AP&L now proposes to replace its existing steel railcar fleet with aluminum railcars. Consequently, AP&L seeks Commission authority to: (i) Sublease all of its existing steel railcars for up to the remainder of their respective lease terms; and (ii) sublease new aluminum railcars during periods when they are not needed to service the coal transportation requirements of White Bluff and ISES.

AP&L states that the above request for authority would be limited by the following conditions: (i) Each subleasing transaction shall be reported by a quarterly rule 24 certificate; and (ii) any revenue realized from the sublease of the steel railcars shall be credited against AP&L's costs as lessee of the steel railcars. AP&L's proposal expressly rejects the 50% Restriction, as imposed by the 1992 Orders.

AP&L further states that the benefit from such lower costs of leasing the steel railcars shall accrue to the owners of White Bluff and ISES on a passthrough basis. Such revenues shall be reflected accordingly in AP&L's ratemaking provisions, except to the extent the regulatory authority having jurisdiction over the matters authorizes a different treatment. Such revenues will be credited to "Fuel Stock" (Account No. 151 under the Federal Energy Regulatory Commission's Uniform System of Accounts). In the event AP&L changes its method of accounting for subleasing it will provide 30 days advance notice of the proposed change to the Commission.

General Public Utilities Corporation (70–8593)

General Public Utilities Corporation ("GPU"), 100 Interpace Parkway, Parsippany, New Jersey 07054, a registered holding company, has filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rules 45 and 53 thereunder.

GPU proposes to acquire and hold the interests or securities of one or more foreign utility companies ("FUCOs") and exempt wholesale generators ("EWGs") (each, an "Exempt Entity"), as defined in sections 32 and 33 of the Act. To facilitate the acquisition and ownership of interests in Exempt Entities, GPU proposes to acquire the securities of subsidiary companies which are not themselves Exempt Entities (each, a "Subsidiary Company"). Each Subsidiary Company will be engaged, directly or indirectly, and exclusively, in the business of owning and holding the interests and securities of one or more Exempt Entities and in project development activities relating to the acquisition of

such interests and securities and the underlying projects.

Accordingly, GPU proposes to acquire Subsidiary Company securities which may take the form of capital stock or shares, trust certificates, partnership interests or other equity or participation interests. Any investment in the capital stock or other equity securities of a Subsidiary Company having a stated or par value will be in an amount equal to or greater than such stated or par value.

If GPU determines that a Subsidiary Company whose securities it has acquired no longer has a purpose (whether due to termination of a proposed project acquisition, loss of a bid, change of law, or otherwise), it shall (to the extent that it is able to do so), liquidate or dissolve such Subsidiary Company within 45 days after such determination, unless GPU determines that such Subsidiary Company may be used in conjunction with a proposal or plan to acquire an interest in a different Exempt Entity.

GPU further proposes to make investments in such Subsidiary Companies from time to time through December 31, 1997 in an aggregate amount of up to \$200 million. Investments may take the form of cash capital contributions or open account advances; loans evidenced by promissory notes; guarantees by GPU of the principal of, or interest on, any promissory notes or other evidences of indebtedness or obligations of any Subsidiary Company, or of GPU's undertaking to contribute equity to a Subsidiary Company; assumption of liabilities of a Subsidiary Company; and reimbursement agreements with banks entered into to support letters of credit delivered as security for GPU's equity contribution obligation to a Subsidiary Company or otherwise in connection with a Subsidiary Company's project development activities.

In addition to the above-described investments in Subsidiary Companies, GPU requests authority to make investments in Exempt Entities from time to time through December 31, 1997. Such investments could take the form of (i) guarantees of the indebtedness or other obligations of one or more Exempt Entities; (ii) assumption of liabilities of one or more Exempt Entities; and (iii) guarantees and letter of credit reimbursement agreements in support of equity contribution obligations or otherwise in connection with project development activities for one or more Exempt Entities. The aggregate amount of such guarantees, assumptions and reimbursement agreements entered into with respect to Exempt Entities, together with the

amount invested in Subsidiary Companies, would not exceed \$200 million in the aggregate outstanding at any one time.

Any open account advance made by GPU will be non-interest bearing and repayable within one year of the date of the advance. Any promissory note issued by a Subsidiary Company to GPU, and any promissory note or similar evidence of indebtedness issued by a Subsidiary Company or an Exempt Entity to a person other than GPU with respect to which GPU may issue a guarantee, would mature not later than 30 years after the date of issuance thereof, and would bear interest at a rate (a) not greater than the prime rate at a bank to be designated by GPU in the case of any promissory note issued to GPU, and (b) in the case of any note or similar evidence of indebtedness issued to a person other than GPU and guaranteed by GPU, not in excess of the rates proposed below for borrowings by Subsidiary Companies. Any promissory note issued to GPU by any Subsidiary Company may, at GPU's option, be converted to a capital contribution to such Subsidiary Company through GPU's forgiveness of the indebtedness evidenced thereby.

Any reimbursement agreement supporting a letter of credit would have a term not in excess of 30 years. Drawings under any such letter of credit would bear interest at not more than 5% above the prime rate of the letter of credit bank as in effect from time to time, and letter of credit fees would not exceed 1% annually of the face amount of the letter of credit.

GPU also requests authorization for each Subsidiary Company to issue equity and debt securities to persons other than GPU (and with respect to which there is no recourse to GPU except to the extent GPU may guarantee payment of such securities pursuant to the authorization herein requested), including banks, insurance companies and other financial institutions, exclusively for the purpose of financing or refinancing investments in and project development activities for Exempt Entities. Such securities may be issued in one or more transactions from time to time through the earlier to occur of (i) December 31, 1997, and (ii) the effective date of any rule or regulation under the Act exempting such transactions from prior Commission authorization. No equity security having a stated or par value would be issued or sold by a Subsidiary Company for a consideration that is less than such stated or par value.

The aggregate principal amount of such debt securities issued by