

Mississippi also may be required to purchase the Revenue Bonds, or the Revenue Bonds may be subject to mandatory redemption, at any time if the interest thereon is determined to be subject to federal income tax. Also in the event of taxability, interest on the Revenue Bonds may be effectively converted to a higher variable or fixed rate, and Mississippi also may be required to indemnify the bondholders against any other additions to interest, penalties and additions to tax.

In order to obtain the benefit of ratings for the Revenue Bonds equivalent to the rating of Mississippi's first mortgage bonds outstanding under the indenture dated as of September 1, 1941 between Mississippi and Deutsche Bank Trust Company Americas, as successor trustee, as supplemented and amended ("Mortgage"), Mississippi may determine to secure its obligations under the Note and/or the Agreement by delivering to the Trustee, to be held as collateral, a series of its first mortgage bonds ("Collateral Bonds"). The aggregate principal amount of the Collateral Bonds would be equal to either: (i) The principal amount of the Revenue Bonds or (ii) the sum of such principal amount of the Revenue Bonds plus interest payments thereon for a specified period.

As a further alternative to, or in conjunction with, securing its obligations through the issuance of the Collateral Bonds, Mississippi may: (i) Cause an irrevocable Letter of Credit or other credit facility ("Letter of Credit") of a bank or other financial institution to be delivered to the Trustee; and/or (ii) cause an insurance company to issue a policy ("Policy") guaranteeing the payment of the Revenue Bonds. In the event that the Letter of Credit is delivered to the Trustee as an alternative to the issuance of the Collateral Bonds, Mississippi may also convey to the County a subordinated security interest in the Project or other property of Mississippi as further security for Mississippi's obligations under the Agreement and the Note.

The effective cost to Mississippi of any series of the Revenue Bonds will not exceed the greater of (i) 200 basis points over comparable term U.S. Treasury securities, or (ii) a gross spread over such Treasury securities which is consistent with comparable securities. Such effective cost will reflect the applicable interest rate or rates and any underwriters' discount or commission.

Mississippi also proposes to issue and sell, at any time during the Authorization Period: One or more series of its (a) Senior Notes; (b) first mortgage bonds ("First Mortgage

Bonds"); and (c) preferred stock in an aggregate amount of up to \$475 million, in any combination of issuance. The Senior Notes will have a maturity that will not exceed approximately 50 years. The interest rate on each issue of Senior Notes may be either a fixed rate or an adjustable rate to be determined on a periodic basis by auction or remarketing procedures, in accordance with formula or formulae based upon certain reference rates, or by other predetermined methods. The Senior Notes will be direct, unsecured and unsubordinated obligations of Mississippi ranking *pari passu* with all other unsecured and unsubordinated obligations of Mississippi. The Senior Notes will be effectively subordinated to all secured debt of Mississippi, including its First Mortgage Bonds. The Senior Notes will be governed by an indenture or other document. The effective cost of money to Mississippi on the Senior Notes will not exceed the greater of (i) 300 basis points over comparable term U.S. Treasury securities, or (ii) a gross spread over such Treasury securities which is consistent with comparable securities.

The First Mortgage Bonds will have a term of not more than 40 years and will be sold for the best price obtainable, but not less than 98% or more than 101³/₄% of the principal amount, plus any accrued interest. Mississippi may enhance the marketability of the First Mortgage Bonds by purchasing an insurance policy to guarantee the payment when due of the First Mortgage Bonds.

Mississippi proposes that each issuance of Mississippi's preferred stock, par or stated value of up to \$100 per share ("new Preferred Stock"), will be sold for the best price obtainable (after giving effect to the purchasers' compensation) but for a price to Mississippi (before giving effect to such purchasers' compensation) of not less than 100% of the par or stated value per share.

Mississippi states that it may determine to use the proceeds from the sale of the Revenue Bonds, the Senior Notes, the First Mortgage Bonds and the new Preferred Stock to redeem or otherwise retire its outstanding senior notes, first mortgage bonds, pollution control bonds and/or preferred stock. Mississippi also proposes that it may use the proceeds from the sale of the Senior Notes, the First Mortgage Bonds and new Preferred Stock, along with other funds, to pay a portion of its cash requirements to carry on its electric utility business. Mississippi further states that it may determine to use the proceeds from the sale of the Revenue

Bonds, the Senior Notes, the new Bonds and the new Preferred Stock to redeem or otherwise retire its outstanding senior notes, first mortgage bonds, pollution control bonds and/or preferred stock if such use is considered advisable. To the extent that the redemption or other retirement of outstanding preferred stock uses the proceeds from security sales as proposed in the Application, Mississippi requests this authorization under 12 (c) of the Act.

Mississippi represents that it will maintain its common equity as a percentage of its capitalization (inclusive of short-term debt) at no less than 30 percent. Mississippi further represents that no guarantees or other securities may be issued unless: (i) The security to be issued, if rated, is rated investment grade; (ii) all outstanding securities of Mississippi that are rated are rated investment grade; and (iii) all outstanding securities of Southern that are rated are rated investment grade. For purposes of this condition, a security will be considered rated investment grade if it is rated investment grade by at least one "nationally recognized statistical rating organization," as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of rule 15c3-1 under the Securities Exchange Act of 1934. Mississippi requests that the Commission reserve jurisdiction over the issuance by Mississippi of any securities that are rated below investment grade. Mississippi further requests that the Commission reserve jurisdiction over the issuance of any guarantee or other securities at any time that the conditions set forth in clauses (i) through (iii) above are not satisfied.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-25962; File No. 812-11474]

The Timothy Plan, et al.; Notice of Application

March 14, 2003.

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

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") granting exemptions from the provisions of sections 9(a), 13(a), 15(a)