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U.S. COMMODITY FUTURES TRADING COMMISSION

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June 8, 1998

Mr. Thomas R. Donovan
President and Chief Executive Officer
Chicago Board of Trade
LaSalle at Jackson
Chicago, IL 60604

Re: Applications of the Chicago Board of Trade for
Designation as a Contract Market in TVA Hub
Electricity Futures and Futures Option Contracts

Dear Mr. Donovan:

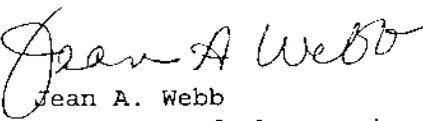
In a submission dated March 24, 1998, and received by the Commission on that date, the Chicago Board of Trade (CBT or Exchange) applied pursuant to Sections 4c and 6 of the Commodity Exchange Act (Act), 7 U.S.C. §§ 6c and 8, and Commission Regulation § 33.5, 17 C.F.R. § 33.5, for designation as a contract market in TVA Hub electricity futures and option contracts, and for approval of the corresponding rules pursuant to Section 5a(a)(12) of the Act. The applications were submitted under the 45-day Fast Track procedure of Commission Regulation 5.1(b). In a letter dated May 7, 1998, the Fast Track review period was extended 30 days pursuant to the provisions of Commission Regulation 5.1(e). The Commission determined to review the contracts under the regular procedures of Section 6(a) of the Act.

Acting pursuant to Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, the Commission designated the CBT as a contract market in TVA Hub electricity futures and options pursuant to Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7. Additionally, proposed rules and regulations 5402.01 through 5443.08 for the futures contract, rules and regulations XX01.00 through XX14.01 with respect to the option contract, and amendments to rules 425.01, 495.01, 431.05 and 431.06 were approved pursuant to Section 5a(a)(12) of the Act.

The Commission understands that the CBT Market Surveillance department will specifically monitor TVA positions in the contract and any violations will be reported to its Business Conduct Committee. Also, TVA will make arrangements for the CBT to have direct, real-time access to TVA's oasis site and access to NERC tagging information so that the CBT can monitor TVA's scheduling and transmission activities as well as the generation sources in the TVA control area to ensure that futures deliveries do not violate the TVA fence restrictions. Further, please note that, for the futures contract to operate successfully without delivery impediments, it is essential that TVA continue to provide transmission services in its control area in a nondiscriminatory manner, consistent with the Federal Energy Regulatory

Commission's open access requirements. Accordingly, the CBT is reminded of its obligation to monitor cash market practices in the TVA Hub, including in particular TVA's transmission and scheduling practices regarding nondiscrimination and open access, and to take appropriate action if TVA modifies these procedures in a manner that is inconsistent with these objectives.

Sincerely,


Jean A. Webb
Secretary of the Commission

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application of the Chicago
Board of Trade for Designation as a Contract
Market in TVA Hub Electricity Futures

ORDER OF DESIGNATION

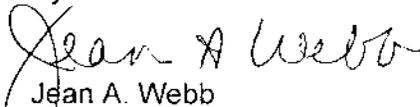
The Chicago Board of Trade, having submitted an application for designation as a contract market in TVA Hub electricity futures pursuant to Sections 4c and 6 of the Commodity Exchange Act (Act), 7 U.S.C. §§ 6c and 8, and Commission Regulation 33.5, 17 C.F.R. §33.5, and the Commodity Futures Trading Commission having reviewed the application and the complete record in this matter, and for the reasons set forth in the memorandum submitted to the Commission by its staff recommending designation of this contract market, the Commission finds that for purposes of this application the Chicago Board of Trade has demonstrated compliance with the requirements of Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, and the regulations thereunder. Therefore,

IT IS HEREBY ORDERED, under Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, that the application of the Chicago Board of Trade for designation as a contract market in TVA Hub electricity futures is granted, and

IT IS FURTHER ORDERED that this grant of designation shall be subject to compliance with all sections of the Act and regulations thereunder applicable to the Chicago Board of Trade as a contract market under the Act.

Issued in Washington, DC, this 8th day of June 1998.

By the Commission


Jean A. Webb
Secretary of the Commission

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application of the Chicago
Board of Trade for Designation as a Contract
Market in TVA Hub Electricity Futures Options

ORDER OF DESIGNATION

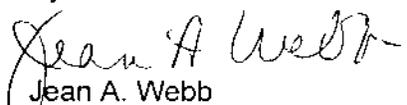
The Chicago Board of Trade, having submitted an application for designation as a contract market in TVA Hub electricity futures options pursuant to Sections 4c and 6 of the Commodity Exchange Act (Act), 7 U.S.C. §§ 6c and 8, and Commission Regulation 33.5, 17 C.F.R. §33.5, and the Commodity Futures Trading Commission having reviewed the application and the complete record in this matter, and for the reasons set forth in the memorandum submitted to the Commission by its staff recommending designation of this contract market, the Commission finds that for purposes of this application the Chicago Board of Trade has demonstrated compliance with the requirements of Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, and the regulations thereunder. Therefore,

IT IS HEREBY ORDERED, under Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, that the application of the Chicago Board of Trade for designation as a contract market in TVA Hub electricity futures options is granted, and

IT IS FURTHER ORDERED that this grant of designation shall be subject to compliance with all sections of the Act and regulations thereunder applicable to the Chicago Board of Trade as a contract market under the Act.

Issued in Washington, DC, this 8th day of June 1998.

By the Commission


Jean A. Webb
Secretary of the Commission