requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

## Consolidated Natural Gas Company, et al. (70-8619)

Consolidated Natural Gas Company ("CNG"), a registered holding company, CNG Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222-3199, and its wholly owned nonutility subsidiary companies, CNG Research Company ("Research") and Consolidated Natural Gas Service Company, Inc. ("Service"), both located at CNG Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222-3199; CNG Coal Company ("Coal"); CNG Producing Company ("Producing") and its subsidiary company, CNG Pipeline Company ("Pipeline"), all located at CNG Tower, 1450 Poydras Street, New Orleans, Louisiana 70112-6000; CNG Transmission Corporation ("Transmission") and CNG Storage Service Company ("Storage"), both located at 445 West Main Street, Clarksburg, West Virginia 26301; CNG **Energy Services Corporation ("Energy** Services''), One park Ridge Center, P.O. Box 15746, Pittsburgh, Pennsylvania 15244–0746; and CNG's public-utility subsidiary companies, The Peoples Natural Gas Company ("Peoples"), CNG Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222-3199; The East Ohio Ğas Company ("East Ohio"), located at 1717 East Ninth Street, Cleveland, Ohio 44114-0759; Virginia Natural Gas, Inc. ("VNG"), 5100 East Virginia Beach Boulevard, Norfolk, Virginia 23502–3488; Hope Gas, Inc. ("Hope Gas"), P.O. Box 2868, Clarksburg, West Virginia 26301–2868; and West Ohio Gas Company ("West Ohio"), P.O. Box 1217, Lima, Ohio 45802-1217 (collectively, "Subsidiaries"), have filed an application-declaration under sections 6(a), 6(a)(2), 7, 9(a), 10, 12(b) and 12(c) of the Act and rules 43 and 45.

CNG proposes to issue and sell commercial paper in an aggregate principal amount not to exceed \$800 million outstanding at any one time, from time-to-time through June 30, 1996 ("Commercial Paper"). Such Commercial Paper may be domestic commercial paper ("Domestic Paper") and/or European commercial paper ("Euro Paper"). Domestic Paper will have varying maturities of not more than 270 days and Euro Paper will have maturities from 7 to 183 days. CNG proposes to sell Domestic Paper or Euro

Paper, whichever provides the lower cost in a given transaction, but only so long as the discount rate or the effective interest cost on the date of sale does not exceed the prime rate of interest from a commercial bank.

To the extent that it becomes impractical to sell the Commercial Paper due to market conditions or otherwise, CNG proposes to borrow, repay and reborrow, without collateral under back-up lines of credit, an aggregate principal amount not to exceed \$600 million through June 30, 1996 ("Loans"). Any additional funding needs in excess of \$600 million that would otherwise have been provided by the Commercial Paper will be provided by advances under a proposed credit agreement described below. The Loans, together with any sales of Commercial Paper, will not exceed an aggregate outstanding principal amount of \$800 million.

The Loans will mature not more than one year from the date of each borrowing, will be prepayable in whole or part at any time, and will bear interest at a rate not to exceed the prime commercial rate of interest of the lending bank in effect on the date of each borrowing. A commitment fee of no more than 0.125% of the principal amount of each bank's commitment may be paid.

ĆNG additionally proposes to obtain a revolving line of credit through June 30, 1996 of up to \$150 million, with advances thereunder maturing in no more than 364 days. The interest rate on fixed rate advances under such line of credit would not exceed 50 basis points over LIBOR and the interest rate on floating rate advances under such line of credit would not exceed the higher of (i) 325 basis points over LIBOR or (ii) 47.5 basis points over the certificate of deposit rate.

Additionally, CNG proposes to restructure an existing credit agreement authorized by the Commission by orders dated March 28, 1991 and September 9, 1992 (HCAR Nos. 25383 and 25626, respectively). Pursuant to this agreement, loans of up to \$300 million would be advanced to Consolidated from time to time through June 30, 1996, each such advance being evidenced by either a note to a group of participating banks ("Syndicated Note") or to individual participating banks ("Money Market Note"). Each such note will mature in 364 days.

The interest rate for any Syndicated Note will not exceed (i) the higher of the prime rate announced by Chase Manhattan Bank or the federal funds rate plus 50 basis points, (ii) LIBOR, adjusted for reserve requirements, plus

25 basis points, or (iii) the certificate of deposit rate, adjusted for reserve requirements and deposit insurance costs, plus 37.5 basis points. The interest rate for a Money Market Note will be such rate as the banks may bid, which will either be expressed as an all-in-rate or with reference to LIBOR.

It is also proposed that, through June 30, 1996, CNG provide financing to the Subsidiaries in an aggregate amount not to exceed \$1.225 billion in the form of open account advances, long-term loans and/or capital stock purchases. Individual Subsidiary financing by CNG would not exceed the following amounts: (1) Transmission, \$100 million; (2) East Ohio, \$265 million; (3) Peoples, \$100 million; (4) VNG, \$100 million; (5) Hope Gas, \$15 million; (6) Energy Services, \$300 million; (7) Storage, \$1 million; (8) West Ohio, \$25 million; (9) Service, \$15 million; (10) Producing, \$300 million; (11) Coal, \$3 million; and (12) Research, \$1 million.

Open account advances ("Advances"), may be made, repaid and remade on a revolving basis, and all such Advances will be repaid within one year from the date of the first Advance to the borrowing Subsidiary with interest at the same effective rate of interest as CNG's weighted average effective rate of commercial paper and/ or revolving credit borrowings. If no such borrowings are outstanding, the interest rate shall be predicated on the Federal Funds' effective rate of interest as quoted by the Federal Reserve Bank of New York. Advances will be made through the CNG System Money Pool authorized by Commission order dated June 12, 1986 (HCAR No. 24128).

Long-term loans will mature over a period of time not in excess of 30 years with the interest rate predicated on and substantially equal to CNG's cost of funds for comparable borrowings. In the event CNG has not had recent comparable borrowings, the rates will be tied to the Salomon Brothers indicative rate for comparable debt issuances published in Salomon Brothers, Inc. Bond Market Roundup, or to a comparable rate index, on the date nearest to the time of takedown.

Capital stock will be purchased from the Subsidiaries at its par value (book value in the case of VNG). Capital stock transactions between CNG and its utility Subsidiaries would occur under an exemption pursuant to rule 52 and are not part of the authorization requested.

Producing proposes to provide to Pipeline, from time-to-time through June 30, 1996, up to an aggregate of \$1 million of financing through short-term loans in the form of open account advances and/or long-term loans