

date, the Commission or an Atomic Safety and Licensing Board, designated by the Commission or by the Chairman of the Atomic Safety and Licensing Board Panel, will rule on the request and/or petition; and the Secretary or the designated Atomic Safety and Licensing Board will issue a notice of a hearing or an appropriate order.

As required by 10 CFR 2.714, a petition for leave to intervene shall set forth with particularity the interest of the petitioner in the proceeding, and how that interest may be affected by the results of the proceeding. The petition should specifically explain the reasons why intervention should be permitted with particular reference to the following factors: (1) The nature of the petitioner's right under the Act to be made a party to the proceeding; (2) the nature and extent of the petitioner's property, financial, or other interest in the proceeding; and (3) the possible effect of any order which may be entered in the proceeding on the petitioner's interest. The petition should also identify the specific aspect(s) of the subject matter of the proceeding as to which petitioner wishes to intervene. Any person who has filed a petition for leave to intervene or who has been admitted as a party may amend the petition without requesting leave of the Board up to 15 days prior to the first prehearing conference scheduled in the proceeding, but such an amended petition must satisfy the specificity requirements described above.

Not later than 15 days prior to the first prehearing conference scheduled in the proceeding, a petitioner shall file a supplement to the petition to intervene which must include a list of the contentions which are sought to be litigated in the matter. Each contention must consist of a specific statement of the issue of law or fact to be raised or controverted. In addition, the petitioner shall provide a brief explanation of the bases of the contention and a concise statement of the alleged facts or expert opinion which support the contention and on which the petitioner intends to rely in proving the contention at the hearing. The petitioner must also provide references to those specific sources and documents of which the petitioner is aware and on which the petitioner intends to rely to establish those facts or expert opinion. Petitioner must provide sufficient information to show that a genuine dispute exists with the applicant on a material issue of law or fact. Contentions shall be limited to matters within the scope of the amendment under consideration. The contention must be one which, if proven, would entitle the petitioner to

relief. A petitioner who fails to file such a supplement which satisfies these requirements with respect to at least one contention will not be permitted to participate as a party.

Those permitted to intervene become parties to the proceeding, subject to any limitations in the order granting leave to intervene, and have the opportunity to participate fully in the conduct of the hearing, including the opportunity to present evidence and cross-examine witnesses. Since the Commission has made a final determination that the amendment involves no significant hazards consideration, if a hearing is requested, it will not stay the effectiveness of the amendment. Any hearing held would take place while the amendment is in effect.

A request for a hearing or a petition for leave to intervene must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff or may be delivered to the Commission's Public Document Room, located at One White Flint North, 11555 Rockville Pike (first floor), Rockville, Maryland 20852, by the above date. A copy of the petition should also be sent to the Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and to the attorney for the licensee.

Nontimely filings of petitions for leave to intervene, amended petitions, supplemental petitions and/or requests for a hearing will not be entertained absent a determination by the Commission, the presiding officer or the Atomic Safety and Licensing Board that the petition and/or request should be granted based upon a balancing of the factors specified in 10 CFR 2.714(a)(1)(i)-(v) and 2.714(d).

Power Authority of the State of New York, Docket No. 50-333, James A. FitzPatrick Nuclear Power Plant, Oswego County, New York

Date of amendment request: November 2, 2000, as supplemented November 3, 2000.

Description of amendment request: The amendment revises the Technical Specifications to allow reactor coolant system (RCS) inservice leak and hydrostatic testing to be performed with the reactor in the cold shutdown mode while the RCS temperature is greater than 212 °F (which normally corresponds to the hot shutdown mode).

Date of issuance: November 3, 2000.

Effective Date: As of its date of issuance and shall be implemented within 30 days.

Amendment No.: 267.

Facility Operating License No. DPR-59: Amendment revises the Technical Specifications.

Public comments requested as to proposed no significant hazards consideration: No.

The Commission's related evaluation of the amendment, finding of emergency circumstances, and final determination of no significant hazards consideration are contained in a Safety Evaluation dated November 3, 2000.

Attorney for licensee: Mr. David E. Blabey, 1633 Broadway, New York, New York 10019.

NRC Section Chief: Marsha Gamberoni.

Dated at Rockville, Maryland, this 21st day of November 2000.

For the Nuclear Regulatory Commission.

Suzanne C. Black,

Acting Director, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.

[FR Doc. 00-30282 Filed 11-28-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27280]

Filings Under the Public Utility Holding Company Act of 1935, as amended ("Act")

November 21, 2000.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by December 18, 2000, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a

copy of any notice or order issued in the matter. After December 18, 2000, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Entergy Gulf States, Inc. (70-9751)

Entergy Gulf States, Inc. ("EGS"), 350 Pine Street, Beaumont, Texas 77701, an electric utility subsidiary company of Entergy Corporation ("Entergy"), 639 Loyola Avenue, New Orleans, LA 70113, a public utility holding company registered under the Act, has filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(d) of the Act and rules 44 and 53 under the Act.

In summary, EGS requests authority to issue a variety of securities, to form certain special purpose entities ("SPEs") for the sole purpose of issuing one or more series of preferred securities ("SPE Securities") and to enter into agreements with governmental entities to facilitate certain financings.

Specifically, EGS proposes, from time to time through December 31, 2005 ("Authorization Period"), to issue and sell, or to arrange for the issuance and sale of, a combination of some or all of the following securities in an aggregate principal amount of \$2.2 billion ("Debt Limit"): (1) one or more series of its first mortgage bonds ("Bonds"), (2) one or more series of medium-term notes ("MTNs"), (3) one or more series of debentures ("Debentures"), (4) one or more new series of EGS' preferred stock ("Preferred Stock"), (5) one or more series of EGS' preference stock ("Preference Stock") or (6) one or more series of tax-exempt bonds ("TEBs") issued by one or more governmental entities.

EGS also requests authority to issue guaranties to secure subsidiary SPE obligations under the SPE Securities, and to issue subordinated debentures to the SPE in respect of the proceeds of the SPE Securities. In addition, EGS requests authority to obtain letters of credit and to issue collateral securities to secure the TEBs. Further, EGS requests authority to acquire outstanding pollution control revenue and/or industrial development bonds issued for its benefit.

Bonds, MTNs and Debentures

One or more series of Bonds, MTNs and/or Debentures may include provisions for redemption prior to maturity at various percentages of the principal amount thereof and may include restrictions on optional redemption for a given number of years. In addition, one or more series of Bonds, MTNs or Debentures may include provision for the mandatory retirement

of some or all of the series prior to maturity, which will not exceed fifty years. The price, exclusive of accrued interest, to be paid to EGS for each series of Bonds, MTNs and Debentures sold at competitive bidding will be within a range (to be specified by EGS to prospective purchasers) of 95% to 105% of the principal amount of the series. No series of Bonds, MTNs or Debentures, whether fixed rate or adjustable, will bear interest at rates in excess of 15% per annum.

Preferred Securities

SPE Securities issued by an SPE will have a stated per share liquidation preference and may be registered under the Securities Act of 1933 as amended. The holders of the SPE Securities will be either (1) the limited partners (in the case of a limited partnership) or (2) the holders of preferred interests (in the case of a business trust) of the SPE and the amounts paid by such holders for the SPE will be treated as capital contributions to the SPE. The annual distribution or interest rate borne by any of the SPE Securities will not exceed 15% and the price paid for the SPE Securities will be not less than the par or stated value and not more than 105% of that value, plus accumulated dividends, if any.

SPEs issuing SPE Securities will be in the form of statutory business trusts or limited partnerships and will be created solely for the purpose of issuing one or more series of SPE Securities. EGS will directly or indirectly make an equity contribution to the SPE at the time the SPE Securities are issued and with this equity contribution, directly or indirectly acquire all of the general partnership interests, in the case of a partnership, or all of the voting interests, in the case of a business trust, in the SPE. If the SPE is a limited partnership, EGS may act as the general partner, or alternatively, EGS requests authority to organize a special purpose corporation for the sole purpose of acting as the general partner of the SPE.

EGS proposes to issue from time to time, in one or more series, Subordinated Debentures to the SPE. The SPE will use the proceeds from the sale of its SPE Securities, plus the equity contributions made to it, to purchase the Subordinated Debentures. EGS will issue the Subordinated Debentures in an aggregate principal amount not exceeding the aggregate stated amount of the SPE Securities whose sale proceeds, along with the capital contributions, were used to purchase the Subordinated Debentures.

Each series of Subordinated Debentures will mature within fifty

years of issuance and the interest rates; payment dates, redemption, maturity and other terms will be substantially identical to the SPE Securities' terms and conditions. Indentures for the Subordinated Debentures will provide that they are subordinated to senior indebtedness, may provide for deferred payment up to sixty months under certain circumstances.

EGS proposes to enter into Guarantees, securing the SPE Securities which guarantee the payment of distributions, liquidation payments and certain tax related "gross up" amounts to SPE Securities holders, if and to the extent that the SPE has legally available funds for this purpose. Separately, EGS further proposes to issue and sell one or more new series of its Preferred Stock of no par or \$100 par value, either by competitive bidding, negotiated public offering or private placement during the Authorization Period. No series of Preferred Stock will be sold if the dividend rate thereon would exceed 15% per annum. The terms of one or more series of Preferred Stock may include provisions for redemption at various redemption prices, may include restrictions on optional redemption for a given number of years and may include provisions for purchases in lieu of redemption. EGS may include for any series of Preferred Stock provisions for a sinking fund designed to annually redeem a given percentage of the total number of shares of such series.

Depending upon market conditions at the time of the offering of a given series of the Preferred Stock, if EGS determines that Preferred Stock having a public offering price of less than \$100 per share is likely to have a materially better market reception than shares of \$100 Preferred, and it is not deemed appropriate to use no par Preferred Stock, EGS may issue and sell a series of \$100 Preferred to underwriters for deposit with a bank or trust company ("Depository"). The underwriters would then receive from the Depository and deliver to the purchasers, in a subsequent public offering, shares of depository preferred stock ("Depository Preferred"), each representing a stated fraction of a share of the new series of \$100 Preferred Stock.

Preference Stock

EGS proposes to issue one or more series of Preference Stock, with the price to be paid being determined at the time of sale. No series of Preference Stock will be issued at less than 100% or more than 105% of the stated value per share, plus accrued dividends, if any. No series of Preference Stock would be sold if the dividend rate

would exceed 15% per annum. One or more series of Preference may include provisions for redemption at various redemption prices and/or restrictions on optional redemption for a given number of years of the life of the issue. One or more series of Preference Stock may include provisions for a sinking fund, which would be designed to redeem commencing on a specified date or number of years after the first day of the calendar month in which the series is issued, at the stated value per share of the series plus any accumulated and unpaid dividends, of all or a portion of the total number of shares of the series. Any sinking fund provision would be designed to redeem all outstanding shares of the series not later than fifty years after the date of original issuance.

Tax Exempt Bonds

Additionally, EGS requests authority to enter into installment purchase, refunding or other facilities agreements ("Facilities Agreement") with one or more governmental entities ("Issuers"). As part of the agreement the Issuers will issue to the public one or more series of tax-exempt bonds ("TEBs") under one or more trust indentures between the Issuer and one or more trustees ("Trustees") in order to facilitate the purchase or construction of certain pollution control facilities ("Facilities"). Each series of TEBs will have such interest rates, maturity dates, redemption and sinking fund provisions and be secured by such means as shall be determined at the time of sale. In no event will the TEBs mature earlier than five years nor later than fifty years from the date of issuance and no series of TEBs will be sold if the fixed interest rate or initial adjustable interest rate will exceed 13% per annum. The aggregate amount of the TEBs issued will be within the Debt Limit.

The Facilities Agreement will provide for EGS to commit to purchase, acquire, construct, install, operate and/or maintain the Facilities for or on behalf of the Issuer. The Issuers will transfer the proceeds of the TEB sales to EGS and agree to transfer or make the Facilities available to the EGS on terms sufficient to provide for payment by the Issuer of the principal or redemption price and interest on the TEBs. EGS will then be responsible for paying the indebtedness on the TEBs.

In order to obtain a more favorable rating on any series of TEB, and improve their marketability, EGS proposes to issue one or more new series of Bonds or MTNs ("Collateral Bonds") to secure the TEBs. The terms of the Collateral Bonds relating to maturity, interest payment dates,

redemption provisions and acceleration will correspond to the terms of the related TEBs.

The principal amount of and interest rate borne by the Collateral Bonds could be determined in several ways: (1) If the series of TEBs bear a fixed interest rate, Collateral Bonds can be issued in a principal amount equal to the principal amount of the series and bear interest at a rate equal to the rate of interest on the series, (2) non-interest bearing Collateral Bonds can be issued in a principal amount equal to the state interest for a specified period, (3) Collateral Bonds can be issued in a principal amount equivalent to the principal amount of the series plus an amount equal to the interest on the series for a specified period, but carry a fixed interest rate that will be lower than the fixed interest rate of the series of TEBs or (4) Collateral Bonds can be issued in a principal amount equivalent to the principal amount of the series of TEBs at an adjustable rate of interest, that varies with the rate of interest on that series of TEBs, but having a "cap" (not greater than 13%), above which the interest on Collateral Bonds cannot rise.

In order to obtain a more favorable rating on any series of TEBs, EGS may also arrange for one or more irrevocable letters of credit for an aggregate amount of up to \$52 million from one or more banks (individually and collectively the "Bank"). To induce the Bank to issue a letter of credit, EGS would enter into one or more reimbursement agreements ("Reimbursement Agreements") with the Bank under which EGS will agree to reimburse the Bank for all amounts drawn under the letter of credit within a specified period (not to exceed sixty months) after the date the funds are drawn and with interest at a rate that will not exceed the Bank's prime commercial rate plus 2%. In order to secure EGS' obligations under the Facilities Agreement or the Reimbursement Agreement, in the event EGS enters into a Reimbursement Agreement, EGS may also grant a lien on the Facilities or other assets.

Use of Proceeds

EGS proposes to use the net proceeds derived from the issuance and sale of Bonds, MTNs, Debentures, SPE Securities, Preferred Stock, Preference Stock and/or TEBs for general corporate purposes including, but not limited to the conduct of its business as an electric and gas utility, the repayment of outstanding securities when due and/or the possible redemption, acquisition or refunding of certain outstanding securities prior to their stated maturity or due date. EGS states that no proceeds

from the issuance and sale of the above securities will be used to invest directly or indirectly in an exempt wholesale generator, as defined in section 32 of the Act, or a foreign utility company, as defined in section 33 of the Act.

Entergy Mississippi, Inc. (70-9757)

Entergy Mississippi, Inc. ("EM"), 308 Pearl Street, Jackson, Mississippi 39201, an electric utility subsidiary of Entergy Corporation ("Entergy"), 639 Loyola Avenue, New Orleans, Louisiana 70113, a public utility holding company registered under the Act, has filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(d) of the Act and rules 44 and 53 under the Act.

EM requests authority to issue a variety of securities, to form certain special purpose entities ("SPEs") for the sole purpose of issuing one or more series of preferred securities ("SPE Securities") and to enter into agreements with governmental entities to facilitate certain financings.

Specifically, EM proposes, from time to time through December 31, 2005 ("Authorization Period"), to issue and sell a combination of one or more series of its first mortgage bonds ("Bonds") and one or more series of debentures ("Debentures") in an aggregate amount of up to \$540 million ("Debt Limit"). In addition, EM requests authority to issue one or more series of EM preferred securities ("Preferred Stock") and/or to cause one or more SPEs to issue SPE Securities, in a combined aggregate outstanding principal amount of up to \$50 million ("Preferred Limit") through the Authorization Period. EM also requests authority, through the Authorization Period, to issue subordinated debentures of EM ("Subordinated Debentures") and guarantees of EM ("Guarantees") in connection with the issuance of SPE Securities. Further, EM requests authority through the Authorization Period to enter into arrangements for the issuance of up to \$46 million of tax-exempt bonds ("TEBs") by one or more governmental authorities and of up to \$100 million of municipal securities ("Municipal Securities") by one or more state or local municipal entities ("Municipal Entity").

Bonds and Debentures

Bonds and/or Debentures may include provisions for redemption prior to maturity at various percentages of the principal amount of the bonds and may include restrictions on optional redemption for a given number of years. In addition, Bonds and Debentures may include provisions for the mandatory retirement of some or all series prior to

maturity, which will not exceed fifty years. The price, exclusive of accrued interest, to be paid to EM for each series of Bonds and Debentures sold at competitive bidding will be within a range (to be specified by EM to prospective purchasers) of 95% to 105% of the principal amount of the series. No series of Bonds and Debentures, whether fixed rate or adjustable rate, will bear interest at rates in excess of 15% per annum.

Preferred Securities

SPE Securities issued by an SPE will have a stated per share liquidation preference and may be registered under the Securities Act of 1933 as amended. Amounts paid by the holders of equity interests in the SPE will be treated as capital contributions to the SPE. The annual distribution or interest rate borne by any of the SPE Securities will not exceed 15%.

SPEs issuing SPE Securities will be in the form of statutory business trusts or limited partnerships and will be created solely for the purpose of issuing one or more series of SPE Securities. EM will directly or indirectly make an equity contribution to the SPE at the time the SPE Securities are issued and with this equity contribution, directly or indirectly acquire all of the general partnership interests, in the case of a partnership, or all of the voting interests, in the case of a business trust, in the SPE. If the SPE is a limited partnership, EM may act as the general partner, or alternatively, EM requests authority to organize a special purpose corporation for the sole purpose of acting as the general partner of the SPE.

EM will issue, from time to time in one or more series, Subordinated Debentures to the SPE. The SPE will use the proceeds from the sale of its SPE Securities, plus the equity contributions made to it, to purchase the Subordinated Debentures. EM will issue the Subordinated Debentures in an aggregate principal amount not to exceed the aggregate stated amount of the SPE Securities whose sale proceeds, along with the capital contributions, were used to purchase the Subordinated Debentures.

Each series of Subordinated Debentures will mature within fifty years of issuance and the interest rates, payment dates, redemption, maturity and other terms will be substantially identical to the SPE Securities' terms and conditions. Indentures for the Subordinated Debentures will provide that the Subordinated Debentures are subordinated to senior indebtedness and may provide for deferred payment up to

sixty months under certain circumstances.

EM also proposes to enter into Guarantees, which guarantee the payment of distributions, liquidation payments and certain tax-related "gross up" amounts to the SPE Securities holders if, and to the extent that, the SPE has legally available funds for this purpose.

EM also proposes to directly issue and sell one of more new series of its no par, nominal par or \$100 par value Preferred Stock either by competitive bidding, negotiated public offering or private placement. No series of Preferred Stock will be sold if the dividend rate would exceed 15% per annum. The terms of one or more series of Preferred Stock may include provisions for redemption at various redemption prices, restrictions on optional redemption for a given number of years, provisions for purchases in lieu of redemption or provisions for a sinking fund designed to annually redeem a given percentage of the total number of shares of the series.

Depending upon market conditions at the time of the offering of a given series of the Preferred Stock, if EM determines that Preferred Stock having a public offering price of less than \$100 per share is likely to have a materially better market reception than shares of \$100 Preferred, and it is not deemed appropriate to use no par Preferred Stock, EM may issue and sell a series of \$100 Preferred to underwriters for deposit with a bank or trust company ("Depository"). The underwriters would then receive from the Depository and deliver to the purchasers, in a subsequent public offering, shares of depository preferred stock ("Depository Preferred"), each representing a stated fraction of a share of the new series of \$100 Preferred Stock.

Tax Exempt Bonds

EM may enter into installment purchase, refunding or other facilities agreements ("Facilities Agreements") with one or more governmental entities ("Issuers"). As part of these agreements, the Issuers will issue one or more series of TEBs to the public under one or more trust indentures, in order to facilitate the purchase or construction of certain pollution control facilities ("Facilities"). Each series of TEBs will have interest rates, maturity dates, redemption, sinking fund and security provisions as will be determined at the time of sale. In no event will the TEBs mature earlier than five years nor later than fifty years from the date of issuance and no series of TEBs will bear an interest rate that exceeds 13% per annum. The aggregate

amount of the TEBs issued will not exceed \$46 million.

The Facilities Agreement will provide for EM to commit to purchase, acquire, construct, install, operate and/or maintain the Facilities for or on behalf of the Issuer. The Issuer will transfer the proceeds of the TEB sales to EM and agree to transfer or make the Facilities available to EM on terms sufficient to provide for payment by the Issuer of the principal or redemption price and interest on the TEBs. EM will then be responsible for paying the indebtedness on the TEBs.

In order to obtain a more favorable rating on any series of TEBs, and improve their marketability, EM proposes to issue one or more new series of Bonds up to an aggregate amount of \$52 million ("Collateral Bonds"). The terms of the Collateral Bonds relating to maturity, interest payment dates, redemption provisions and acceleration will correspond to the terms of the related TEBs.

The principal amount of and interest rate borne by the Collateral Bonds could be determined in several ways: (1) If the series of TEBs bears a fixed interest rate, Collateral Bonds can be issued in a principal amount equal to the principal amount of the series and bear interest at a rate equal to the rate of interest on the series, (2) non-interest bearing Collateral bonds can be issued in a principal amount equal to the stated interest for a specified period, (3) Collateral Bonds can be issued in a principal amount equivalent to the principal amount of the series plus an amount equal to the interest on the series for a specified period, but carry a fixed interest rate that will be lower than the fixed interest rate of the series of TEBs or (4) Collateral Bonds can be issued in a principal amount equivalent to the principal amount of the series of TEBs at an adjustable rate of interest, that varies with the rate of interest on that series of TEBs, but having a "cap" (not greater than 13%), above which the interest on Collateral Bonds cannot rise.

In order to obtain a more favorable rating on any series of TEBs, EM may also arrange for one or more irrevocable letters of credit for an aggregate the amount of up to \$52 million from one or more banks (individually and collectively the "Bank"). To induce the Bank to issue a letter of credit, EM would enter into one or more reimbursement agreements ("Reimbursement Agreements") with the Bank under which EM will agree to reimburse the Bank for all amounts drawn under the letter of credit within a specified period (not to exceed sixty months) after the date the funds are

drawn and with interest at a rate that will not exceed the Bank's prime Commercial rate plus 2%. In order to secure EM's obligations under the Facilities Agreement or the Reimbursement Agreement, in the event EM enters into a Reimbursement Agreement, EM may also grant a lien on the Facilities or other assets.

Municipal Securities

EM seeks authority to enter into arrangements for the issuance of up to \$100 million aggregate principal amount of Municipal Securities to be issued by a state or local Municipal Entity. Under the arrangements, a Municipal Entity will issue securities to the public on behalf of EM and will loan money to EM through a bank, an affiliate of EM or other person, where the proceeds of the financing will be used to pay certain of EM's costs. The Municipal Entity will agree to pay to EM an amount equal to the proceeds of the Municipal Securities. Under the provisions of an agreement between EM and the Municipal Entity, EM will be obligated to make payments sufficient to provide for payment by the Municipal Entity of the principal, redemption price of, premium (if any), interest on and other amounts owing with respect to the Municipal Securities, together with related expenses.

Each series of Municipal Securities will be sold at a price, interest rate and maturity date as will be determined at the time of sale, however, no series of Municipal Securities will be sold if the fixed interest rate or adjustable interest rate would exceed 15% per annum, or if subsequent interest rates for adjustable rate would exceed 15% per annum. No series of Municipal Securities will mature earlier than one year or later than fifty years from the first day of the month of issuance.

In order to obtain a more favorable rating on any series of Municipal Securities, and improve their marketability, EM may arrange for one or more irrevocable letters of credit for an aggregate amount up to \$115 million from one or more Banks. Payments with respect to principal, premium, if any, interest and purchase obligations in connection with the series of Municipal Securities coming due during the term of the letter of credit, which will not exceed ten years, will be secured by, and payable from funds (if any) drawn under, the letter of credit. To induce the Bank to issue a letter of credit, EM would enter into one or more reimbursement agreements ("Reimbursement Agreements") with the Bank under which EM will agree to reimburse the Bank for all amounts

drawn under a letter of credit within a specified period (not to exceed sixty months) after the date funds are drawn and with interest at a rate that will not exceed the Bank's prime commercial lending rate plus 2%. The terms of the Reimbursement Agreement will correspond to the terms in the letter of credit.

Any letter of credit will expire or be terminable prior to the maturity date of the series of Municipal Securities that the letter of credit supports and, in connection with the expiration or termination, the series of Municipal Securities can be made subject to mandatory redemption or purchase on or prior to the date of expiration or termination of the letter of credit, subject to the rights of owners of Municipal Securities not to have their Municipal Securities redeemed or purchased. Provision may be made, as to any series of Municipal Securities, for extension of the term of a letter of credit or for its replacement, upon its expiration or termination, by another letter of credit (having substantially the same terms as the original letter of credit) from the Bank or another bank. Extended or replacement letters of credit will expire not later than the final maturity date of the related Municipal Securities.

In order to secure EM's obligations under the agreement with the Municipal Entity and/or, in the event EM enters into a Reimbursement Agreement, under the Reimbursement Agreement, EM may grant a lien, subordinate to the lien on the Bonds, on certain assets of EM (the "Municipal Subordinate Lien").

In addition or as an alternative to the security provided by a letter of credit or the Municipal Subordinate Lien, EM may secure the Municipal Securities through the issuance and pledge of one or more new series of first mortgage bonds ("Municipal Collateral Bonds"). The principal amount of and interest rate borne by the Municipal Collateral Bonds could be determined in several ways: (1) If the series of Municipal Securities bears a fixed interest rate, Municipal Collateral Bonds can be issued in a principal amount equal to the principal amount of the series and bear interest at a rate equal to the rate of interest on the series, (2) non-interest bearing Municipal Collateral Bonds can be issued in a principal amount equivalent to the principal amount of the series plus an amount equal to interest thereon for a specified period, (3) Municipal Collateral Bonds can be issued in a principal amount equivalent to the principal amount of the series plus an amount equal to interest on the series for a specified period, but carry a

fixed interest rate that will be lower than the fixed interest rate of the series of Municipal Securities or (4) Municipal Collateral Bonds can be issued in a principal amount equivalent to the principal amount of the series of Municipal Securities at an adjustable rate of interest, varying with the rate of interest borne by the series of Municipal Securities but having a "cap" (not greater than 15%), above which the interest on Municipal Collateral Bonds cannot rise.

Each series of the Municipal Collateral Bonds that bear interest will bear interest at a fixed interest rate or initial adjustable interest rate not to exceed 15%. The maximum aggregate principal amount of the Municipal Collateral Bonds would be \$115 million, which will be in addition to the aggregate amount requested for Bonds and/or Debentures. The terms of the Municipal Collateral Bonds relating to maturity, interest payment dates, if any, redemption provisions and acceleration will correspond to the terms of the related Municipal Securities. The terms of each series of the Municipal Collateral Bonds will not vary during the life of the series except for the interest rate of any series that bears interest at an adjustable rate.

Use of Proceeds

EM proposes to use the net proceeds derived from the issuance and sale of Bonds, Debentures, SPE Securities, Preferred Stock and TEBs for general corporate purposes including, but not limited to the conduct of its business as an electric and gas utility, the repayment of outstanding securities when due and/or the possible redemption, acquisition or refunding of certain outstanding securities prior to their stated maturity or due date. The proceeds from the issuance and sale of Bonds, Debentures, SPE Securities, Preferred Stock and TEBs will not be used to invest directly or indirectly in an exempt wholesale generator, as defined in section 32 of the Act, or a foreign utility company, as defined in section 33 of the Act.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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