of terminating the Swaps of about $45 million. If comparable base rates were to experience a further decline of an additional 200 basis points, the termination payment would be approximately $110 million.

Southern proposes to provide up to $95 million in guaranties on behalf of Mobile Energy and/or Project Company in connection with the sale of the First Mortgage Bonds and other forms of credit support (collectively, ''Credit Support''), provided that the amount thereof at any time outstanding, when added to Southern's equity investment in Mobile Energy, shall at no time exceed $135 million.

Credit Support may take a variety of forms, including a parent guaranty of indebtedness to third parties, a capital infusion or similar agreement under which cash calls from Southern may be made for certain defined purposes, or an agreement to indemnify or reimburse commercial banks or other third parties in connection with commercial letters of credit or other forms of commercially available credit enhancement that Mobile Energy or Project Company may require.

Southern proposes to negotiate the terms of Credit Support and any advances related thereto on a case-by-case basis. Subject to the foregoing, Southern proposes that any advance to or on behalf of Mobile Energy or Project Company that is structured as a loan may be unsecured and fully subordinated to the claims of other creditors of Mobile Energy or Project Company, as the case may be, and that it may bear interest at a rate equal to the lesser of (i) Southern's effective cost of borrowing and (ii) the prime commercial lending rate at money center bank designated by Southern, plus 3%. Southern further proposes that, at its option, any loan to Mobile Energy or Project Company may be converted to a capital contribution.

Southern may provide Credit Support in lieu of certain cash funded major maintenance reserves which Project Company is required to establish. Credit Support for this purpose will be funded from borrowings under the Major Maintenance Facility, or by Southern guaranties of borrowings by Project Company under the Major Maintenance Facility. It is proposed that notes issued under the Major Maintenance Facility may have maturities not later than seven years after the date of issuance.

Notes issued under the Working Capital Facility and Major Maintenance Facility may bear interest at a rate or rates based on various interest rate options available to Project Company and Southern, which in no case would be greater than the sum of the reference rate for the interest rate option selected by Project Company or Southern, as the case may be, plus the applicable spread, as follows:

Reference rate	Applicable spread (percent)
London Interbank Offered Rate	1½
Adjusted Base Rate	1

The Adjusted Base Rate will equal the greater of (i) the Federal Funds Rate, plus ½%, and (ii) the lender's publicly announced reference rate.

It is stated that Project Company and Southern may be required under the terms of either the Working Capital Facility or the Major Maintenance Facility to pay a commitment fee based on the unutilized portion of any lender's commitment and/or maintain compensating balances. The effective cost of borrowing under either of the foregoing interest rate options would be increased by no more than .625%.

The obligations of Project Company to make payments on the First Mortgage Bonds, the new series of Tax-Exempt Bonds and the Working Capital Facility (collectively, ''Senior Secured Debt'') will be secured ratably by a lien on and security interest in substantially all of the real and personal property interests of Project Company, subject to the priority of the lien of the Working Capital Provider on earned receivables (i.e., revenues from the sale of electricity, steam and liquor processing services to the Mill Owners) and proceeds from the sale of the Energy Complex fuel inventory. The First Mortgage Bonds and Tax-Exempt Bonds will also be secured by certain reserves required to be maintained under the terms of the First Mortgage Bond and Tax-Exempt Bond indentures and/or by credit Supports. Except for the guaranty provided by Mobile Energy with respect to the First Mortgage Bonds, the obligation of Project Company to make payments on the Senior Secured Debt will be secured solely by the assets of Project Company. Neither Southern nor Southern Electric nor any associate company (other than Project Company and Mobile Energy) will have any obligation with respect to the Senior Secured Debt of Project Company, except as may be expressly provided under the terms of any Credit Support provided by Southern.

Project Company and Mobile Energy propose to make cash distributions consisting, in part, of a return of capital to the extent permitted under Alabama law. Applicants project that cash distributions by Project Company and Mobile Energy will be made in some years in amounts exceeding book earnings.

Central Ohio Coal Company, et al. (70–8611)

Central Ohio Coal Company (''COCCO''), Southern Ohio Coal Company (''SOCCO'') and Windsor Coal Company (''WCCO''), each located at 1 Riverside Plaza, Columbus, Ohio 25327 and each a nonutility subsidiary of Ohio Power Company (''Ohio Power''), a public utility subsidiary of American Electric Power Company, Inc., a registered holding company, have filed an application-declaration under sections 6(a), 7, and 12 (c) of the Act and rule 46 thereunder.

COCCO proposes to pay to Ohio Power periodic dividends on common stock and a return of capital in amounts aggregating $19,961,687. To pay these dividends and return of capital, COCCO proposes to amend its Amended Articles of Incorporation to (1) reduce the par value of its authorized common shares to $0.10 per share, (2) change each of its outstanding common shares, par value of $100.00 per share, into a common share, par value $0.10 per share, and (3) reduce the stated capital of its common shares from $6.9 million to $6,900.

SOCCO intends to enter into negotiations for the lease financing of certain existing facilities, namely, a coal preparation plant, intermine coal conveyor and overland coal conveyor (the ''SOCCO Plant'') with a financial institution (the ''Lessor''). SOCCO anticipates that the Lessor will pay SOCCO up to $50 million for the SOCCO Plant. With this amount, and $18 million of internally generated funds which are projected to be available in excess of its needs, SOCCO proposes to pay up to $68 million as one or more dividends on SOCCO's common stock out of its capital surplus.

WCCO also intends to enter into negotiations for the lease financing of certain existing facilities, namely, a coal preparation plant, river loading terminal and overland coal conveyor (the ''WCCO Plant'') to the Lessor. WCCO anticipates that the Lessor will pay WCCO up to $11 million for the WCCO Plant. With this amount, and internally generated funds projected by WCCO to be available in excess of its own needs, WCCO proposes to pay up to $11,048,356 as a return of capital and as one or more dividends on WCCO's common stock out of its capital surplus.

In conjunction with the payment of these dividends and return of capital,