

Subsidiary Companies to persons other than GPU will not exceed \$500 million at any one time outstanding. In any case in which GPU directly or indirectly owns less than 100% of the equity interests of a Subsidiary Company, only that portion of the indebtedness of such Subsidiary Company equal to GPU's equity ownership percentage shall be included for purposes of the foregoing limitation.

Debt securities issued or sold by any Subsidiary Company will mature not later than 30 years from the date of issuance thereof, and will bear interest at a rate not in excess of the greater of (A) if such note, bond or other indebtedness is U.S. dollar denominated, the greater of (i) 250 basis points above the greater of (a) the lending bank's or other recognized prime rate and (b) 50 basis points above the federal funds rate, (ii) 400 basis points above the specified London Interbank Offered Rate plus any applicable reserve requirement, or (iii) a negotiated fixed rate which, in any event, would not exceed 500 basis points above the 30 years "current coupon" treasury bond rate; and (B) if such note, bond or other indebtedness is denominated in the currency of a country other than the United States, at a fixed or floating rate which, when adjusted (i.e., reduced) for the prevailing rate of inflation in such country, as reported in official indices published by such country, would be equivalent to a rate on a U.S. dollar denominated borrowing of identical average life that does not exceed 10% over the highest rate set forth in clause (A) above.

In connection with the issuance of any securities by any Subsidiary Company, it is anticipated that such Subsidiary Company may grant a security interest in its assets. Such security interest may take the form of a pledge of the shares or other equity securities of an Exempt Entity that it owns, including a security interest in any distributions from any such Exempt Entity, and/or a collateral assignment of its rights under and interests in other property, including rights under contracts.

It is also anticipated that fees in the form of placement or commitment fees, or other similar fees, would be paid to lenders, placement agents, or others in connection with the issuance of any such securities. GPU proposes that any Subsidiary Company may agree in any case to pay placement or commitment fees, and other similar fees, in connection with such issuance, provided that the aggregate amount of any such fees (i) payable at or about the

time of the issuance of the securities would not exceed 4% of the stated or principal amount thereof and (ii) payable thereafter would not cause the effective annual interest charge on such securities to exceed 115% of the stated interest rate thereon.

GPU states that it would obtain the funds for any direct or indirect investment in any Subsidiary Company or Exempt Entity from available cash or as the Commission may otherwise authorize by separate order.

West Penn Power Company, et al. (70-8613)

Monongahela Power Company ("Monongahela"), 1310 Fairmont Avenue, Fairmont, West Virginia 26554, The Potomac Edison Company ("Potomac Edison"), 10435 Downsville Pike, Hagerstown, Maryland 21740, and West Penn Power Company ("West Penn"), 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601, public-utility subsidiary companies of Allegheny Power System, Inc., a registered holding company, have filed a declaration under sections 6(a), 7 and 12(c) of the Act and rule 42 thereunder.

Monongahela, Potomac Edison and West Penn proposes to issue and sell, at any time or from time to time through December 31, 1998, in one or more series, up to \$95,000,000, \$61,834,900, and \$110,000,000 principal amount, respectively (an aggregate of \$266,834,900 principal amount for all three companies) of junior subordinated debentures (the "Debt Securities"). The Debt Securities will be issued under an indenture or indentures to be entered into with a trustee or trustees to be named.

The Debt Securities will be unsecured obligations of the issuer thereof, will be subordinate to all other indebtedness for borrowed money of such issuer, and may contain cross-default provisions with respect to other indebtedness of the issuer. Each such series will have a term of no more than fifty years and will bear interest, payable at periodic intervals, at a fixed or an adjustable rate. Any adjustable rate will be determined on a periodic basis as a percentage of or spread from a predetermined benchmark security, by auction or remarketing procedures, in accordance with a formula based on reference rates, or by other predetermined methods. The issuer of any series of Debt Securities may have the right to defer payment of interest for up to five years, provided that at the end of any deferral period the issuer would be required to pay all accrued and unpaid interest, with interest thereon at the rate borne by such Debt Securities, and during any

deferral period the issuer may not be permitted to declare or pay dividends on or to acquire any of its capital stock. Debt Securities of any series may be redeemable at the option of the issuer, at any time after a specified date not later than twenty years from the date of issuance, at a price equal to the principal amount thereof plus accrued and unpaid interest, plus a premium (if any).

The Debt Securities will be sold at such time, at such interest rates, and for such prices as shall be approved by the issuer, depending on market conditions. The proceeds of the sale of Debt Securities will be applied to the redemption, tender offer or other retirement of outstanding preferred stock. Monongahela, Potomac Edison and West Penn state that the Debt Securities will provide substantial benefits over traditional perpetual preferred stock (including increased cash flow and net income and a lower net interest cost due to the tax deductibility of interest payments), while receiving substantially similar treatment for rating agency and other credit analysis purposes.

Appalachian Power Company, et al. (70-8615)

Appalachian Power Company ("Appalachian"), an electric utility subsidiary of American Electric Power Company, Inc., a registered holding company, and its subsidiary, Southern Appalachian Coal Company (SACCo') (collectively, the "Sellers"), both located at 40 Franklin Road, Roanoke, Virginia 24022, have filed an application-declaration under Sections 9(a), 10 and 12(b) of the Act and Rule 45 thereunder.

By Commission order dated June 6, 1984 (HCAR No. 23322), the Commission approved the sale of a significant portion of Appalachian's and its subsidiary's coal mining assets. The Sellers have now entered into an Agreement of Purchase and Sale, dated March 22, 1995 ("Agreement"), with Whites Creek Limited Liability Company ("Buyer"), a West Virginia limited liability company, with respect to most of its remaining West Virginia mining assets. Appalachian owns certain real property interests, including coal lands and docking facilities, located in Boone and Kanawha Counties, West Virginia. SACCo owns the Bull Creek Preparation Plant and equipment consisting of certain raw coal and clean coal handling and preparation plant facility together with fixed assets and improvements and other coal mining equipment. SACCo is the permittee under various reclamation,