

AMENDMENT TO THE
UNIT POWER SALES AGREEMENT
BETWEEN
FLORIDA POWER & LIGHT COMPANY
AND
ALABAMA POWER COMPANY, GEORGIA POWER COMPANY,
GULF POWER COMPANY, MISSISSIPPI POWER COMPANY,
SAVANNAH ELECTRIC AND POWER COMPANY, AND
SOUTHERN COMPANY SERVICES, INC.

THIS AMENDMENT made and entered into as of the 29th day of MARCH, 1994 and between Florida Power & Light Company ("FPL") and Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Savannah Electric and Power Company (collectively referred to as "Southern Companies") and Southern Company Services, Inc. ("SCS"), being an Amendment to the Unit Power Sales Agreement among FPL, Southern Companies and SCS dated July 20, 1988, as amended (the "Agreement").

W I T N E S S E T H:

WHEREAS, FPL, Southern Companies and SCS entered into the Agreement on July 20, 1988, which Agreement has been amended from time to time;

WHEREAS, the billing determination methods and procedures under the Agreement are specified in an addendum designated Exhibit C Unit Power Manual ("Manual"), which is expressly incorporated into the Agreement and is an integral part of it;

WHEREAS, beginning with the 1993 Contract Year, Southern Companies and FPL desire to revise the calculation of the UPS Units' ratings to be consistent with the

methodology incorporated in the Intercompany Interchange Contract dated October 31, 1988, as amended ("IIC");

WHEREAS, also beginning with the 1993 Contract Year, Southern Companies, under emergency conditions, may operate certain of their generating units, including some of the units involved in the unit power sales to FPL ("UPS Units"), at a higher output than the Net Dependable Capacity of those units for a limited number of hours in an effort to obtain increased peak capacity, and the parties have agreed that FPL will be entitled to energy associated with the operation of the UPS Units at the higher output level;

WHEREAS, the parties hereto desire to amend the Agreement to conform the Operation and Maintenance classification methodology used therein to the methodology which the Commission required, by order dated July 8, 1993, to be used in the IIC.

NOW, THEREFORE, in consideration of the premises and the terms and conditions set forth herein, the parties hereto agree to amend the Agreement as follows:

I. UNIT RATINGS

Section 1.1 Article I - Derivation of Net Dependable Capacity Ratings for Electric Generating Units of the Manual is hereby amended by deleting Section C1.0 in its entirety and by substituting therefor the following new Section C1.0:

Section C1.0 Net Dependable Capacity: For the purpose of deriving the Net Dependable Capacity of each electric generating unit for the ensuing Contract Year, the net generation in kilowatt hours (Kwh) of each unit will be determined for the highest four (4) continuous hours during the peak-

period hours (with peak-period defined to be the eight (8) hours between 11:00 a.m. and 7:00 p.m. prevailing Central Time of each weekday, excluding holidays) without overpressure, for five (5) different days during June, July and August of the calendar year preceding the Contract Year. The Net Dependable Capacity of a unit for the Contract Year is defined as the average of the net generation for such twenty (20) hours, subject to the principles in Sections 1.1 and 1.2 below. Southern Companies will use best efforts, consistent with Prudent Utility Practice, to maximize the Net Dependable Capacity rating for each unit.

II. INCREASED PEAK CAPACITY

Section 2.1 Article III - Energy Availability of the Agreement is amended by adding a new section 3.11, as set forth below:

3.11 Energy Entitlement Associated with Increased Peak Capacity:
Southern Companies intend, under emergency conditions, to operate certain of their generating units, including some of the units identified in Exhibit A to this Agreement, to obtain Increased Peak Capacity ("IPC"). In addition to the energy supplied to FPL by Southern Companies pursuant to Sections 3.4, 3.7, 3.8, and 3.9 of this Agreement, FPL will be entitled to energy associated with the IPC ("IPC Energy") of FPL's capacity entitlement under the terms of this Agreement based on the following conditions:

3.11.1 Southern Companies in their sole discretion will determine for the next calendar year, based upon unit testing of IPC capability, the amount of

IPC associated with the capacity identified in Exhibit A to the Agreement and the annual maximum hours of operation for the IPC. FPL's annual energy entitlement of IPC Energy is calculated by summing its pro rata shares of IPC capability of the units identified in Exhibit A (based upon the proportional amount of unit power capacity purchased out of the unit by FPL) multiplied by the annual maximum hours of operation for IPC. On or before November 1 of each year during the term hereof, Southern Companies will inform FPL of its annual IPC Energy entitlement for the following Contract Year.

3.11.2 Southern Companies expect to obtain IPC for certain of their generating units by operating the units at a higher output than the Net Dependable Capacity of the units for up to a maximum of 263 hours during a calendar year. It is anticipated that IPC for the units specified in Exhibit A will be obtained by operating the units with valves wide open at design throttle pressure with all feedwater heaters in service. Southern Companies do not intend to operate the units identified in Exhibit A on overpressure to obtain IPC.

3.11.3 In the event Southern Companies determine that the IPC associated with a unit is zero for the next calendar year, they shall have no obligation to supply FPL with IPC Energy in any amount during such year.

3.11.4 Southern Companies and FPL agree that IPC will not be included as part of the Net Dependable Capacity for each unit or any other component of the formula rate for the determination of the monthly production capacity charge rate (in \$/KW-month) set forth in Article II of the Unit Power Sale

Manual and will not be included in the calculation of the monthly capacity charges as provided in Section 6.2 of this Agreement.

3.11.5 During periods when FPL desires to schedule IPC Energy, FPL will supply Southern Companies with a requested schedule for each hour of the period. FPL will be entitled to schedule IPC Energy in an amount up to fifty (50) megawatts per hour limited by its annual entitlement to IPC Energy (in megawatt hours), as determined in accordance with Section 3.11.1. Southern Companies will, upon receipt of a requested schedule, determine the amount of IPC Energy available for scheduling by FPL. After determining the availability of IPC Energy, Southern Companies will promptly notify FPL if the requested schedule can be accommodated. The IPC Energy will be scheduled to the extent that Replacement Energy is available under the priorities and conditions as specified under Section 3.10 hereof. Southern Companies will inform FPL of the amount of IPC Energy to be made available and the estimated energy rates at the time of FPL's requested schedule.

3.11.6 IPC Energy may be supplied from generating units in economic dispatch on the systems of Southern Companies.

3.11.7 Southern Companies will not be obligated to supply FPL any additional IPC Energy for the remainder of any year from and after the date on which Southern Companies have provided IPC Energy equal to FPL's annual energy entitlement to IPC, as determined in accordance with Section 3.11.1. Further, any portion of FPL's annual energy entitlement to IPC that has not been scheduled and is remaining at the end of each Contract Year

will not be carried over and made available for scheduling in the following year; provided however, FPL will be allowed to schedule its annual energy entitlement from the Contract Year 1993 during the Contract Year 1994.

Section 2.2 Article VI - Charges For Service of the Agreement is amended by adding a new Section 6.10, as set forth below:

6.10 IPC Energy Rate: The rate (\$/MWh) for IPC Energy supplied to FPL pursuant to Section 3.11 will be determined in accordance with the method and procedure established for Replacement Energy under Section 6.9 hereof.

III. OPERATION AND MAINTENANCE CLASSIFICATION METHODOLOGY

Section 3.1 Article VI - Charges For Service of the Agreement is amended by deleting Section 6.2 and by substituting therefor the following revised Section 6.2:

6.2 Capacity Rates: With respect to each unit from which capacity is made available to FPL pursuant to Article II, the capacity charge shall be the sum of the dollar per kilowatt-month charge produced by the applicable formulary rate set forth in Article II of the Unit Power Sale Manual for each unit plus the dollar per kilowatt-month charge produced by the formulary rate set forth in Article III thereof for associated transmission capacity. The dollar per kilowatt-month charge for each unit produced by the formulary rate shall be multiplied by the number of kilowatts of capacity from such unit made available to FPL pursuant to Article II hereof each month and the sum of the charges for all units during each month shall be paid by FPL in

accordance with Section 7.1 hereof (Billing and Payment). In the event the Net Dependable Capacity of any unit from which capacity sales are to be made to FPL is determined to be zero for any year, FPL shall be responsible for the dollar per kilowatt month charge for such unit produced by the formulary rate assuming such Net Dependable Capacity equaled the Expected Capacity and multiplying such charge by the capacity to which FPL would have been entitled in such circumstance. FPL shall not be responsible for capacity charges for any such unit to the extent the Net Dependable Capacity for such unit is zero for any year due to causes within the reasonable control of the Company responsible for operating the unit, as governed by Prudent Utility Practices. Southern Companies shall true-up the capacity charge, on a periodic basis (not less frequently than annually), to reflect actual costs. Such true up will be performed in accordance with Article IX of the Unit Power Sale Manual.

Section 3.2 Article VI - Charges For Service of the Agreement is amended by deleting Section 6.3 and by substituting therefor the following revised Section 6.3:

6.3 Base Energy Rates: For Unit Energy supplied to FPL during each month from the units specified in Exhibit A pursuant to Section 3.4, FPL shall pay an amount per MWh (hereinafter called Base Energy Rate) delivered from each unit equal to the sum of the following items (expressed in \$/MWh):

- (a) Fuel Cost for each unit, which is defined in Article IV of the Unit Power Sale Manual, together with the procedure for determining this component of the energy charge.

- (b) The variable operation and maintenance expenses for the unit. The procedure for determining this component of the energy charge is described in Article V of the Unit Power Sale Manual.
- (c) The in-plant fuel handling expenses for the unit. The procedure for determining this component of the energy charge is described in Article V of the Unit Power Sale Manual.
- d) Compensation for transmission losses, based on the average transmission loss percentage (%L_e). The procedure for determining "%L_e" is set forth in Article VII of the Unit Power Sale Manual. Using (a), (b) and (c) above.

$$(d) = ((a) + (b) + (c)) \left[\frac{\%L_e + 100}{1 - (\%L_e + 100)} \right]$$

Section 3.3 Article VI - Charges For Service of the Agreement is amended by deleting Section 6.6 and by substituting therefor the following revised Section 6.6:

6.6 Normalized Energy Rates: The Normalized Energy Rate each month for each unit specified in Exhibit A shall be equal to the sum of the following items (expressed in \$/MWh):

- (a) Normalized Fuel cost for the unit, which is defined in Article IV of the Unit Power Sale Manual.
- (b) The variable operation and maintenance expenses for the unit as described in Article V of the Unit Power Sale Manual.
- (c) The in-plant fuel handling expenses for the unit as described in Article V of the Unit Power Sale Manual.

- (d) Compensation for transmission losses, based on the average transmission loss percentage (%L_e) set forth in Article VII of the Unit Power Sale Manual. Using (a), (b), and (c) above,

$$(d) = ((a) + (b) + (c)) \left[\frac{\%L_e + 100}{1 - \%L_e + 100} \right]$$

Section 3.4 Article V - Derivation of Fixed Operation and Maintenance and Variable Operation and Maintenance Expenses for Electric Generating Units of the Manual is amended by deleting Article V in its entirety and by substituting therefor the following new Article V:

ARTICLE V

DERIVATION OF FIXED OPERATION AND MAINTENANCE, VARIABLE OPERATION AND MAINTENANCE, AND IN-PLANT FUEL HANDLING EXPENSES FOR ELECTRIC GENERATING UNITS

This article of this Unit Power Sale Manual establishes the formulary method for deriving fixed operation and maintenance, variable operation and maintenance, and in-plant fuel handling expenses for the computation of charges for services under the Agreement.

Section C5.0 Fixed Operation and Maintenance Expenses: The fixed operation and maintenance expense (\$) for a unit is based upon the following components budgeted for the unit for the Contract Year: (i) all operation supervision and engineering charged to FERC Account 500, (ii) the total expenses charged to FERC Accounts 506 and 514, (iii) operational labor (including overtime labor) charged to FERC Accounts 502 and 505, (iv) rent charged to Account 507, (v) all maintenance supervision and

engineering charged to Account 510, (vi) all maintenance expenses charged to Account 511, and (vii) maintenance labor (including overtime labor) charged to Accounts 512 and 513.

Section C5.1 Variable Operation and Maintenance Expenses: The variable operation and maintenance expenses (\$/MWh) for a unit shall be based upon the following components budgeted for the unit for the Contract Year: (i) all contract labor, (ii) all operating material charged to Accounts 502 and 505, and (iii) all maintenance material charged to Accounts 512 and 513. The variable operation and maintenance expenses for the unit shall be the sum of the components listed above (\$) divided by the budgeted net electrical output of the unit (in MWh) for the Contract Year.

Section C5.2 In-Plant Fuel Handling Expenses: The in-plant fuel handling expenses (\$/MWh) for a unit shall be the in-plant fuel handling costs (\$) budgeted in FERC Account 501 divided by the budgeted net electrical output (MWh) for the unit during the Contract Year. The in-plant fuel handling expenses shall include all expenses in Account 501 except the cost of fuel which includes freight, switching, demurrage and other transportation charges.

Section C5.3 Data to be Provided: The data used in the determination of the fixed and variable operation and maintenance expenses and the in-plant fuel handling expenses for each unit each Contract Year, will be provided to the purchasers of unit power in accordance with Article VIII.

Section 3.5 Article VI - Charges For Service of the Agreement is amended by deleting the last sentence of Section 6.8 and by substituting therefor the following:

The expense from assigned units or units in economic dispatch shall include only the incremental cost of fuel, variable operation and maintenance expenses, in-plant fuel handling expenses, change in system transmission losses, and other such energy related costs which would otherwise not have been incurred.

Section 3.6 Section 0.0 - Description and Purpose of this Manual of the Manual is amended by deleting the existing title for Article V and by substituting therefor the following revised title for Article V:

Derivation of Fixed Operation and Maintenance, Variable Operation and Maintenance, and In-Plant Fuel Handling Expenses for Electric Generating Units.

Section 3.7 Article II - Derivation of Capacity Charge for Coal-Fired Electric Generating Units of the Manual is amended by deleting the first sentence of Section C2.2.9 and by substituting therefor the following:

Fixed Operation and Maintenance Expense is the total of the fixed expenses associated with the coal-fired electric generating unit recorded in FERC Accounts 500 through 514, excluding 501.

Section 3.8 Article IX - Adjustments for Actual Cost of the Manual is amended by deleting the first and second sentence of Section C9.2 and by substituting therefor the following:

The variable operation and maintenance expenses and the in-plant fuel handling expenses, as defined and computed in accordance with Article V, will be recalculated using actual data. The adjustment for variable operation and maintenance expenses and the in-plant fuel handling expenses will be handled separately from the energy billing.

IV. EFFECTIVE DATES AND MISCELLANEOUS

Section 4.1 I - Unit Ratings and II - Increased Peak Capacity of this Amendment to the Agreement shall be made effective as of January 1, 1993.

Section 4.2 III - Operation and Maintenance Classification Methodology of this Amendment to the Agreement shall be made effective as of August 1, 1993.

Section 4.3 This Amendment to the Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[The next page, page 13 is the signature page.]

**DETERMINATION OF FPL'S ANNUAL
ENTITLEMENT TO ENERGY ASSOCIATED WITH INCREASED PEAK CAPACITY
FOR CONTRACT YEAR 1993**

<u>Unit</u>	Increased Peak Capacity (MW)	FPL Allocation (1)	
		<u>Jan-May</u> (MW)	<u>Jun-Dec</u> (MW)
		<u>FPL 1988(2)</u>	<u>FPL 1988(2)</u>
Miller 1	20.6	0	2
Miller 2	21.9	0	3
Miller 3	23.4	0	3
Total of "FPL 1988"		0	8

Maximum Hours of Operation for the IPC in 1993: 263 Hours

Annual Energy Entitlement

$$[(0 \text{ MW}) \times (263 \text{ Hours}) \times 5/12] + [(8 \text{ MW}) \times (263 \text{ Hours}) \times 7/12] = 1227 \text{ MWh}$$

Notes:

- (1) Based on FPL's pro rata share of unit power capacity purchased from each unit listed.
- (2) Refers to the Unit Power Sales Agreement between FPL, Southern Companies and SCS dated July 20, 1988, as amended.

**DETERMINATION OF FPL'S ANNUAL
ENTITLEMENT TO ENERGY ASSOCIATED WITH INCREASED PEAK CAPACITY
FOR CONTRACT YEAR 1994**

<u>Unit</u>	<u>Increased Peak Capacity (MW)</u>	<u>FPL Allocation (1)</u>	
		<u>Jan-May (MW)</u>	<u>Jun-Dec (MW)</u>
		<u>FPL 1988(2)</u>	<u>FPL 1988(2)</u>
Miller 1	20.6	3	3
Miller 2	21.9	3	3
Miller 3	23.4	3	3
Miller 4	25.8	0	4
Total of "FPL 1988"		9	13

Maximum Hours of Operation for the IPC in 1994: 263 Hours

Annual Energy Entitlement


$$[(9 \text{ MW}) \times (263 \text{ Hours}) \times 5/12] + [(13 \text{ MW}) \times (263 \text{ Hours}) \times 7/12] = 2981 \text{ MWh}$$

Notes:

- (1) Based on FPL's pro rata share of unit power capacity purchased from each unit listed.
- (2) Refers to the Unit Power Sales Agreement between FPL, Southern Companies and SCS dated July 20, 1988, as amended.

IN WITNESS WHEREOF, the parties hereto have caused the foregoing document to be executed by their duly authorized officers.

FLORIDA POWER & LIGHT COMPANY

By: 
M. W. Yackira, Senior Vice President


SOUTHERN COMPANY SERVICES, INC.

By: 
W. K. Newman, Vice President


ALABAMA POWER COMPANY

By: 
A. J. Connor, Vice President


GEORGIA POWER COMPANY

By: 
F. D. Williams, Senior Vice President

GULF POWER COMPANY

By: 
E. B. Parsons, Jr., Vice President

MISSISSIPPI POWER COMPANY

By: 
D. M. Ratcliffe, President

SAVANNAH ELECTRIC AND POWER COMPANY

By: 
L. M. Porter, Vice President