

will be made pro rata to PMC and/or the REIT based on the percentage of the total amount available for distribution to PMC and/or the REIT that is attributable to the loans each such party transferred to the SPE.

10. PMC and the REIT will agree pursuant to the organizational documents of the SPE or a separate agreement to reimburse the other party to the extent that such other party's residual interest in the loans it transferred to the SPE is disproportionately impacted as a result of the non-performance of the loans transferred to the SPE by PMC or the REIT, as the case may be.

11. Each of PMC and the REIT will continue to service the loans it transfers to the SPE and shall receive the servicing fee payable in respect thereof for so long as PMC and the REIT service the loans in accordance with the terms of the securitization documents.

12. PMC and the REIT will provide quarterly servicing reports to the board of directors of PMC and the trust managers of the REIT. Such reports shall show in reasonable detail all collections received from the loans transferred by each of PMC and the REIT as well as all deposits, payments and distributions made from the collection amounts and the reserve account. Such servicing reports shall also provide information on the status of any delinquent loans and any loan that becomes a charged-off loan.

13. PMC and the REIT will provide to the board of directors of PMC and the trust managers of the REIT notice of the occurrence of any event, non-payment or loan loss with respect to any loan transferred to the SPE by one party that reduces the reserve account or increases the minimum amount required to be on deposit in the reserve account or causes the other party not to receive the distribution amount that it would have otherwise been entitled to receive if such event or loss had not occurred (each a "Reimbursement Trigger Event").

14. PMC and the REIT will provide the board of directors of PMC and the trust managers of the REIT with notice when all amounts owing to PMC or the REIT, as the case may be, in respect of a Reimbursement Trigger Event have been paid in full by the other party.

15. The expenses associated with each joint securitization transaction will be shared by PMC and the REIT in proportion to their ownership interests in the SPE.

16. The terms and conditions of each joint securitization will be the same for PMC and the REIT.

17. The Independent Directors will review quarterly all relevant information concerning joint securitization transactions created during the preceding quarter to determine whether the conditions set forth in the application were compiled with.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-27976 Filed 10-31-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27261]

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

October 25, 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 statement 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 November 20, 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 November 20, 2000, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Appalachian Power Company

[70-5503]

Appalachian Power Company ("Appalachian"), 40 Franklin Road, SW, Roanoke, Virginia 24011, an electric

public-utility subsidiary company of American Electric Power Company, Inc., a registered holding company, has filed a post-effective amendment to its application-declaration under sections 9(a), 10 and 12(d) of the Act and rules 44 and 54 under the Act.

By order dated December 10, 1974 (HCAR No. 18703), the Commission authorized Appalachian, among other things, to enter into an agreement of sale ("Agreement") with the Industrial Development Authority of Russell County, Virginia ("Authority"), concerning the financing of pollution control facilities ("Facilities") at Appalachian's Glen Lyn and Clinch River plants. Under the Agreement, the Authority may issue and sell its pollution control revenue bonds ("Revenue Bonds") or pollution control refunding bonds ("Refunding Bonds" and, together with Revenue Bonds, "Bonds"), in one or more series, and deposit the proceeds with the trustee ("Trustee") under an indenture ("Indenture") entered into between the Authority and the Trustee. The Trustee applies the proceeds to the payment of the costs of construction of the Facilities or, in the case of proceeds from the sale of the Refunding Bonds, to the payment of principal, premium (if any) and/or interest on Bonds to be refunded.

The same order also authorized Appalachian to convey an undivided interest in a portion of the Facilities to the Authority, and to reacquire that interest under an installment sales arrangement ("Sales Agreement") requiring Appalachian to pay as the purchase price semi-annual installments in an amount that, together with other funds held by the Trustee under the Indenture for that purpose, will enable the Authority to pay, when due, the interest and principal on the Bonds. The Authority has issued and sold eight series of Bonds in an aggregate principal amount of \$116.24 million of which \$37.0 million presently are outstanding.

The Authority now intends to issue and sell an additional series of bonds in the aggregate principal amount of up to \$17.5 million ("Series I Refunding Bonds") the proceeds of which will be used to provide for the redemption on or prior to maturity of \$17.5 million principal amount of the Series G Bonds of the Authority. It is contemplated that the Series I Refunding Bonds will be issued and secured under a supplemental indenture between the Authority and the Trustee. Appalachian proposes to enter into an amended Sales Agreement in connection with the Series I Refunding Bonds under essentially the same terms and

conditions of the original Sales Agreement.

It is contemplated that the series I Refunding Bonds will be sold under arrangements with a group of underwriters with such terms as shall be specified by Appalachian. The Series I Refunding Bonds shall have a stated maturity of no more than forty years, a fixed rate of interest that shall not exceed 8% per annum or an initial rate of interest by any fluctuating rate Bonds that shall not exceed 8%. If it is deemed advisable, the Series I Refunding Bonds may be provided some form of credit enhancement.

Appalachian Power company

[70-6171]

Appalachian Power company ("Appalachian"), 40 Franklin Road, SW., Roanoke, Virginia 24011, an electric public-utility subsidiary company of American Electric Power Company, Inc., a registered holding company, has filed a post-effective amendment to its application-declaration under sections 9(a), 10 and 12(d) of the Act and rules 44 and 54 under the Act.

By order dated June 30, 1978 (HCAR No. 20610) ("Order"), Appalachian was authorized, among other things, to enter into an agreement of sale ("Agreement") with Mason County, West Virginia ("County"). The Agreement provided for the construction, installation, financing and sale of certain pollution control facilities ("Facilities") at Appalachian's Mountaineer and Philip Sporn Units 1 and 3. Under the Agreement, the County may issue and sell its pollution control revenue bonds ("Revenue Bonds") or pollution control refunding bonds ("Refunding Bonds" and, together with Revenue Bonds, "Bonds"), in one or more series, and deposit the proceeds with the trustee ("Trustee") under an indenture ("Indenture") entered into between the County and the Trustee. The proceeds are applied by the Trustee to the payment of the costs of construction of the Facilities, or in the case of proceeds from the sale of Refunding Bonds, to the payment of the principal, premium (if any) and/or interest on Bonds to be refunded.

The Order also authorized Appalachian to convey an undivided interest in a portion of the Facilities to the County, and to reacquire that interest under an installment sales arrangement ("Sales Agreement") requiring Appalachian to pay as the purchase price semi-annual installments in an amount that, together with other funds held by the Trustee under the Indenture for that purpose, will enable

the County to pay, when due, the interest and principal on the Bonds. The County has issued and sold eight series of Bonds in an aggregate principal amount of \$350 million of which \$130 million presently are outstanding.

It is now proposed that the County will issue and sell an additional series of Bonds in the aggregate principal amount of up to \$10 million ("Series L Refunding Bonds") the proceeds of which will be used to provide for the redemption on or prior to maturity of \$10 million principal amount of the Series H Bonds of the County. It is contemplated that the Series L Refunding Bonds will be issued and secured under a supplemental indenture between the County and the Trustee. Appalachian proposes to enter into an amended Sales Agreement in connection with the Series L Refunding under essentially the same terms and conditions of the original Sales Agreement.

It is contemplated that the Series L Refunding Bonds will be sold under arrangements with a group of underwriters with such terms as shall be specified by Appalachian. The Series L Refunding Bonds shall have a stated maturity of no more than forty years, a fixed rate of interest that shall not exceed 8% per annum or an initial rate of interest by any fluctuating rate Bonds that shall not exceed 8%. If it is deemed advisable, the Series L Refunding Bonds may be provided some form of credit enhancement.

The Southern Company, et al.

[70-9701]

The Southern Company ("Southern"), a registered holding company, 270 Peachtree Street, N.W., Atlanta, Georgia 30303, and its public-utility subsidiary companies, Alabama Power Company ("Alabama"), 600 North 18th Street, Birmingham, Alabama 35291, Georgia Power Company ("Georgia"), 241 Ralph McGill Boulevard, N.E., Atlanta, Georgia 30308, Gulf Power Company ("Gulf"), One Energy Place, Pensacola, Florida 32520, Mississippi Power Company ("Mississippi"), 2992 West Beach, Gulfport, Mississippi 39501, Savannah Electric and Power Company ("Savannah"), 600 East Bay Street, Savannah, Georgia 31401, and Southern Electric Generating Company ("SEGCO"),¹ 600 North 18th Street, Birmingham, Alabama 35291

¹ Alabama, Georgia, Gulf, Mississippi and Savannah are public-utility subsidiary companies of Southern. Alabama and Georgia each own 50% of the common stock of SEGCO and are each entitled to 50% of the output of SEGCO. Alabama, Georgia, Gulf, Mississippi, Savannah and SEGCO are referred to as "Operating Companies."

(collectively, "Applicants"), have filed an application-declaration under sections 6(a), 7, 9(a), 10, 12(b), 12(c), 12(d) and 13(b) of the Act and rules 43, 45, 46, 53, 54, 90 and 91 under the Act.

Applicants seek authority for Southern to organize a new subsidiary company ("NewCo"). Applicants propose that NewCo will undertake the construction and ownership of certain electric power generation facilities interconnected to the transmission systems of the Operating Companies, or to transmission systems interconnected to those of the Operating Companies designed for serving the power requirements of the Operating Companies and of other power purchasers in the region. In addition, Applicants seek authority for NewCo to invest in exempt wholesale generators ("EWGs"), the generation of which may not be interconnected to transmission systems of the Operating Companies. Certain power generation owned by NewCo may be integrated into the power generation owned by the Operating Companies and operated on a central dispatch basis by Southern Company Services, Inc. ("Services").

Applicants propose that Southern and the Operating Companies will transfer the following asset and types of assets (collectively, the "Plant Sites and Generating Equipment") to NewCo: Plant Dahlberg in Jackson County, Georgia; plants under construction and/or undeveloped plant sites prior to their becoming utility assets; and existing contracts for wholesale sales of electricity. Georgia is currently developing the Plant Dahlberg facility, an 800 MW simple-cycle natural gas peaking facility located north of Athens, Georgia. The facility will initially consist of ten combustion turbine generating units. Units 1-8 entered commercial operation during May through June, 2000. Units 9 and 10 are scheduled for commercial operation in the spring of 2001. Primary fuel for the units will be natural gas, with No. 2 fuel oil as a backup. The facility is interconnected to the Georgia Integrated Transmission System and the Southern electrical control area via a 230 kV transmission line and is centrally dispatched as part of the Southern control area. Plant Dahlberg will be transferred at the book cost of Georgia, which is estimated to be \$275 million, upon completion of Units 9 and 10 in the spring of 2001.

The Plant Sites and Generating Equipment will be transferred or sold to NewCo in an amount equal to the net book value. NewCo will pay cash and/or issue promissory notes, secured by purchase money mortgages on the Plant

Sites and Generating Equipment, to the respective Operating Company. Promissory notes will only be issued to the Operating Companies for a term not to exceed five years and at interest rates equivalent to similar securities of a like maturity, provided that such rate of interest fully compensates the Operating Company for its cost of funds. After the transfer of the Plant Sites and Generating Equipment, NewCo will assume responsibility for the construction and ownership of the Plant Sites and Generating Equipment. NewCo will become an "electric utility company" as defined in section 2(a)(3) of the Act.

I. Financing Authority

Applicants propose to engage in the transactions described below from time to time, as applicable, through June 30, 2005.

A. Equity Funding, Guarantee and Parent Support Authority

Southern seeks financing authority to fund the development and growth of NewCo up to an aggregate amount not to exceed \$1.7 billion. The financings will take the form of any combination of: (1) Purchases of or contributions in respect of limited liability company interests or other forms of equity interests; (2) open account advances without interest; (3) loans; and (4) guarantees (as described below) issued in support of securities and other obligations of NewCo. The proceeds of the financings will be used to finance the operations of NewCo including the acquisition, construction and operation of power generation facilities, fuel and power generation equipment procurement and storage, and energy-related activities, including those permitted under rule 58.

Southern and NewCo will maintain the equity component of NewCo's consolidated capitalization at or above 30%. Applicants propose that NewCo be permitted to maintain a common equity component less than 30% and request that the Commission reserve jurisdiction over transactions that will cause the common equity component of NewCo's consolidated capitalization to fall below 30%.

The loans from Southern will provide NewCo with liquidity to facilitate cash management. The loans will be at interest rates and maturities to provide a return to Southern of not less than its effective cost of capital, and will be of a term not to exceed two years.

Guarantees may be used as credit support for NewCo. Southern proposes to issue guarantees or provide other forms of credit support or enhancements

(collectively, "Guarantees") to, or for the benefit of, NewCo. Guarantees will take the form of Southern agreeing to guarantee, to undertake reimbursement obligations, to assume liabilities or to assume other obligations with respect to, or to act as surety on, bonds, letters of credit, evidences of indebtedness, equity commitments, performance and other obligations undertaken by NewCo. The terms and conditions of the Guarantees will be established through arms-length negotiations based upon current market conditions. Any Guarantee issued will be without recourse to any of the Operating Companies.

B. NewCo Independent Financing

In connection with its daily operations, financing the acquisition, construction and operation of assets owned by it and its subsidiaries, and to achieve its business goals, NewCo proposes to issue securities up to an aggregate amount of \$2.5 billion. This financing is currently expected to take, without limitation, the form of bank loans and/or bank credit support, project financing, lease or sale/leaseback transactions, commercial paper programs, debt secured by NewCo's assets or unsecured debt, notes, debentures, preferred securities, and other equity. In connection with any lease or sale/leaseback transaction, NewCo may transfer or sell utility assets to a third party. NewCo will lease the assets from the third party with an option to buy back the assets. Applicants request that the Commission reserve jurisdiction over the sale/leaseback of any utility assets.

In connection with the issuance of preferred securities, NewCo will organize a special purpose subsidiary ("SPS") and might organize another special purpose subsidiary for the purpose of complying with applicable state law. A SPS will issue preferred securities to third parties and NewCo will acquire all of the common equity or general partnership interests of the SPS. NewCo will simultaneously issue debt securities to the SPS and may guarantee certain payments with respect to the preferred securities.

In connection with project financing of generating assets, NewCo may acquire securities or other interests in project subsidiaries. In addition, NewCo proposes to incur obligations in connection with the issuance and sale by public instrumentalities of one or more series of revenue bonds.

The interest rate or other distribution rate for NewCo's financings will reflect rates obtained by companies with comparable credit quality. Applicants

state that the rate will not exceed the highest of the following rates: (1) 400 basis points over U.S. Treasury securities; (2) a gross spread over U.S. Treasury securities that is consistent with similar securities having comparable maturities; (3) 200 basis points over the prime rate; or (4) 350 basis points over the London Interbank Offered Rate.

NewCo requests authority for it and its subsidiaries (discussed below) to pay dividends to Southern out of capital or unearned surplus to the extent permitted by capitalization and without impairing the rights of the holder of outstanding securities. This will permit NewCo and its subsidiaries to avoid having excess unrestricted cash trapped in subsidiaries.

II. Proposed Service Agreements With Services and Operating Companies

It is proposed that personnel employed by Services, will provide a wide range of services on an as-needed basis under a service agreement ("Service Agreement") to be entered into between NewCo and Services. It is also proposed that personnel employed by the Operating Companies will provide services to NewCo under Operating Agreements (the "Operating Agreements") between NewCo and each Operating Company or other arrangements.

The Service Agreement will take effect upon Commission approval and will be similar in all material respects to those service agreements which Services has signed with each of the Operating Companies. Under the proposed Service Agreement, Services will render to NewCo, at a cost computed in accordance with rules 90 and 91 under the Act and other applicable rules and regulations, various services including general executive and advisory services, power pool operations, general engineering, design engineering, purchasing, accounting, finance and treasury, taxes, insurance and pensions, corporate, rates, budgeting, public relations, employee relations, systems and procedures and other services with respect to business and operations. Services will account for, allocate and charge its costs of the services provided on a full cost reimbursement basis under a work order system consistent with the Uniform System of Accounts for Mutual and Subsidiary Service Companies.

The Operating Agreements will provide that each Operating Company will provide certain services relating to accounting matters and to the construction, operation, maintenance and rehabilitation of assets owned by

NewCo at cost to NewCo. NewCo will also determine from time to time that it is efficient and advantageous to have certain development activities performed by its own employees and/or by unaffiliated third parties. The arrangements with unaffiliated third parties will be on a fee-for-service negotiated basis at market rates.

III. Formation of EWG Subsidiaries of NewCo

NewCo proposes to acquire securities or interests in the business of one or more EWGs, as the term is defined in the Act (the "Exempt Subsidiaries"), either directly or indirectly through project companies ("Intermediate Companies").

Intermediate Companies will be special purpose subsidiaries formed to engage exclusively in activities to facilitate the consummation of investments in EWGs. They may also engage in development activities. Intermediate Companies may acquire interests in, finance the acquisition of and hold the securities of EWGs. Intermediate Companies will enhance the ability of NewCo to respond quickly to investment opportunities. An Intermediate Company may be organized at the time of the making of bids or proposals to acquire an interest in any EWG or at any time thereafter in order to facilitate the bidding and subsequent consummation of an acquisition of an interest in an EWG.

Applicants also propose that an Intermediate Company will issue equity securities and debt securities to persons other than NewCo or Southern (and with respect to which there will be no recourse to Southern), including banks, insurance companies and other financial institutions, exclusively for the purpose of financing (including any refinancing) investments in EWGs.

Applicants state that the Intermediate Companies will issue securities to Southern and/or NewCo, and Southern and/or NewCo will acquire the securities. The investment by Southern or NewCo in the Exempt Subsidiaries will take the form of capital stock or shares, debt securities, trust certificates, capital contributions, open account advances without interest and partnership interests or other equity or participation interests, bid bonds or other credit support to secure obligations incurred by NewCo and/or Intermediate Companies in connection with Exempt Subsidiary investments or of NewCo's undertaking to contribute equity to an Intermediate Company. Southern and NewCo propose, from time to time through June 30, 2005, to (1) guarantee the indebtedness or other

obligations of one or more Exempt Subsidiaries; (2) assume the liabilities of one or more Exempt Subsidiaries; and/or (3) enter into guarantees and letters of credit reimbursement agreements in support of equity contribution obligations or otherwise in connection with project development activities for one or more Exempt Subsidiaries.

Investments will be made from Southern to NewCo and/or Intermediate Companies directly or indirectly. Any open account advance made by Southern will have a maturity of not more than one year.

Applicants propose for Southern to enter into reimbursement agreements with banks to support letters of credit delivered as security for Southern's or NewCo's equity contribution obligation to an Intermediate Company or otherwise in connection with an Intermediate Company's or Exempt Subsidiary's project development activities.

The investment in Intermediate Companies and Exempt Subsidiaries is included in the requested \$4.2 billion total financing authority.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-27975 Filed 10-31-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-24714; File No. 812-12054]

The Variable Annuity Life Insurance Company, et al.

October 26, 2000.

AGENCY: The Securities and Exchange Commission ("Commission").

ACTION: Notice of application for an order pursuant to Section 26(b) of the Investment Company Act of 1940 (the "Act") approving certain substitutions of securities and an order of exemption pursuant to Section 17(b) of the Act from Section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit a unit investment trust to substitute (a) Shares of North American—Founders Large Cap Growth Fund for shares of Dreyfus Founders Growth Fund; (b) Shares of North American—American Century Income & Growth Fund for shares of Neuberger Berman Guardian Trust and for shares of Scudder Growth and Income Fund; (c) Shares of North American—Founders/T. Rowe Price

Small Cap Fund for shares of T. Rowe Price Small-Cap Fund, Inc. and for shares of Dreyfus Variable Investment Fund Small Cap Portfolio ("Dreyfus VIF Small Cap"); (d) Shares of North American—American Century International Growth Fund for shares of Templeton International Securities Fund; (e) Shares of North American—AG Core Bond Fund for shares of American General Domestic Bond Fund; (f) Shares of North American—AG Moderate Growth Lifestyle Fund for shares of American General Balanced Fund; and (g) Shares of North American International Growth Fund for shares of American General International Value Fund. The shares are currently held by that unit investment trust to support certain deferred premium variable annuity contracts (the "Contracts").

APPLICANTS: The Variable Annuity Life Insurance Company ("VALIC"); VALIC Separate Account A (the "Account"); North American Funds Variable Product Series I ("NAFV I") and North American Funds Variable Product Series II ("NAFV II") (VALIC and the Account are the "Substitution Applicants"; VALIC, the Account, NAFV I and NAFV II are the "Section 17 Applicants").

FILING DATE: The application was filed on March 31, 2000; an amendment substantially conforming to this Notice will be filed during the pendency of the Notice period.

HEARING OF NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 16, 2000, and should be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants: Nori Gabert, Esq., The Variable Annuity Life Insurance Company, 2929 Allen Parkway, Houston, Texas 77019, and David C. Mahaffey, Esq., Sullivan & Worcester LLP, 1025 Connecticut Avenue, NW., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Keith Carpenter, Branch Chief, or Rebecca A. Marquigny, Senior Counsel