facilities within the meaning of the Act in North America. HQUS buys electricity from HQ for resale in the United States and is an active trader of power in the New York Independent System Operator (''New York ISO''), the New England Independent System Operator (''New England ISO'') and the PJM Interconnection, organizations in which HQUS is a member.[6]

HQ's transmission activities in the United States are held through an intermediate entity, TEI. TEI, a Canadian corporation, is a wholly owned subsidiary of HQ, with which TEI is fully consolidated.[7] At present, TEI has no utility or non-utility businesses in the United States except its indirect interest in the Project described below.

TEUS, currently a Delaware corporation, is owned by TEI.[8] Applicants state that, by holding TEUS through a conduit such as TEI, HQ can satisfy its legal mandate of conducting operations solely within the province of Québec.

II. The Transaction

A. The Project

TEUS and UIL Holdings Corporation (''UIL''), a Connecticut public-utility holding company exempt from registration under section 3(a)(1) of the Act by rule 2, have formed a joint venture for the construction, financing and ownership of a new merchant transmission facility between Connecticut and New York (the ''Project'').[9] The Project consists of a 26-mile high-voltage direct-current transmission cable system underneath the Long Island Sound that will connect the electric transmission grids of Connecticut and Long Island, New York, and provide additional power transfer capability of up to 330 megawatts in both directions between New Haven, Connecticut and Brookhaven/Shoreham, New York.

TEUS has obtained approval from the FERC to sell transmission service at negotiated rates that reflect the difference between generation prices in Connecticut and Long Island. The Project will not have any retail customers. It will sell only rights to transmission capacity, and will not take title to, or sell, electricity. Its sole customer will be the Long Island Lighting Company, doing business as LIPA. LIPA is a wholly owned subsidiary of the Long Island Power Authority, which is a corporate municipal instrumentality of the State of New York. LIPA provides retail electric service to Long Island residents and has entered into a twenty-year contract for all of the Project's available transmission capacity rights.

B. Ownership of CSC NY

CSC NY has undertaken the construction, financing and ownership of the Project, and holds all of the Project's assets. As noted above, upon the commencement of operations, CSC NY will be an electric utility company within the meaning of section 2(a)(3) of the Act.

There are two classes of membership interests in CSC NY. A Class A membership interest entitles the holder to 100% of the voting rights. A Class B membership interest entitles the holder to a percentage of the economic benefits from the Project and no voting rights. ''Economic benefits'' consist of the right to income, losses and any gains or losses on the sale of the project.

TEUS owns all of the Class A membership interests in CSC NY (and thus has 100% of the voting interests) and 75% of the Class B membership interests (which entitle TEUS to 75% of the economic benefits). United Capital Investments, Inc. (''UCI''), a wholly owned subsidiary of United Resources, Inc., a non-regulated business unit of UIL, holds the remaining 25% of the Class B membership interest in CSC NY and is therefore entitled to 25% of the economic benefits in the Project. As of February 28, 2003, TEUS and UCI had made capital contributions of $29,250,750 and $9,750,250, respectively, for their respective membership interests in the Project.

C. Operating and Financing Agreements

Applicants state that, upon commercial operation of the Project, both day-to-day and long-term administration of the Project will be exercised according to the following contracts and arrangements: (i) The Firm Transmission Capacity Purchase Agreement dated August 2, 2000 and as amended from time to time between TEUS, as seller, and LIPA, as buyer (the ''LIPA Off-Take Agreement''), and the Assignment and Assumption Agreement between TEUS, as assignor and CSC NY, as assignee, under which CSC NY assumes all of the rights and obligations of TEUS under the LIPA Off-take Agreement; (ii) the Transmission System Operation and Maintenance Agreement dated October 13, 2000 and as amended from time to time between

[2] HQ owns 41.2% of the share capital of Noverco Inc., a Canadian corporation that holds a 100% ownership interest in GMI.

[3] Holding Co. Act Release No. 26170.

[4] Rule 10(a) in pertinent part provides an exemption for a holding company that is such ''solely by reason of such company having as a subsidiary any company which, insofar as it is * * * a holding company, is: (2) A company exempted as a holding company * * * under subparagraph [3(a)(5) of the Act.]''

[5] HQ is a voluntary foreign government registrant of the Commission. HQ has debt securities registered under section 12(b) of the Securities Exchange Act of 1934 and files an Annual Report on Form 18–K.

[6] HQ also holds an indirect ownership interest in Bucksport Energy LLC (''Bucksport Energy''), which owns 72.2% of a qualifying cogeneration facility located in Bucksport, Maine. Energy Holding, Inc., a wholly owned subsidiary of HQ, owns 38.88% of Bucksport Energy's membership interests. MEG Holding US Corporation owns the remaining 61.12% interest. MEG Holding US Corporation is wholly owned by Multinational Electricity and Gas Corporation, which, in turn, is 50% owned by HQ. HQ therefore owns 49.9968% of the Bucksport facility, which commenced operations in January 2001.

[7] TEI does not publish financial statements separate from those of HQ.

[8] At present, TEUS is a Delaware corporation. A New York corporation, TransEnergie Newco, Inc. (''TEUS–NY'') has been authorized to be formed as a wholly owned subsidiary of TEI. Applicants state that all necessary corporate approvals have been obtained to merge TEUS into TEUS–NY with the latter being the surviving corporation. Applicants state that upon receipt of the Commission's approval and following the filing of the various certificates of merger, TEUS–NY, a New York corporation will hold 100% of the Class A membership interest in CSC–NY and 75% of the Class B membership interest in CSC–NY.

[9] The sole public-utility subsidiary company of UIL is The United Illuminating Company.

CSC NY, as owner of the Project's assets, and TEUS, as operator; (iii) the Limited Liability Company Agreement of CSC NY, effective October 13, 2000 and as amended from time to time, and (iv) the Project's financing documents.

III. Requested Orders and Other Requests

As noted above, Applicants request an order under sections 9(a)(2) and 10 of the Act authorizing HQ, through TEI and TEUS to acquire interests in CSC NY. In addition, Applicants request an order exempting TEUS from registration under section 3(a)(1) of the Act. TEUS states that, following the Transaction, both it and CSC NY will be predominantly intrastate in character and carry on their business substantially in New York, the state in which both will be organized. HQ requests an order under section 3(a)(5) of the Act exempting it from registration. HQ states that, following the Transaction, it will continue to be a holding company that is not, and derives no material part of its income, directly or indirectly, from any one or more subsidiary companies which are, a company or companies the principal business of which within the United States is that of a public-utility company.

Applicants further request that the Commission look through TEI, an intermediate holding company, for purposes of the analysis under section 11(b)(2) of the Act.

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

Margaret H. McFarland,

Deputy Secretary,

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–48244; File No. SR–Amex–2003–47]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC To Amend Commentary .02 of Amex Rule 126(g) to Restrict the Crossing of Agency Orders of 5,000 Shares or More To Orders for the Accounts of Persons Who Are Not Brokers or Dealers

July 29, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on May 19, 2003, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Commentary. 02 to Amex Rule 126(g) (''Special Rules'' under ''Precedence of Bids and Offers'')[3] to restrict the crossing of agency orders of 5,000 shares or more to orders for the accounts of persons who are not brokers or dealers. The text of the proposed rule change is below. Text in brackets indicates material to be deleted, and text in italics indicates material to be added.

* * * * *

Rule 126(g)

Commentary

.02 When a member has an order to buy and an order to sell an equivalent amount of the same security, and both orders are of 5,000 shares or more and are for the accounts of persons who are not [members or member organizations] *brokers or dealers (including, all U.S. registered and foreign registered brokers or dealers),* the member may ''cross'' those orders at a price at or within the prevailing quotation. The member's bid or offer shall be entitled to priority at such cross price, irrespective of pre-existing bids or offers at that price. The member shall follow the crossing procedures of Rule 151, and another member may trade with either the bid or offer side of the cross transaction only to provide a price which is better than the cross price as to all or part of such bid or offer. A member who is providing a better price to one side of the cross transaction must trade with all other market interest having priority at that price before trading with any part of the cross transaction. No member may break up the proposed cross transaction, in whole or in part, at the cross price. No specialist or registered trader may effect a proprietary transaction to provide price improvement to one side or the other of a cross transaction effected pursuant to this Commentary .02. A transaction effected at the cross price in reliance on this Commentary .02 shall be printed as ''stopped stock''.

* * * * *

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Amex Rule 126(g), Commentary .02 provides that a member may cross an order to buy and an order to sell an equivalent amount of the same security at or within the prevailing quotation if both orders are for 5,000 shares or more, and if they are for the accounts of non-members or member organizations. These are referred to as ''clean agency crosses'' or ''agency cross transactions.'' A member is not permitted to break up a proposed clean agency cross at the cross price, but may trade with the bid or offer side to provide price improvement to all or part of the bid or offer. The purpose of the rule is to permit more crosses to take place on the Exchange without risk of being ''broken up'' at the cross price and to reduce the amount of crossing activity lost to regional exchanges or the third market.

In addition, because these crosses are required under Amex Rule 151 to be effected at the minimum price variation, since the advent of decimal pricing, it is possible for members to interfere with a cross while providing price improvement of only $.01 to a portion of the cross. The Commission approved an amendment to Amex Rule 126(g), Commentary .02 to provide that orders of 5,000 shares or more for the account of a non-member organization may be crossed at a price at or within the bid or offer without being broken up by a specialist or Registered Trader acting as

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

[3] The Exchange made a typographical correction to the reference of Arnex Rule 126. Telephone conversation between Michael Cavalier, Associate General Counsel, Amex, and Andy Shipe, Special Counsel, Division of Market Regulation, Commission, on July 16, 2003.