

("Environmental NEWCOs") to provide environmental services to nonassociates;

(xiii) Allow AYP Capital or one or more special purpose subsidiaries ("Laboratory NEWCOs") to sell chemical laboratory services to nonassociates and to associate companies; and

(xiv) Allow APS to increase its investment in AYP Capital or for AYP Capital to incur debt that might be guaranteed by APS, in each case to enable AYP Capital to engage in these activities and to enable AYP Capital to organize Project NEWCOs, EMS NEWCOs, Factor NEWCOs, Brokering NEWCOs, Real Estate NEWCOs, Technology NEWCOs, Telecommunications NEWCOs, Environmental NEWCOs and Laboratory NEWCOs and to make investments in all such NEWCOs to enable them to engage in such activities; to allow Project NEWCOs to finance their activities through securities issued to third parties; and to allow APS and AYP Capital to issue guarantees for AYP Capital and NEWCOs.

APS proposes to invest in AYP Capital up to an aggregate of \$100 million through December 31, 1999 through a combination of: (i) Purchases of common stock, (ii) cash capital contributions and (iii) loans. In addition, AYP Capital proposes to obtain loans from banks or issue other recourse obligations which could be guaranteed by APS. Such borrowings by AYP Capital from third parties that are guaranteed by APS would be subject to the \$100 million investment authority.

Loans from APS would mature by December 31, 2004 and would bear a fixed interest rate equal to a rate not above the prime rate in effect on the date of the loan at a bank designated by APS. Notes issued to APS, at the option of APS, could be converted to capital contributions to AYP Capital. Loans from third parties would mature by December 31, 2004 and would bear a fixed interest rate not above 3% over the prime rate at a U.S. money center bank to be designated by APS. Notes sold to such parties could be guaranteed by APS.

AYP Capital, through December 31, 1999, would organize and invest in NEWCOs through (i) purchases of capital stock or, in the case of Project NEWCOs, partnership interests or trust certificates, (ii) capital contributions, and (iii) loans and conversion of such loans to capital contributions. APS and AYP Capital propose that amounts permitted to be invested by APS and AYP Capital shall be permitted to be reinvested by AYP Capital in NEWCOs.

NEWCOs also would obtain loans from banks that might be guaranteed by APS or AYP Capital. Loans from third parties would be subject to the \$100 million investment authority. Loans to NEWCOs would be subject to the parameters applicable to loans to AYP Capital except that guarantees of loans also might be made by AYP Capital.

APS and AYP Capital, through December 31, 1999, would guarantee or act as surety on bonds, indebtedness and performance and other obligations issued or undertaken by AYP Capital or NEWCOs. Such guarantees, indemnifications and sureties will be subject to the \$100 million investment authority.

APS and AYP Capital also seek Commission authorization for Project NEWCOs to issue equity and debt securities through December 31, 1999 to third parties, with no recourse to AYP Capital, to finance EWGs and FUCOs ("Exempt Subsidiaries"). Such nonrecourse debt securities would not exceed \$200 million. Equity securities could include shares of capital stock, partnership interests or trust certificates. Nonrecourse debt securities could include secured and unsecured promissory notes, subordinated notes, bonds or other evidences of indebtedness. Securities could be denominated in either U.S. dollars or foreign currencies.

Evidence of indebtedness would mature within thirty years and would bear interest at a rate not to exceed: (i) 6.5% over the yield to maturity on an actively traded, non-callable, U.S. Treasury note with maturity equal to the average life of such indebtedness ("Applicable Treasury Rate"), for fixed-rate indebtedness, and 6.5% over the then applicable prime rate at a U.S. money center bank to be designated by APS ("Applicable Prime Rate"), for floating-rate indebtedness, if such indebtedness is U.S. dollar denominated; and (ii) at a fixed or floating rate which, when adjusted for inflation, would be equivalent to a rate on a U.S. dollar denominated borrowing of identical average life that does not exceed 10% over the Applicable Treasury Rate or Applicable Prime Rate, if such indebtedness is denominated in non-U.S. currency.

The issuance of nonrecourse debt securities by Project NEWCOs could include security interests in their assets. Such security interests could take the form of a pledge of the shares or other equity securities of an Exempt Subsidiary that it owns or a collateral assignment of its rights under and interests in other property.

AYP Capital anticipates that NEWCOs might not have paid employees, in which case personnel employed by Allegheny Power Service Corporation ("APSC"), a wholly owned subsidiary of APS, would provide a wide range of services to such NEWCOs pursuant to a service agreement. Under these service agreements, NEWCOs would reimburse APSC for the cost of services provided.

The Southern Company, et al. (70-8435)

The Southern Company ("Southern"), 64 Perimeter Center East, Atlanta, Georgia 30346, a registered holding company, Atlanta, Georgia, and its subsidiaries, Alabama Power Company, 600 North 18th Street, Birmingham, Alabama 35291, Georgia Power Company, 333 Piedmont Avenue, NE., Atlanta, Georgia 30308, Gulf Power Company, 500 Bayfront Parkway, Pensacola, Florida 32501, Mississippi Power Company, 2992 West Beach, Gulfport, Mississippi 39501, Savannah Electric and Power Company, 600 Bay Street East, Savannah, Georgia 31401, Southern Company Services, Inc., 64 Perimeter Center East, Atlanta, Georgia 30346, Southern Electric International, Inc., 900 Ashwood Parkway, Suite 500, Atlanta, Georgia 30338, Southern Nuclear Operating Company, Inc., 40 Inverness Center Parkway, Birmingham, Alabama 35204 and Southern Electric Generating Company, 600 North 18th Street, Birmingham, Alabama 35291, a subsidiary of Alabama Power Company and Georgia Power Company, have filed with this Commission under sections 6(a), 7, 32 and 33 of the Public Utility Holding Company Act of 1935, as amended ("Act") and rules 53 and 54 thereunder a post-effective amendment to their application-declaration previously filed under sections 6(a), 7, 9(a), 10, 32 and 33 and rules 53 and 54 thereunder.

By order dated August 5, 1994 (HCAR No. 26098) ("1994 Order"), Southern was authorized to issue and sell in one or more transactions from time-to-time through December 31, 1997, an aggregate of 37 million shares of its authorized shares of common stock, \$5 par value, as such number of shares may be adjusted for any subsequent share split, pursuant to its Dividend Reinvestment and Stock Purchase Plan, The Southern Company Employee Savings Plan, and the Employee Stock Ownership Plan of the Southern Company System ("Plans"). At May 31, 1995, there were 25,026,688 shares of the additional common stock remaining unsold under the Plans. Under the 1994 Order, Southern was authorized: (1) to use the proceeds from the sale of the additional common stock, together with