departments by CSW and the Subsidiaries ('External Program') and the CSW System money pool ("Money Pool"), as previously authorized by orders dated March 31, 1993, September 28, 1993, March 18, 1994, June 15, 1994, and February 1, 1995 (HCAR Nos. 25777, 25897, 26007, 26066 and 26226, respectively) ("Prior Orders"). The External Program would be coordinated through the use of the Money Pool, whereby CSW and its Subsidiaries would make loans to, and the Subsidiaries would borrow from, the Money Pool. Loans to the Subsidiaries through the Money Pool will be made pursuant to open-account advances or loans evidenced by notes.

The External Program and the Money Pool would make funds available to the Subsidiaries for the interim financing of their capital expenditure programs and their other working capital needs, and to CSW to loan and, when approved by the Commission, to make capital contributions to any of the Subsidiaries and in both instances to repay previous borrowings incurred for such purposes. Funds for the Money Pool would be available from surplus funds from the treasuries of CSW and the Subsidiaries, from proceeds from the sale of commercial paper by CSW and bank borrowings by CSW and its Subsidiaries. Funds to be loaned to the Subsidiaries are obtained in the following order of priority: (1) Available surplus funds of the Subsidiaries will be used to satisfy the borrowing needs of other Subsidiaries before any funds of CSW are used; (2) available surplus funds in CSW's treasury; and (3) external borrowings by CSW from the sale of commercial paper and/or bank borrowings. External borrowings by CSW would not be made unless there were no surplus funds in the treasuries of the Subsidiaries or CSW sufficient to meet borrowing needs. However, no loan will be made by CSW or any Subsidiary if the borrowing company could borrow more cheaply directly from banks or through the sale of its own commercial paper. When more than one Subsidiary is borrowing, each borrowing Subsidiary will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Money Pool

The interest rate applicable on any day to the then outstanding loans through the Money Pool will be the composite weighted average daily effective cost incurred by CSW for short-term borrowings from external sources. If there are no borrowings outstanding then the rate would be the certificate of

deposit yield equivalent of the 30-day Federal Reserve "AA" Industrial Commercial Paper Composite Rate ("Composite"), or if no composite is established for that day then the applicable rate will be the Composite for the next preceding day for which the Composite is established.

The aggregate principal amounts of short-term borrowing outstanding at any one time requested by CSW and its Subsidiaries are: (1) CSW—\$1.2 billion; (2) CP&L—\$300 million; (3) PSO—\$125 million; (4) SWEPCO-\$150 million; (5) WTU—\$65 million; (6) Services—\$110 million; and (7) Transok—\$200 million. These amounts reflect an increase in borrowing levels from those authorized in the Prior Orders for: (1) CSW of \$250 million to accommodate additional investments in CSW International, Inc., CSW Energy, Inc., CSW Communications and new Money Pool and short-term borrowing requirements; (2) PSO of \$25 million to provide interim financing for additional capital expenditures and other temporary working capital needs; and (3) WTU of \$15 million to provide interim financing for additional capital expenditures and other temporary working capital needs. The aggregate principal amount of outstanding borrowings for CSW and its Subsidiaries together will not exceed \$1.2 billion.

To provide funds for the Money Pool, CSW proposes to issue and sell commercial paper ("Commercial Paper"). The Commercial Paper will mature in 270 days or less and will be issued from time-to-time through March 31, 1997 to commercial paper dealers ("Dealers") and certain financial institutions.

The Commercial Paper issued to Dealers will be in the form of either physical or book-entry unsecured promissory notes. Such notes will be issued and sold by CSW directly to Dealers at a rate not to exceed the rate per annum prevailing at the time of issuance for commercial paper of comparable quality and maturity sold by issuers thereof to Dealers. No commission or fee will be payable in connection with the issuance and sale of the Commercial Paper. The purchasing dealer, however, will reoffer the notes at a rate less than the rate to the issuer and, as principal, will reoffer such notes in such a manner as not to constitute a public offering under the Securities Act of 1933.

Sales of Commercial Paper directly to financial institutions will be undertaken only if the resulting cost of money is equal to or less than that available from Dealers or banks. Terms for directly placed notes would be similar to those of dealer placed notes.

CSW and its Subsidiaries further propose to borrow money from banks, from time-to-time through March 31, 1997, to the extent that the surplus funds of CSW and the Subsidiaries are insufficient to meet the Subsidiaries' requests for short-term loans and subject to the limitations on aggregate principal amounts, above. Such borrowing will not be made unless it would produce a lower cost of money than the issue of CSW's Commercial Paper and, in any event, they will not bear a rate of interest higher than the effective cost of money for unsecured prime commercial bank loans prevailing on the date of borrowing. The borrowings will be evidenced by promissory notes maturing no later than March 31, 1997 and will be subject to prepayment by the borrower, or under certain circumstances with consent of the lending bank, in whole at any time or in part from time-to-time, without penalty.

Compensation arrangements under lines of credit with banks maintained by CSW and its Subsidiaries are on a balance or fee basis. In general, fees range from ½ to ½ of 1% per annum on the average unused portion of the commitment and balance arrangements require average balances of 3% of the amount of the commitment. CSW also proposes, from time-to-time through March 31, 1997, to borrow funds managed by the trust departments of banks if such borrowings result in a cost of money equal to or less than that available from the sale of commercial paper or other bank borrowings.

Neither CSW nor the Subsidiaries will use the proceeds from the proposed borrowings to finance the acquisition of an "exempt wholesale generator" or "foreign utility company," as respectively defined in Sections 32 and 33 of the Act, without further Commission authorization.

The Southern Company, et al. (70-8567)

The Southern Company ("Southern"), 64 Perimeter Center East, Atlanta, Georgia 30346, a registered holding company, and its wholly owned subsidiary company, Southern Nuclear Operating Company, Inc. ("Southern Nuclear"), 40 Inverness Center Parkway, Birmingham, Alabama 35204, have filed an application-declaration under Sections 6(a), 7, 9(a), 10 and 12(b) of the Act and Rules 45 and 54 thereunder.

Southern Nuclear proposes to borrow, from time to time through March 31, 1998, from Southern or other lenders up to an aggregate principal amount of \$10 million at any time outstanding.