

Authority"). A request to increase the amount of such Financing Authority to \$300 million for the fiscal period July 1, 1995 through June 30, 1996 is currently under review by the Commission.

Energy Services now proposes, without further Commission approval, to invest an aggregate amount not to exceed the lesser of \$150 million or its unused Financing Authority to acquire: (1) an ownership interest, which may be up to 50% of the voting or nonvoting stock, in one or more corporations established for the sole purpose of engaging in Gas Related Activities; (2) either into its own name or through a wholly owned special purpose subsidiary company, up to 50% of the general partnership interests in one or more partnerships, or up to 50% voting equity interest in one or more other joint business entities such as joint ventures or limited liability companies, which are established for the sole purpose of engaging in Gas Related Activities; and/or (3) up to 100% of the limited partnership interests in one or more partnerships established for the sole purpose of engaging in Gas Related Activities. None of the projects in which Energy Services would seek to invest will be a utility company.

Energy Services is currently reviewing a number of possible investments in projects with nonaffiliates which would enhance its ability to obtain supplies of natural gas for its customers. None of the projects currently under study would by itself require equity investment by Energy Services or its subsidiary company in excess of \$25 million, with most of the opportunities being in the \$3 to \$5 million investment range. The amount that could be invested by Energy Services in joint entities would be included in the Financing Authority available to Energy Services from Consolidated. However, the amount invested (including capitalized development expenses) by Energy Services in such joint entities will in no event exceed the lesser of \$150 million or the unused amount authorized for Consolidated financing of Energy Services during the authorization period ending December 31, 1997.

Consolidated and Energy Services propose to guarantee their obligations incurred as a result of equity investments made in the joint entities up to an aggregate amount not to exceed the lesser of \$150 million or its unused Financing Authority. Such guarantees, if made by Consolidated, would be calculated as part of the maximum \$750 million authority to guarantee obligations of Energy Services granted

in Commission order dated November 16, 1993 (HCAR No. 25926).

Atlantic Energy, Inc. (70-8647)

Atlantic Energy, Inc. ("Atlantic"), 6801 Black Horse Pike, Pleasantville, New Jersey 08232, an exempt public utility holding company, has filed an application under Sections 9(a)(2) and 10 of the Act.

By order dated October 15, 1987 (HCAR. 24475) ("Order"), Atlantic, a New Jersey corporation, became a public utility holding company exempt from all provisions of the Act except section 9(a)(2) pursuant to section 3(a)(1). Atlantic's principal electric utility subsidiary company, Atlantic City Electric Company ("ACE"), provides electric service in southern New Jersey. The Order authorized Atlantic to acquire the common stock of ACE and those of ACE's electric utility subsidiary company, Deepwater Operating Company, pursuant to Sections 9(a)(2) and 10 of the Act.

The Order was issued subject to the condition that neither Atlantic nor any non-utility subsidiary of Atlantic would, without prior authorization of the Commission, acquire from any person other than a subsidiary company or an affiliate of the acquiring company, or an affiliate of any associate company, any securities, utility assets or interests in other business other than:

1. Such securities, utility assets, or interest in any business, as could properly be acquired under the Act were the acquiring company a registered holding company or an associate for a registered holding company, without further authorization, permission, or approval by the Commission;

2. Securities, or assets, or an interest in a business, representing (a) an investment in qualifying cogeneration facilities, as defined, pursuant to PURPA in any geographic area or (b) an investment in a small power production project located in the service territory of Atlantic Electric or any other member of the Pennsylvania-New Jersey Maryland Interconnection or within other areas hereafter allowed by law or applicable regulation;

3. Securities, or assets, or an interest in any business, representing an investment in a business which is, or upon completion of the construction thereof will be, functionally related to Atlantic Electric's utility business;

4. Securities, or assets, or an interest in any business representing a passive investment in property acquired on terms substantially equivalent to those authorized by the Commission in *Central and South West Corp.*, HCAR No. 23578, 32 SEC Docket 412 (January 22, 1985);

5. The purchase by an investment subsidiary of Atlantic Energy of accounts receivable of associate companies in Atlantic Energy's system and others on terms substantially equivalent to those authorized by the Commission in *Central and South*

West Corp., HCAR No. 23767, 33 SEC Docket 971 (July 19, 1985) and HCAR No. 24157, 36 SEC Docket 245 (July 31, 1986); or

6. Securities, or assets, or any interest in any business (a) which is substantially equivalent to any type of investment of any registered holding company or any exempt holding company, or any subsidiary company of any such company, that shall have been authorized, permitted, or approved by order of the Commission issued subsequent to January 1, 1987, or by any rule or regulation of the Commission, or (b) which conforms to any guidelines or restrictions of a general or generic nature applicable to registered holding companies or exempt holding companies or subsidiaries thereof, that have been adopted or approved by order of the Commission issued subsequent to January 1, 1987, or by any rule or regulation of the Commission.

Atlantic requests that the condition be removed from the Order because the circumstances which gave rise to the inclusion of the condition in the Order no longer exist and such removal would not be detrimental to the public interest. Atlantic notes that ACE's rates and certain other matters are subject to regulation by the New Jersey Board of Public Utilities ("BPU") and Atlantic believes that the regulatory structure in existence in New Jersey is sufficient to protect ratepayers' interests.

In addition, the New Jersey Division of the Ratepayer Advocate, which is the successor to Rate Counsel, has indicated that it does not object to the removal of the condition, subject to Atlantic agreeing to remain in compliance, unless the Ratepayer Advocate shall agree to any deviation, with the following limitation on non-utility investments:

So long as Atlantic Energy shall be an exempt holding company under the 1935 Act, except as may otherwise be authorized, permitted or approved by order of the Commission, or of any successor commission, under the 1935 Act, neither Atlantic Energy nor Atlantic City Electric shall make any investment, including loans, in any non-utility subsidiary, affiliate or associate company that would cause the total investment by Atlantic Energy and Atlantic City Electric in all such non-utility subsidiaries, affiliates and associate companies to exceed, at the time any such investment is made, 10% of Atlantic Energy's consolidated assets. For purposes of the foregoing, a company primarily engaged in the business of investing in and/or the ownership or operation of, qualifying facilities, as defined by, PURPA [the Public Utility Regulatory Policies Act of 1978], shall be deemed not to be a "non-utility" subsidiary, affiliate or associate company.

This limitation is contained in an agreement between Atlantic and Rate Counsel established at the time of the formation of Atlantic as a holding company.