following conditions are satisfied with respect to associate companies:

(1) An associated power project is an EWG or a FUCO which derives no part of its income, directly or indirectly, from the generation, transmission, or distribution of electric energy for sale within the United States;

(2) An associated power project is an EWG which sells electricity at market-based rates which have been approved by the Federal Energy Regulatory Commission ("FERC") or the appropriate state public utility commission, provided that the purchaser is not a Retail Electric Company;

(3) An associated power project is a QF which sells electricity exclusively at rates negotiated at arm's length to one or more industrial or commercial customers purchasing such electricity for their use and not for resale, and/or to an electric utility company, other than a Retail Electric Company, at the purchaser's "avoided cost" determined in accordance with the regulations under PURPA; or

(4) An associated power project is an EWG or a QF that sells electricity at rates based upon its cost of service, as approved by FERC or any state public utility commission having jurisdiction, provided that the purchaser of such electricity is not a Retail Electric Company.

Enterprises also proposes to continue to market and license to nonaffiliated third parties intellectual properties developed by Entergy system companies. The Settlement Agreements provide that if a nonutility business markets a product that was developed by a Retail Electric Company and is actually used by a Retail Electric Company, all profits on the sale of the product shall be divided evenly between the Retail Electric Company responsible for developing the product and the nonutility business responsible for marketing the product after deducting all incremental costs associated with making the product available for sale, including all costs of marketing the product. However, in the event that a product developed by a Retail Electric Company to be used in its utility business is not actually so used, and subsequently is marketed by a nonutility business to third parties, such Retail Electric Company shall be entitled to recover all of its costs to develop the product before any profits from marketing shall be divided.

Entergy proposes, through December 31, 1997, to invest up to \$350 million in Enterprises (and continuing beyond December 31, 1997 in accordance with the terms of any debt incurred or guarantee issued prior to such date) in connection with Enterprises' authorized business activities. Entergy's investments in Enterprises may take the form of: (1) Additional purchases of Enterprises' common stock, no par value, for a purchase price of \$1,000 per share; (2) capital contributions; (3) loans (and the conversion of any such loans to capital contributions); and (4) guarantees of indebtedness or other obligations incurred by Enterprises or its associate companies. Any loans to Enterprises by Entergy would mature no later than December 31, 2004, and would bear interest at a rate not to exceed the prime rate in effect on the date of the loan at a bank designated by Entergy.

Entergy and Enterprises also request authority through December 31, 1997, to issue guarantees in an aggregate amount that, when added to investments in Enterprises and any O&M Sub, will not exceed \$350 million. Guarantees may be required for Enterprises' Preliminary Development Activities, which might include undertaking reimbursement obligations or acting as surety on bonds, letters of credit, evidences of indebtedness, equity commitments, performance and other obligations. Guarantees may also be required for Enterprises other business activities or to satisfy the requirements of lenders and other project participants under financing documents and other agreements to which Enterprises, an O&M Sub or another associate company of Entergy (other than a Retail Electric Company) becomes a party. The terms and conditions of guarantees would be established at arm's length based upon market conditions.

Entergy and Enterprises also request authorization through December 31, 1997 to organize and provide funding to O&M Subs, through any one or combination of: (1) Purchases of capital stock; (2) capital contributions; (3) loans; or (4) guarantees of the securities or other obligations of an O&M Sub. Any investments in an O&M Sub would be included in the \$350 million investment authority requested by Entergy.

Enterprises would use the proceeds from Entergy's investments to: (1) Provide working capital in connection with Enterprises' Preliminary **Development Activities, Consulting** Services, Administrative Services, O&M Services, and other authorized business activities; (2) to pay its associate companies for services rendered to Enterprises; and (3) for other general corporate purposes. Entergy and Enterprises currently estimate that approximately \$100 million of the \$350 million of investment authority would be applied to meeting Enterprises' foregoing capital needs. Enterprises currently estimates that, of the proposed additional investments by Entergy, up to \$79 million (but in any case not more

than \$86 million) would be used for Preliminary Development Activities, and up to \$26 million (but in any case not more than \$30 million) would be used for Administrative Services. None of the funds will be used to acquire securities or an interest in the business of an EWG, FUCO, or QF.

Columbus Southern Power Company, (70-8573)

Columbus Southern Power Company ("CSPCo"), 215 North Front Street, Columbus, Ohio 43215, Kentucky Power Company ("KPCo"), 1701 Central Avenue, P.O. Box 1428, Ashland, Kentucky 41101 and Ohio Power Company ("OPCo"), 301 Cleveland Avenue, S.W., Canton, Ohio 44702 (collectively, the ("Companies"), electric utility subsidiary companies of American Electric Power Company, Inc., a registered holding company, have filed an application-declaration under Sections 6(a), 7, 9, 10 and 12(b) of the Act and Rules 45 and 54 thereunder.

The Companies propose to issue and sell Junior Subordinated Debentures ("Debentures") through December 31, 1997. Each series of Debenture will mature in not more than 50 years in aggregate principal amounts of up to the following: (1) \$80 million for CSPCo; (2) \$65 million for KPCo; and (3) \$90 million for OPCo. The Debentures may be sold by competitive bidding or through negotiation with underwriters or agents. The Debentures will be offered for sale at an initial public offering price resulting in a yield to maturity which shall not exceed by more than 3.0% the yield to maturity on United States Treasury bonds of comparable maturity at the time of pricing of the Debentures. The commission payable to agents or underwriters will not exceed 3.5% of the principal amount of the Debentures sold.

The Companies may have the right to defer payment of interest on the Debentures for up to five years. However, the Companies may not declare and pay dividends on its outstanding stock if payments under the Debentures are deferred. The payment of principal, premium and interest on the Debentures will be subordinated in right of payment to the prior payment in full of its senior indebtedness. The Companies will agree to specific redemption provisions, if any, at the time of the pricing of the Debentures.

If the Companies determine that it is not advisable to sell the Debentures directly to the public, each may organize a separate special purpose subsidiary as either: (1) a limited liability company under the Limited