imposed on an exchange transaction, (ii) if the fund imposes an administrative fee on exchange transactions, other than a nominal one, to maintain and preserve records with respect to the actual costs incurred in connection with exchanges for at least six years, and (iii) give the fund's shareholders a sixty day notice of a termination of an exchange offer or any material amendment to the terms of an exchange offer (unless the only material effect of an amendment is to reduce or eliminate an administrative fee, sales load or redemption fee payable at the time of an exchange).

The rule's requirements are designed to protect investors against abuses associated with exchange offers, provide fund shareholders with information necessary to evaluate exchange offers and certain material changes in the terms of exchange offers, and enable the Commission staff to monitor funds' use of administrative fees charged in connection with exchange transactions.

There are approximately 3,075 funds registered with the Commission as of December 31, 2002. The staff estimates that one-quarter of these funds imposes a non-nominal administrative fee on exchange transactions, and that the recordkeeping requirement of the rule requires approximately one hour annually of clerical time (at an estimated $16 per hour) per fund, for a total of 768.75 hours for all funds (at a total annual cost of $12,300). The staff estimates that one-quarter of the 3,075 funds terminates an exchange offer or makes a material change to its terms once each year, and that the notice requirement of the rule requires approximately one hour of professional time (at an estimated $60 per hour) and two hours of clerical time (at an estimated $16 per hour) per fund, for a total of approximately 2306.25 hours for all funds (at a total annual cost of $70,725). The burdens associated with the disclosure requirement of the rule are accounted for in the burdens associated with the Form N–1A registration statement for funds.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Written comments are requested on: (a) Whether the collection of information is necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission's estimate of the burden[s] of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, Mail Stop 0–4, 450 5th Street, NW., Washington, DC 20549.

Dated: May 7, 2003.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–11993 Filed 5–13–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Regulation C; OMB Control No. 3235–0074; SEC File No. 270–068.

Form SB–1; OMB Control No. 3235–0423; SEC File No. 270–374.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission (''Commission'') is soliciting comments on the collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management Budget for extension and approval.

Regulation C provides standard instructions to guide persons when filing registration statements under the Securities Act of 1933. The information collected is intended to ensure the adequacy of information available to investors in the registration of securities. Regulation C is assigned one burden hour for administrative convenience because the regulation simply prescribes the disclosure that must appear in other filings under the federal securities laws.

Small Business issuers use Form SB–1, as defined in Rule 405 of the Securities Act of 1933 (''Securities Act'') to register up to $10 million of securities to be sold for cash, if they have not registered more than $10 million in securities offerings in any continuous 12-month period, including the transaction being registered. The information to be collected is intended to ensure the adequacy of information available to investors in the registration of securities and assures public availability. Approximately 17 respondents filed Form SB–1 during the last fiscal year at an estimated 177 hours per response for a total annual burden of 12,036 hours. It is estimated that 25% of the total burden (3,009 hours) is prepared by the company.

Written comments are invited on: (a) Whether these proposed collections of information are necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information collection information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 fifth Street, NW., Washington, DC 20549.

Dated: May 7, 2003.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–11997 Filed 5–13–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27676]

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

May 8, 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 June 2, 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 June 2, 2003, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

UniSource Energy Corporation (70–10116)

UniSource Energy Corporation (''UniSource Energy''), One South Church Avenue, Suite 100, Tucson, Arizona 85701, an Arizona corporation and a public utility holding company claiming exemption from registration under section 3(a)(1) of the Act under rule 2 and from all other provisions of the Act except section 9(a)(2), has filed an application (''Application'') for an order under sections 9(a)(2) and 10 of the Act authorizing the proposed acquisition of the operating electric and gas utility properties (''Assets'') of Citizens Communications Company (''Citizens'') that are located in Arizona (the ''Transaction''). UniSource also requests an order under section 3(a)(1) of the Act declaring it exempt it from all provisions of the Act, except section 9(a)(2), following the consummation of the proposed Transaction.

UniSource proposes alternative structures for the acquisition of the Assets. UniSource may combine the Assets in one new utility company or keep the Assets separate in two different utility companies (''New Utility Companies''). The New Utility Companies will be incorporated under Arizona law. UniSource will either acquire and hold the common stock of the New Utility Companies directly, or alternatively, as direct subsidiaries of a newly formed Arizona corporation (''HoldCo'') that will be a direct subsidiary of UniSource (referred to as the ''HoldCo Structure''). In the event that the HoldCo Structure is employed, it is requested that HoldCo be deemed to be an additional applicant in this proceeding and that the Commission's order granting UniSource an exemption under section 3(a)(1) of the Act also grant HoldCo an exemption.

UniSource Energy owns substantially all of the issued and outstanding common stock of Tucson Electric Power Company (''TEP''), an Arizona corporation, which provides electric utility service to over 355,000 customers in a 1,155 square-mile area of southeastern Arizona having a population of approximately 891,000, and two direct nonutility subsidiaries, Millennium Energy Holdings, Inc. (''Millennium'') and UniSource Energy Development Company (''UED''). In 2002, TEP, UniSource's predominant subsidiary, accounted for approximately 94% of UniSource Energy's total consolidated assets and more than 99% of UniSource Energy's operating revenues. TEP's retail service area includes the City of Tucson and adjoining areas of Pima County. TEP also supplies the power requirements of a military base that is located in Cochise County, to the east of Tucson, and sells electricity at wholesale to other utilities and power marketing entities in the western U.S. UniSource Energy states that in the three-year period of 2000 through 2002, not more than 4% of TEP's total operating revenues were derived from wholesale sales outside of Arizona. As of December 31, 2002, TEP owned or leased 2,002 MW of net generating capability. UniSource Energy itself does not engage in any business activities or have any material assets, other than the stock of its subsidiaries.

TEP has five direct, wholly-owned, nonutility subsidiaries, as follows: Escavada Company, which is engaged in the business of maintaining miscellaneous assets and property; San Carlos Resources, Inc., which holds legal title to Unit No. 2 of the Springerville Generating Station, and is the lessee, jointly and severally with TEP, of an undivided one-half interest in certain facilities shared in common between Unit No. 1 and Unit No. 2 of the Springerville Generating Station; Sierrita Resources, Inc., which holds investments in financial assets; Tucson Resources, Inc., which also holds investments in financial assets; and Tucsonel Inc., which holds an undivided interest in the Springerville Generating Station coal-handling facility. TEP also holds minority interests in entities that provide demand side and energy management services and engage in development activities relating to technologies that provide pricing and other related services to consumers for a wide variety of products, including utility services.

TEP is subject to regulation by the Arizona Corporation Commission (''ACC'') with respect to retail electric rates, the issuance of securities, affiliate transactions, the maintenance of books and records, and other matters and by the Federal Energy Regulatory Commission (''FERC'') with respect to wholesale electric rates and electric transmission service.

For the twelve months ended December 31, 2002, UniSource Energy reported consolidated operating revenues of $856 million, more than 98% of which were derived from retail and wholesale sales of electricity and related transmission and distribution services. At December 31, 2002, UniSource Energy had $2.7 billion in total assets, including total net utility plant of $1.7 billion.

As of March 4, 2003, UniSource Energy had issued and outstanding 33,583,182 shares of common stock, no par value, which are listed and traded on the New York Stock Exchange and the Pacific Exchange. TEP has issued and outstanding 32,139,555 shares of common stock, no par value, of which 32,139,434 are held by UniSource Energy.

Citizens, a Delaware corporation, operates as an electric and gas utility in Arizona through two operating divisions. Through its Arizona Electric Division, Citizens provides electric service to approximately 77,500 customers in most of Mohave County in northwest Arizona and in all of Santa Cruz County in southeast Arizona between TEP's service area and the U.S.-Mexico border. Through its Arizona Gas Division, Citizens provides natural gas service to approximately 125,000 customers in most of northern Arizona, including portions of Mohave, Yavapai, Coconino, Navajo, Greenlee, and Apache Counties, as well as Santa Cruz County in southeast Arizona. Citizens owns generating units in Arizona having a total capacity of about 47 MW. Citizens' Arizona electric transmission and distribution system consists of approximately 56 circuit-miles of 115 kV transmission lines, 229 circuit-miles of 69 kV transmission lines, and 3,116 circuit-miles of underground and overhead distribution lines. Citizens also owns 38 substations having a total installed transformer capacity of 1,077,300 kVA. Citizens' Arizona gas transmission and distribution system consists of approximately 168 miles of steel transmission mains, 2,459 miles of

steel and plastic distribution mains, and 127,015 customer service lines.

Citizens is subject to regulation in Arizona by the ACC with respect to retail electric and gas rates, the issuance of securities, affiliate transactions, the maintenance of books and records, and other matters and by the FERC with respect to wholesale power sales and interstate transmission service.

Citizens and UniSource Energy have entered into separate Asset Purchase Agreements, each dated October 29, 2002, relating to the purchase of Citizens' electric and gas utility businesses in Arizona. Under the terms of the Asset Purchase Agreement relating to Citizens' electric utility business, Citizens has agreed to sell and UniSource Energy has agreed to purchase all of the assets (subject to certain stated exceptions) used by Citizens in connection with or otherwise necessary for the conduct of its electric utility business in Arizona (the ''Electric Assets''). Under the terms of the Asset Purchase Agreement relating to Citizens' gas utility business, Citizens has agreed to sell and UniSource Energy has agreed to purchase all of the assets (subject to certain stated exceptions) used by Citizens in connection with or otherwise necessary for the conduct of its gas utility business in Arizona (the ''Gas Assets'').

UniSource Energy has agreed to pay Citizens $92 million in cash for the Electric Assets and $138 million in cash for the Gas Assets, subject in each case to adjustment based on the date on which the Transaction closes and on the amount of certain assets and liabilities associated with the Assets at the time of closing. In addition, the base price for the Electric Assets and the Gas Assets will be reduced by $10 million in the aggregate if the Transaction closes by July 28, 2003. However, whether or not the Transaction closes by July 28, 2003, UniSource Energy has agreed to reduce rate base for the Gas Assets by $10 million. UniSource Energy will not assume Citizens' obligations under existing industrial development revenue bonds that were issued to finance portions of the purchased assets. Citizens will remain liable on these obligations.

Under the Asset Purchase Agreements, UniSource Energy and Citizens also agreed to coordinate the overall development of the positions to be taken and the regulatory actions to be requested regarding the two utility rate cases that Citizens has pending before the ACC. As part of the Joint Application of Citizens Communications Company and UniSource Energy Corporation to the Arizona Corporation Commission (''Joint Application''), UniSource Energy is seeking approval for a reduced level of rate increases. On April 1, 2003, UniSource Energy, Citizens, TEP and the staff of the Utilities Division of the ACC entered into a Settlement Agreement (''Settlement''), which sets forth the agreement and understanding of the parties with respect to the settlement of all issues arising under the Joint Application, the amount of the reduction in Citizens' proposed gas rate increase, UniSource Energy's forfeiture of any right to seek recovery of the under-collected balance under Citizens' purchase power and fuel adjustment clause, and other matters.[1] The proposed Settlement is subject to approval by the ACC. UniSource Energy states that under the proposed Settlement Citizens' electric and gas customers would save a total of about $29 million per year, as compared to the amount of rate increases proposed in Citizens' pending applications. The proposed Settlement also contains the agreement of the parties with respect to UniSource Energy's plan for financing the Transaction, as described below.

UniSource Energy states that the Transaction is subject to, among other conditions precedent, receipt by the parties of required approvals by the ACC, the FERC and this Commission, and filing of pre-merger notification statements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and expiration or early termination of the statutory waiting period. The boards of directors of UniSource Energy and Citizens have each approved the proposed Transaction. The Transaction does not require shareholder approval by either company.

UniSource Energy states that it intends to fund the purchase price under the Asset Purchase Agreements using a combination of several sources, including: (1) Available cash at UniSource Energy; (2) possibly the issuance of new equity by UniSource Energy; (3) a loan from TEP; and (4) debt issued by the New Utility Companies or HoldCo (if the HoldCo Structure is utilized), which will be repaid either directly or indirectly from the cash flows of the New Utility Companies. The issuance of new debt securities by the New Utility Companies and the loan from TEP are subject to approval by the ACC.

More specifically, in the Joint Application, UniSource Energy is requesting the authorization of the ACC for the New Utility Companies to: (1) Issue or guarantee up to $175 million of debt securities for the purpose of funding a portion of the purchase price and initial working capital requirements of the New Utility Companies; (2) issue or guarantee additional debt securities from time to time under the terms of a new revolving credit agreement that will provide ongoing liquidity support to the New Utility Companies; (3) enter into indentures or security agreements which grant liens on some or all of the properties held by such companies to secure the debt obligations of such companies; and (4) issue common stock to UniSource Energy (or to HoldCo if the HoldCo Structure is used). Additionally, UniSource Energy and TEP are seeking authority from the ACC to allow TEP to fund up to $50 million of the aggregate purchase price through a loan to UniSource Energy. Authorization of this loan from TEP would provide financing flexibility to UniSource Energy in the event that, at the time of the consummation of the Transaction, UniSource Energy is unable to issue common stock on reasonable terms in order to fund the purchase price.

Under the proposed Settlement filed with the ACC, the New Utility Companies are expected to have an initial capital structure of about 40% common equity and 60% long-term debt. UniSource Energy's objective is to capitalize the New Utility Companies at a level that is consistent with an investment grade rating, in accordance with current ratings criteria published by the principal rating agencies. UniSource Energy has agreed that, until common equity as a percentage of total capitalization (*i.e.*, common and preferred equity and long-term debt, including current portion) of each of the New Utility Companies equals 40%, such company will not pay dividends to UniSource or HoldCo, as the case may be, in an amount exceeding 75% of such company's earnings. The $50 million loan from TEP would have a maturity not to exceed four years, would be secured by a pledge of 100% of the common stock of the New Utility Companies or HoldCo (if the HoldCo Structure is used), and would bear interest at 383 basis points above the yield-to-maturity of an equivalent four-year U.S. Treasury security as determined on the date of the loan. The

[1] Under the proposed Settlement, UniSource Energy has agreed to seek an increase in rates of the new gas utility of approximately 20.9%, versus the 28.9% increase requested by Citizens. In addition, UniSource Energy has agreed to forfeit its right to seek recovery of the under-collected balance under Citizens' electric purchase power and fuel adjuster clause (estimated to be at least $135 million as of July 28, 2003). As a result, electric rates of the new electric utility would increase by 22%, rather than the 45% increase proposed by Citizens.

Settlement further specifies that 264 basis points of the interest income earned by TEP on the TEP loan will be recorded as a deferred credit and used to offset rates in the future, and that the balance of the interest income will be used to build the equity capitalization of TEP.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–11991 Filed 5–13–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–47811; File No. SR–CHX–2002–20]

Self-Regulatory Organizations; Order Granting Partial Approval of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Automatic Execution of Orders

May 7, 2003.

I. Introduction

On July 11, 2002, the Chicago Stock Exchange, Inc. (''CHX'' or ''Exchange'') submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to allow a specialist to limit his aggregate auto-execution exposure.[3] On August 13, 2002, the Exchange submitted Amendment No. 1 to the proposal.[4] On August 27, 2002, the Exchange filed Amendment No. 2 to the proposed rule change.[5]

The proposed rule change was published for comment in the **Federal Register** on September 6, 2002.[6] No comments were received on this aspect of the proposal.[7] On April 25, 2003, the Exchange filed Amendment No. 3 to the proposed rule change.[8] This order partially approves the proposed rule change.

II. Description of the Proposal

The CHX Rules provide for automatic execution of orders, *i.e.*, without manual intervention by the CHX specialist, if certain conditions are met.[9] Under the CHX Rules, each CHX specialist designates an ''auto-execution threshold'' for each issue.[10] The auto-execution threshold is a number of shares, greater than 99 shares that the specialist is willing to execute automatically. If a specialist receives an order that exceeds his designated auto-execution threshold, the order is automatically directed into the specialist's book for manual execution, unless the order-sending firm has elected to receive partial automatic executions, in which case a portion of the order will automatically execute, up to the size of the auto-execution threshold, and the balance of the order will be placed in the specialist's book for manual execution.

Under the current version of the CHX Rules, a CHX specialist has unlimited (and the CHX believes unwarranted) auto-execution exposure, because a rapid succession of orders entered into the MAX system at or below the specialist's auto-execution threshold are due an automatic fill at the prevailing National Best Bid or Offer (''NBBO'') price. Therefore, the CHX believes that specialists may be required to provide more liquidity than they intend to through automatic executions.

To resolve this issue, the Exchange has proposed to amend CHX Article XX, Rule 37(b)(1) to limit a specialist's unintended automatic execution liability by incorporating an Aggregate Share Threshold into the specialist's designated auto-execution parameters. The specialist can enable the Aggregate Share Threshold on an issue-by-issue basis. The functionality is entirely optional, however, and a specialist can still elect to provide additional liquidity guarantees.

Under this voluntary system enhancement, the specialist would agree to provide automatic execution (at the NBBO) of an aggregate number of shares (the ''Aggregate Share Threshold''). Once an aggregate number of shares equal to the Aggregate Share Threshold was automatically executed, whether as a result of one order or numerous orders, subsequent orders would be directed into the specialist's book for manual execution. Under the proposed rule change, a specialist would then be obligated to either execute the order at a price and size equal to or better than the NBBO price and size at the time the order was received, or act as agent for the order to obtain the best available price on a marketplace other than the Exchange.

The Aggregate Share Threshold would reset after a prescribed amount of time designated by a specialist[11] and could never be set at a level less than the shares included in the specialist's own bid or offer.

The Exchange also proposes to relocate Article XX, Rule 43(d) to Rule 37(a), rendering the provisions of Rule 43(d) applicable to both over-the-counter and listed securities. This provision states that with respect to any market or marketable limit order not executed automatically, a specialist shall be obligated to either (a) manually execute such order at a price and size equal to or better than the NBBO price and size at the time the order was received; or (b) act as agent for such order in seeking to obtain the best available price for such order on a marketplace other than the Exchange, using order routing systems where appropriate.

III. Discussion

After careful review, the Commission finds that the proposed changes to CHX Article XX, Rules 37(a)(1), 37(a)(2), 37(b)(1) and 43(d) described above are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national

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

[2] 17 CFR 240.19b–4.

[3] In the proposed rule change, the Exchange also proposed a modified definition of the ''BBO Price'' and corresponding changes to the BEST Rule that would reflect the modified definition. The Commission is not approving those proposed changes in this order.

[4] *See* letter from Kathleen M. Boege, Associate General Counsel, CHX, to Nancy J. Sanow, Assistant Director, Division of Market Regulation (''Division''), Commission, dated August 9, 2002 (''Amendment No. 1'').

[5] *See* letter from Kathleen M. Boege, Assistant General Counsel, CHX, to Nancy J. Sanow, Assistant Director, Division, Commission, dated August 23, 2002 (''Amendment No. 2'').

[6] *See* Securities Exchange Act Release No. 46436 (August 29, 2002), 67 FR 57048.

[7] The Commission received one comment addressing the Exchange's proposed change to the definition of ''BBO price.''

[8] *See* letter from Kathleen M. Boege, Assistant General Counsel, CHX, to Nancy J. Sanow, Assistant Director, Division, Commission, dated April 24, 2003 (''Amendment No. 3''). In Amendment No. 3, the Exchange withdrew its request that the proposed rule change be approved on a pilot basis. Further, the Exchange made changes to the proposed definition of BBO price and requested partial approval of the portion of the proposed rule change dealing with issues other than the definition of BBO price. Because the only substantive changes contained in Amendment No. 3 involve this definition of BBO price, which the Commission is not approving in this order, the Commission similarly is not approving Amendment No. 3 at this time.

[9] *See* CHX Article XX, Rule 37(b)(6)(automatic execution of orders in listed securities); CHX Article XX, Rule 37(b)(7)(automatic execution of orders in OTC securities).

[10] *See* CHX Article XX, Rule 37(b)(1).

[11] A specialist choosing to enable the Aggregate Share Threshold functionality would be required to provide CHX staff with the designated time increment for each issue. The time increment would commence (and restart) upon any change in the NBBO.