2. FRIC is organized as a Massachusetts business trust and registered under the Act as an open-end management investment company. FRIC currently offers 28 series, five of which are ''TopFunds'' [1] and 23 of which are ''Underlying Funds.'' [2] The TopFunds will invest in the Underlying Funds in accordance with section 12(d)(1)(G) of the Act.[3] Each TopFund and certain of the Underlying Funds will be multiple class funds in reliance on rule 18f–3 under the Act.

3. FRIMCo and FRIC propose to enter into a Special Servicing Agreement that would allow an Underlying Fund to bear the expenses of a TopFund (other than advisory fees, rule 12b–1 fees and shareholder servicing fees) in proportion to the average daily value of the Underlying Fund's shares owned by the TopFund. Certain expenses paid by an Underlying Fund to a TopFund under the Special Servicing Agreement may be a fund level expense of the Underlying Fund, while other expenses paid under the Agreement may be a class expense of the Underlying Fund. Any determination to treat such expenses as a class expense or fund level expense of an Underlying Fund would be effected only after approval by the board of directors of the Underlying Fund pursuant to rule 18f–3, and only in compliance with the condition to the application.

4. Applicants submit that the Underlying Fund may experience savings because it would be servicing only one account (*i.e.*, the TopFund), instead of multiple accounts of the shareholders of the TopFund. No Underlying Fund will bear any expenses of a TopFund that exceed Net Benefits, as defined in the condition below, to the Underlying Fund from the arrangement.

[1] The term ''TopFunds'' refers to the following five series of FRIC: Equity Balanced Strategy Fund, Conservative Strategy Fund, Moderate Strategy Fund, Balanced Strategy Fund, and Aggressive Strategy Fund. The term also refers to other investment companies or series thereof currently existing or organized in the future which receive investment advice from FRIMCO, and are intended to invest substantially all of their assets in the Underlying Funds (defined below).

[2] The term ''Underlying Funds'' refers to the following series of FRIC: Equity I Fund, Equity II Fund, Equity III Fund, International Fund, Fixed Income I Fund, Fixed Income II Fund, Fixed Income III Fund, Equity Q Fund, Equity T Fund, Emerging Markets Fund, Money Market Fund, Diversified Equity Fund, Special Growth Fund, Equity Income Fund, Quantitative Equity Fund, International Securities Fund, Real Estate Securities Fund, Diversified Bond Fund, Volatility Constrained Bond Fund, Multistrategy Bond Fund, Limited Volatility Tax Free Fund, U.S. Government Money Market Fund, and Tax Free Money Market Fund. The term also refers to each existing and future open-end management investment company or any series of that company that is part of the same group of investment companies as FRIC under section 12(d)(1)(G)(ii) of the Act, and (1) is, or will be, advised by FRIMCo or any entity controlling, controlled by, or under common control with FRIMCo, or (2) for which RFD or any entity controlling, controlled by, or under common control with RFD, serves as principal underwriter.

[3] The TopFunds may not be Underlying Funds.

## Applicants' Legal Analysis

1. Section 17(d) of the Act and rule 17d–1(a) under the Act provide that an affiliated person of, or a principal underwriter for, a registered investment company, or an affiliate of such person or principal underwriter, acting as principal, shall not participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement in which the registered investment company is a participant unless the SEC has issued an order approving the arrangement.

2. Rule 17d–1(b) provides that, in passing upon exemptive requests under the rule, the SEC will consider whether participation of the investment company in the joint enterprise, joint arrangement, or profit-sharing plan on the basis proposed is consistent with the provisions, policies, and purposes of the Act and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

3. Applicants request relief under section 17(d) and rule 17d-1 to permit them to enter into the Special Servicing Agreement in which the Underlying Funds may pay certain expenses of the TopFunds. Applicants contend that each Underlying Fund will pay a TopFund's expenses only in direct proportion to the average daily value of the Underlying Fund's shares owned by the TopFund to ensure that expenses of the TopFund are borne proportionately and farily. Applicants also state that prior to an Underlying Fund's entering into the Special Servicing Agreement, and at least annually thereafter, the board of trustees of FRIC, including a majority of the trustees who are not interested persons of FRIC (the ''Board''), will determine that the Special Servicing Agreement will result in Net Benefits, as defined in the condition below, to the Underlying Fund. In making the annual determination, one of the factors the Board will consider is the amount of Net Benefits actually experienced by each class of shareholders of the Underlying Fund and the Underlying Fund as a whole during the preceding year. For these reasons, applicants state that the requested relief meets the standards of section 17(d) and rule 17d-1.

## Applicants' Condition

Applicants agree that the order will be subject to the following condition:

Prior to FRIC entering into the Special Servicing Agreement with respect to an Underlying Fund, and at least annually thereafter, the Board must determine, through the process described in Section II of the application, that the Special Servicing Agreement will result in quantifiable benefits to each class of shareholders of the Underlying Fund and to the Underlying Fund as a whole that will exceed the costs of the Special Servicing Agreement borne by each class of shareholders of the Underlying Fund and by the Underlying Fund as a whole (''Net Benefits''), and that the premises supporting the data provided to the Board in this regard are reasonable and appropriate. In making the annual determination, one of the factors the Board must consider is the amount of Net Benefits actually experienced by each class of shareholders of the Underlying Fund and the Underlying Fund as a whole during the preceding year. The Underlying Fund will preserve for a period of not less than six years from the date of a Board determination, the first two years in an easily accessible place, a record of the determination and the basis and information upon which the determination was made. This record will be subject to examination by the SEC and its staff.

For the SEC, by the Division of Investment Management, under delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99–805 Filed 1–13–99; 8:45 am]

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## TENNESSEE VALLEY AUTHORITY

### Paperwork Reduction Act of 1995, as Amended by Pub. L. 104–13; Proposed Collection, Comment Request

**AGENCY:** Tennessee Valley Authority.

**ACTION:** Proposed collection; comment request.

**SUMMARY:** The proposed information collection described below will be submitted to the Office of Management and Budget (OMB) for review, as required by the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35, as amended). The Tennessee Valley Authority is soliciting public comments on this proposed collection as provided by 5 CFR 1320.8(d)(1). Requests for information, including copies of the information collection proposed and supporting documentation, should be

directed to the Agency Clearance Officer: Wilma H. McCauley, Tennessee Valley Authority, 1101 Market Street(WR 4Q), Chattanooga, Tennessee 37402–2801; (423) 751–2523. Comments should be sent to the Agency Clearance Officer no later than March 15, 1999.

**SUPPLEMENTARY INFORMATION:**

*Type of Request:* Regular submission.

*Title of Information Collection:* Comprehensive Services Program.

*Frequency of Use:* Daily.

*Type of Affected Public:* Independent Power Distributors.

*Small Businesses or Organizations Affected:* No.

*Federal Budget Functional Category Code:* 271.

*Estimated Number of Annual Responses:* 1,000.

*Estimated Total Annual Burden Hours:* 83.

*Estimated Average Burden Hours Per Response:* .083.

*Need For and Use of Information:* The evaluation request will help determine overall satisfaction with the TVA Comprehensive Services Program. The information will be used as an indicator for the quarterly Business Plan report.

**William S. Moore,**

*Senior Manager, Administrative Services.*

[FR Doc. 99–875 Filed 1–13–99; 8:45 am]

BILLING CODE 8120–08–P

## TENNESSEE VALLEY AUTHORITY

### Tellico Reservoir Land Management Plan, Blount, Loudon, and Monroe Counties

**AGENCY:** Tennessee Valley Authority (TVA).

**ACTION:** Notice of intent.

**SUMMARY:** This notice is provided in accordance with the Council on Environmental Quality's regulations (40 CFR 1500 to 1508) and TVA's procedures implementing the National Environmental Policy Act. TVA will prepare an Environmental Impact Statement (EIS) on alternatives for management of certain TVA-owned lands surrounding Tellico Reservoir in Loudon, Monroe, and Blount Counties, Tennessee. The plan will help guide TVA resource management and property administration decisions on 12,649 acres of public land under TVA control.

**DATES:** Comments on the scope of the EIS must be received on or before February 1, 1999.

**ADDRESSES:** Written comments should be sent to Jon M. Loney, Manager, Environmental Management, Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902–1499.

**FOR FURTHER INFORMATION CONTACT:** Harold M. Draper, NEPA Specialist, Environmental Management, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 8C, Knoxville, Tennessee 37902–1499; telephone (423) 632–6889 or e-mail hmdraper@tva.gov.

**SUPPLEMENTAL INFORMATION:**

### Background

The gates to Tellico Dam were closed in 1979, creating the Tellico Reservoir. The waters of Tellico Reservoir and Fort Loudoun reservoir are joined by a 500-foot wide canal. Approximately 38,480 acres of land was acquired for the Tellico Project. Of that, 16,500 acres are covered by water during normal summer pool. Subsequent transfers of land by TVA for economic, industrial, residential or public recreation development have resulted in a current balance of 12,649 acres of TVA land on Tellico Reservoir.

In April of 1982, the Tellico Reservoir Development Agency (TRDA) was created by the Tennessee Legislature to cooperate with TVA in the development of approximately 10,582 acres of land along the reservoir. TRDA was created with the mandate to plan programs and implement activities for the comprehensive development of designated lands within the Tellico Reservoir project area. TVA anticipates that TRDA will cooperate in the preparation of this EIS.

This EIS will tier from TVA's Final EIS, Shoreline Management Initiative: An Assessment of Residential Shoreline Development Impacts in the Tennessee Valley (November 1998). That EIS evaluated alternative policies for managing residential uses along TVA's reservoir system, including Tellico Reservoir.

One of the major objectives of the Tellico Project and the integrated land plan developed for it was to develop and use the acquired project lands in a way that would make the maximum possible contribution to the economy of the region. Based on current growth trends and the inevitable pressures for change TVA has decided to reevaluate the allocation of its remaining public land on Tellico Reservoir to determine if changes are needed to further support the objectives of the project.

TVA develops reservoir land management plans to help in the management of reservoir properties in its custody. These plans seek to integrate land and water benefits, provide for public benefits, and balance competing and sometimes conflicting resource uses. Plans are approved by the TVA Board of Directors.

### Proposed Action and Alternatives

TVA proposes to develop a reservoir land management plan to guide land-use approvals, private water use facility permitting, and resource management decisions on Tellico Reservoir. The plan would identify land use zones in broad categories. It is anticipated that lands currently committed to a specific use would be allocated to that current use unless there is an overriding need to change the use. Such commitments include transfers, leases, licenses, contracts, power lines, outstanding land rights, or TVA developed recreation areas. At this time, TVA anticipates that at least three alternative plans would be analyzed in the EIS. One alternative plan would rely on the existing land use plan established by contract with the Tellico Reservoir Development Agency. This plan allocates land into three categories: TVA retained land, sub-allocated to cultural/public use/open space areas, industrial development areas, and natural/wildlife areas; transferred land, sub-allocated to private residential areas, industrial development areas, and commercial recreation areas; and easement land-land under easement for recreation areas or to the Eastern Band of the Cherokee Indians. This would be the ''No Action'' Alternative.

A second alternative plan would allocate land into categories that emphasize sensitive resource management (preservation and enhancement of wetlands, biodiversity, and archaeological and historic resources) and natural resource conservation. A third alternative plan would include sensitive resource management and natural resource conservation but would also analyze the potential for expanded commercial recreation and residential development along a portion of the northeast reservoir shoreline. This involves a proposal made by Tellico Landing, Inc., to develop TVA tracts in this area along with other non-TVA properties for these uses. Other alternative uses for TVA tracts of land along the reservoir that may be considered include industrial/commercial development, developed recreation, and residential development.

### Scoping

TVA anticipates that the EIS will discuss the effects of the alternative plans on the following resources and issue areas: visual resources, cultural resources, threatened and endangered species, terrestrial ecology, wetlands, recreation, water quality, aquatic