

UNIT POWER SALES AGREEMENT
BETWEEN
GULF STATES UTILITIES COMPANY,
AND

ALABAMA POWER COMPANY, GEORGIA POWER COMPANY,
GULF POWER COMPANY, MISSISSIPPI POWER COMPANY
AND SOUTHERN COMPANY SERVICES, INC.

THIS AGREEMENT, made and entered into as of the 25th day of February, 1982, by and between GULF STATES UTILITIES ("GSU"), a Texas corporation, and ALABAMA POWER COMPANY ("APC"), an Alabama corporation, GEORGIA POWER COMPANY ("GaPC"), a Georgia corporation, GULF POWER COMPANY ("GuPC"), a Maine corporation, and MISSISSIPPI POWER COMPANY ("MPC"), a Mississippi corporation (APC, GaPC, GuPC and MPC being sometimes collectively referred to as "Southern Companies"), and SOUTHERN COMPANY SERVICES, INC. ("SCS"), an Alabama corporation.

W I T N E S S E T H:

WHEREAS, the Southern Companies are all affiliates by virtue of the ownership of the common stock of such companies by The Southern Company, a registered public utility holding company under the Public Utility Holding Company Act of 1935, and, together with SCS, are parties to an Intercompany Interchange Contract ("IIC") governing the coordination of operations between the Southern Companies; and

WHEREAS, Southern Companies, together with SCS, and GSU are parties to an Interchange Contract and GSU and MPC are parties to a Transmission Facilities Agreement which are of even date herewith, which agreements provide for the establishment of a certain point of interconnection between the parties, and, pursuant to the terms of which the parties provide for the construction and maintenance of a point of interconnection which will provide and improve system reliability of each of the systems and accommodate transactions under this Agreement; and

WHEREAS, APC, GaPC, GuPC and MPC, electric public utilities in the States of Alabama, Georgia, Florida and Mississippi respectively, have undertaken to construct, or to have constructed certain coal-fired steam electric generating units; and

WHEREAS, GSU, an electric public utility in the States of Louisiana and Texas, desires to purchase from Southern Companies, capacity and energy from such units in the years and amounts specified; and

WHEREAS, sales of such capacity to GSU will benefit the territorial customers of both the Southern Companies and GSU by reducing ultimate cost to such territorial customers;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements of the parties hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

TERM OF AGREEMENT

1.1 Term: This Agreement shall become effective as of the date of the latest signature on the signature page hereof and shall continue through May 31, 1992. The Southern Companies agree to file this Agreement, together with appropriate supporting documents, with the Federal Energy Regulatory Commission ("FERC") within sixty (60) days after execution of this Agreement by both parties and to use their best efforts to have this Agreement accepted for filing and ordered effective by FERC, or its successor agency, as soon as reasonably possible. GSU agrees to cooperate and assist Southern Companies in securing conclusion of the initial review by FERC of this Agreement without significant change hereto, in an expeditious manner. The Southern Companies and GSU each hereby reserve the right to object to, contest, and appeal any change in the rates or terms and conditions of the sales contemplated hereby in any appropriate FERC or court proceedings, but such rates, terms and conditions as are approved in the applicable final order shall control for purposes of this Agreement subject to change by mutual agreement or by subsequent final orders of FERC.

ARTICLE II

UNIT POWER CAPACITY

2.1 Units From Which Capacity Will Be Made Available: The Units referred to in Section 2.2 hereof from which capacity entitlement will be made available hereunder are (a) the V. J. Daniel, Jr. Steam Electric Generating Plant, Units 1 and 2 ("Daniel 1 and 2") located in Jackson County, Mississippi, (b) the Robert W. Scherer Steam Electric Generating Plant, Units 1, 2, 3 and 4 ("Scherer 1, 2, 3 and 4") located in Monroe County, Georgia, and (c) the James H. Miller, Jr. Steam Electric Generating Plant, Units 1, 2, 3 and 4 ("Miller 1, 2, 3 and 4") located in Jefferson County, Alabama. It is recognized that, with respect to Scherer 1

and 2, GaPC has entered into a Purchase and Ownership Participation Agreement and an Operating Agreement with other parties, both dated as of May 15, 1980, pursuant to which GaPC has agreed to purchase from such other parties an entitlement to capacity and energy from such units in amounts which diminish during the term thereof. Such capacity purchase is referred to herein as "buy-back capacity". Exhibit A hereto sets forth with respect to each unit identified above the Expected Total Operating Capacity ("Expected Capacity") of the unit; such values being 808 megawatts for each of the Scherer Units, 512 megawatts for Daniel 1 and 506 for Daniel 2 and 666 megawatts for each of the Miller Units. Exhibit A also sets forth the projected date for commercial operation of each unit; and the amount of the Expected Capacity of each unit owned by or available to APC, GaPC, GuPC and MPC which is made available for sale hereunder to GSU. For the purpose of determination of capacity availability hereunder, buy-back capacity from a unit shall be considered a separate unit from owned capacity in the same unit, and GuPC's ownership interest in Scherer 3 and 4 shall be considered separate units from GaPC's ownership interest in such units, and MPC's ownership interest in Daniel 1 and 2 shall be considered separate units from GuPC's ownership interest in such units.

2.2 Capacity to be Purchased and Sold: Subject to adjustments as provided in this Article II, APC, GaPC, GuPC and MPC hereby agree to sell and GSU hereby agrees to purchase, capacity entitlement from the units specified in 2.1 above, in the amounts and in the years set forth in the following schedule:

<u>Year</u>	<u>Capacity (Megawatts)</u>
Commencing June 1, 1984	500
1985	500
1986	500
1987	500
1988	500
1989	500

<u>Year</u> (continued)	<u>Capacity</u> (Megawatts) (continued)
1990	500
1991	500
Expiring May 31, 1992	500

The parties recognize that long-range plans and forecasts which provide the basis for such sales and purchases of capacity are affected by many factors. Therefore:

2.2.1 In the event either party desires to increase or decrease capacity sales or purchases for the years set forth above, the parties agree to negotiate in good faith and with diligence to proceed to evaluate alternatives which may reasonably provide for such desired change in capacity; provided, that no such change shall be made except upon mutual written agreement of the parties hereto.

2.2.2 In the event additional unit power capacity from coal-fired generating resources is offered by Southern Companies to third party utilities outside the geographical areas served by Southern Companies during the years 1983 through 1992 and such capacity is not included in Exhibit A as being made available for sale to GSU, and Florida Power & Light Company ("FPL") and Jacksonville Electric Authority ("JEA") do not desire to purchase such additional capacity under existing rights of first refusal agreements, GSU may request that the capacity being purchased by it be amended to include a portion of such additions to Exhibit A. Southern Companies agree, upon such request, and provided such additional capacity can be sold, to amend Exhibit A such that the capacity charges for additional unit power capacity sold to other purchasers is no less than the capacity charges for unit power sold to GSU. To the extent capacity is made available from a unit other than those designated in Section 2.1, such unit shall be considered to be a unit specified in Exhibit A for the period capacity from such unit is made available.

2.2.3 Except with respect to unit power capacity presently being offered to Houston Lighting and Power Company ("HLP"), in the event, after this Agreement becomes effective, Southern Companies shall offer to sell unit power capacity from coal-fired generating resources to third party utilities located outside of the geographical areas served by Southern Companies during the years 1984 through 1992, GSU and HLP (if HLP executes a contract to purchase unit

power capacity within sixty (60) days of the date of this contract) shall have the right of second refusal for the purchase of a pro rata share of such capacity in the event FPL and JEA do not exercise their rights of first refusal to take such additional unit power capacity. GSU must exercise this second right of refusal within ninety (90) days after written notice from Southern Companies informing GSU of the offer and the terms and conditions of such offer. GSU shall, prior to the end of such ninety (90) day period, notify Southern Companies of their election to purchase additional capacity being offered by Southern Companies which is available after the exercise of existing rights of first refusal by FPL and JEA. GSU and HLP may each exercise the second right of refusal as to one-half of the capacity offered, provided that if either fails to exercise such right in whole or part the other may do so.

2.3 Determination of Capacity Available from Each Unit: The amount of capacity to be made available from each unit specified in Section 2.1 to constitute the total capacity to be sold by APC, GaPC, GuPC and MPC, and purchased by GSU hereunder, will vary from time to time during the term of this Agreement. The nominal schedule of units, by time period, from which sales will be made is set forth in Exhibit A, such Exhibit A representing an agreed allocation to GSU of capacity from each of the units specified in Section 2.1 by time period based on Expected Capacity. It is recognized by the parties that the actual units from which sales will be made, and the total capacity to be sold and purchased, may vary from that set forth in Exhibit A and any such variance shall be based on the following principles:

2.3.1 On or before September 15, 1983 and September 15 of each year thereafter during the term hereof, the Net Dependable Capacity will be established for each unit which has theretofore been declared available for commercial operation or which is expected to be declared available for commercial operation during the ensuing calendar year. Net Dependable Capacity for each unit shall be determined in accordance with the procedure specified in Article I of the Unit Power Sale Manual described in Section 5.1 hereof.

2.3.2 If the Net Dependable Capacity established for a unit from which capacity is to be sold to GSU during the ensuing year is equal to the Expected Capacity of such unit as set forth in Exhibit A, the amount of capacity scheduled to be furnished from such unit during the ensuing year shall be as specified in Exhibit A.

2.3.3 If the Net Dependable Capacity established for the ensuing year for a unit from which capacity is to be

sold to GSU is more than or less than the Expected Capacity of such unit as specified in Exhibit A, the capacity to be sold and purchased during each period identified in Exhibit A for the ensuing year shall be GSU's pro rata share of the Net Dependable Capacity determined by multiplying the amount of capacity sale shown for such unit in Exhibit A for each period by the ratio of the Net Dependable Capacity of the unit to the Expected Capacity of such unit as set forth in Exhibit A.

2.3.4 In the event Net Dependable Capacity for any unit is less than the Expected Capacity, Southern Companies shall include in their notice of determination of Net Dependable Capacity under Section 2.3.1 information as to capacity which can be made available, consistent with Prudent Utility Practices (as defined in Section 10.5 hereof), from any remaining Net Dependable Capacity in units specified in Exhibit A then owned by or available to Southern Companies or other coal-fired steam electric generating resources owned or operated by any of the Southern Companies, including the estimated capacity costs expected from any such other resources. On or before October 1 following such notice, GSU and any other purchaser of unit power capacity from that unit shall notify Southern Companies, in writing, whether they wish to purchase a pro rata share of such additional capacity. If any other purchaser of unit power capacity from the unit refuses to purchase such additional capacity, the refused amount of such capacity will be offered to GSU on a pro rata basis with other purchasers of unit power capacity from the unit. To the extent capacity is made available pursuant to the above procedure from a unit other than those designated in Section 2.1, such unit shall be considered to be a unit specified in Exhibit A for the period capacity from such unit is made available.

2.3.5 To the extent, notwithstanding the above efforts, capacity in the total amount specified in Section 2.2 hereof cannot be made available to GSU during any year (or portion thereof) because the Net Dependable Capacity determination for one or more units specified in Exhibit A is less than the Expected Capacity of such unit or units, the sole obligation of the Southern Companies shall be to provide additional capacity to GSU in the amount determined in accordance with Sections 2.3.1 through 2.3.4.

2.3.6 In the event any of the capacity of the Miller Units set forth in Exhibit A in any year cannot be made available because of a sale of the capacity of such units to Alabama Municipal Electric Authority, not to exceed five

percent (5%) of any such unit, in such event, Southern Companies shall make available to GSU capacity from other coal-fired steam electric generating resources owned or operated by Southern Companies. To the extent such capacity is made available from a unit other than those designated in Section 2.1, such unit shall be considered to be a unit specified in Exhibit A for the period capacity from such unit is made available.

2.4 Delay in Commercial Operation of Units: Notwithstanding the schedule of sales set forth in Section 2.2 above, the obligation of APC, GaPC, GuPC and MPC to make capacity from each of the units specified in Exhibit A available to GSU and the obligation of GSU to purchase such capacity shall further be subject to delays in the projected dates for commercial operation of such unit. Construction of such units and any delays therein shall be governed by the following principles:

2.4.1 APC, GaPC, GuPC and MPC, respectively, agree to use reasonable efforts consistent with Prudent Utility Practices (as defined in Section 10.5 hereof) to design and construct, or to have designed and constructed, the units in which they agree to have an ownership or buy-back interest so that such units shall have been declared available for commercial operation as of the date set forth in Exhibit A. Southern Companies shall not be liable to GSU for any loss or damage for delays or failures to have such units declared available for commercial operation as of such dates due to causes not reasonably within their control including, but not limited to, acts of civil or military authority (e.g., courts or administrative agencies), acts of God, war, riot or insurrection, inability to obtain any required permits or licenses, blockades, embargoes, sabotage, epidemics, fires, floods, strikes, lockouts or other labor disputes or difficulties, unusually severe weather conditions, breakdowns of machinery or equipment, inability to obtain necessary materials or equipment, and economic constraints such as inability to secure adequate capital on reasonable terms for continued construction. In the event of any delay resulting from such causes, the time for performance shall be extended for a period of time reasonably necessary to overcome the effect of such causes. Southern Companies shall keep GSU informed of the construction schedules and any changes which alter the anticipated dates for commercial operation of the units, together with the reasons for such changes. The dates established in Exhibit A as the projected dates for commercial operation of the Miller and Scherer units are based on the present plans of APC and GaPC, respectively, and information available to them. It is recognized that the ability to predict such dates with exactness does not

exist. In the event any of the dates for commercial operation of designated units are delayed, Southern Companies shall have no obligation during the period of delay to furnish capacity in substitute therefor except to the extent that capacity available for such sale, taking into consideration Prudent Utility Practices and reserve requirements of Southern Companies, can be made available from other units designated in Exhibit A if so requested by GSU.

2.4.2 In the event any unit is not available for commercial operation as of the initial date for sales of capacity to GSU from such unit as specified in Exhibit A due to reasons not excused under Section 2.4.1, then in such event, as the sole obligation arising out of such delay, if requested by GSU, Southern Companies, shall use their best efforts, consistent with Prudent Utility Practices and adequate reserve requirements, to make the amount of capacity from such unit which was scheduled to be available to GSU as specified in Exhibit A available from other coal-fired steam electric generating resources owned or operated by any of the Southern Companies, including but not limited to those specified in Section 2.1 and, in the event such other resources are not available, to obtain substitute capacity from third-party utilities with which Southern Companies have interconnections. To the extent such capacity is made available from a unit owned or operated by Southern Companies other than those designated in Section 2.1, such unit shall be considered to be a unit specified in Exhibit A for the period capacity from such unit is made available. If substitute capacity is purchased from a third-party utility, GSU will reimburse Southern Companies for their out-of-pocket costs associated with the transaction including transmission losses.

2.4.3 Nothing in this Agreement is intended to obligate GSU to purchase and pay for capacity from a unit prior to the time such unit is actually placed in commercial operation.

2.5 Character of Sale: The sale of unit power pursuant to this Agreement shall not constitute a sale, lease, transfer or conveyance of an ownership interest in such units to GSU, nor a dedication of ownership of such units to GSU or any other party. Energy associated with capacity from units made available hereunder shall, however, be devoted to GSU and the delivery of such energy to GSU shall not be subject to preemption by the Southern Companies for any other use. The portion of such units to which GSU and others have a contractual capacity entitlement, shall not be included in the determination of capacity pricing for the purposes of power sales made by Southern Companies to GSU.

pursuant to any other power sales under contracts between Southern Companies and GSU.

ARTICLE III

ENERGY AVAILABILITY

3.1 Energy: During each year specified in Section 2.2 (or portion thereof), GSU will be entitled to schedule for delivery to the interconnection point identified in Section 4.1, and the Southern Companies shall implement such schedule and deliver energy in amounts up to a maximum of the capacity amount to which GSU is entitled in the particular time period, as determined in accordance with Article II, subject to the principles and determinations set forth in Sections 3.2 through 3.8. Beginning the week prior to the week for initial delivery hereunder and each week thereafter during the term hereof, Southern Companies will provide GSU with an estimated daily schedule of the availability of such energy for the coming week (herein defined as Monday through Sunday). Such estimated availability schedule by units, together with the estimated applicable Base Energy Rates, Alternate Energy Rates and Supplemental Energy Rates shall be furnished by 11:00 a.m. on the Friday of that week, unless mutually agreed otherwise. Further, Southern Companies will provide GSU an hourly schedule by units of the availability of such energy, together with estimated applicable energy rates, each day by 11:00 a.m. for the following day, and such schedule may not be altered on less than four (4) hours prior notice, unless an alteration is necessary due to forced outage or curtailment of generating capacity or unless otherwise mutually agreed by the Operating Representatives of GSU and Southern Companies. All hours specified herein shall be prevailing Central Time unless otherwise agreed.

3.2 Scheduling Energy: Beginning the week prior to the week for initial delivery hereunder and each week thereafter during the term hereof, GSU will supply Southern Companies an estimated daily schedule of capacity usage by units for the coming week (herein defined as Monday through Sunday). Such estimated schedule shall be furnished by 3:00 p.m. on Friday prior to the week in which the capacity is required, unless mutually agreed otherwise. Further, GSU will provide Southern Companies an hourly schedule of capacity usage, by units, by 3:00 p.m. the day prior to when the capacity is required, and such schedule may not be altered on less than four (4) hours prior notice, unless otherwise mutually agreed by the Operating Representatives of GSU and Southern Companies. All hours specified herein

shall be prevailing Central Time, unless otherwise agreed. GSU will schedule total hourly capacity usage in amounts which are multiples of fifty (50) megawatts, unless otherwise agreed.

3.3 Unavailability or Derating of Units: Except as provided in Section 3.8 hereof, GSU shall not be entitled to energy associated with any unit which has been made available under Article II, or portion of any such unit, at any time when and to the extent such unit, or portion thereof, is unavailable for service because of scheduled maintenance, forced outage or any other non-discretionary cause, or is temporarily partially derated from the Net Dependable Capacity of such unit determined in accordance with Section 2.3.1. In the event of temporary partial derating of a unit, GSU shall have the right to schedule energy associated with such unit, or to receive energy previously scheduled, up to a maximum of the capacity amount determined by the following formula:

$$\text{MUPC} = \frac{\text{UPC} \times \text{AOC}}{\text{NDC}}$$

Where:

MUPC = Maximum unit power capacity entitlement of GSU from such unit after derating.

UPC = Unit power capacity entitlement of GSU from such unit determined in accordance with Article II.

NDC = Net Dependable Capacity of unit.

AOC = Actual operating capability after derating as determined by the company responsible for operating the unit.

3.4 Allocation of Energy Schedules to Generation Units: Schedules for hourly capacity usage provided by GSU subject to Sections 3.1 and 3.2 above will be deemed to be requests for energy to be delivered from the generating units from which GSU has a capacity entitlement, as determined under Article II and as modified by Section 3.3 for units unavailable or derated. GSU may, upon four (4) hours notice, in accordance with Section 3.2, schedule energy from each generating unit for each hour in any amount, subject to Section 3.6, up to GSU's maximum capacity entitlement from that generating unit, and the Southern Companies shall

implement such schedules. The energy so scheduled by GSU and delivered by Southern Companies from the scheduled unit, is hereinafter called "Unit Energy." Unit Energy shall be supplied to all parties purchasing unit power from a generating unit on a pro rata basis based on the energy scheduled from that unit. Unit Energy supplied to GSU shall be the lesser of (1) an amount equal to the total net generation of that unit multiplied by the ratio of the energy scheduled by GSU to the total energy scheduled by all parties purchasing unit power from that unit, or (2) the energy scheduled by GSU. If the Unit Energy so supplied to GSU is less than the energy scheduled from that unit in accordance with this Section 3.4, the balance of the energy scheduled shall be supplied as Alternate Energy pursuant to Section 3.7.

3.5 Minimum Energy Scheduling: GSU agrees to schedule energy from each unit made available under Article II in excess of a fifty percent (50%) output factor on an annual basis. GSU agrees to use its best efforts, consistent with Prudent Utility Practices, to make the energy scheduled from each unit pursuant to Section 3.4 such that during any year the total energy scheduled from each unit is more than one-half the total hourly capacity made available from that unit under Article II for such year, as adjusted pursuant to Section 3.3 above.

3.6 Minimum Operation Energy: During all periods when a unit made available to GSU under Article II is operating at minimum operating conditions, GSU shall accept delivery of the energy associated with the minimum operation capacity obligation of GSU associated with such unit. For the purpose of this Agreement, "minimum operating conditions" shall mean the minimum loading required for stable operation of a unit as determined from time to time by the entity responsible for operation of the unit. GSU's minimum operation capacity obligation for each unit shall be determined by the following formula:

$$\text{MOCO} = \frac{\text{UPC}}{\text{NDC}} \times \text{MC}$$

Where:

MOCO = GSU's minimum operation capacity obligation of a unit.

UPC = GSU's unit power capacity entitlement from such unit determined in accordance with Article II.

NDC = Net Dependable Capacity as determined in Section 2.3.1.

MC = Minimum loading required for stable operation of the unit.

3.7 Option to Furnish Scheduled Energy from Alternate Resources: Energy requested by GSU, and deemed to be scheduled from specific units, as determined in Section 3.4 may be provided by Southern Companies from other resources owned or operated by Southern Companies. Such energy, delivered from resources other than those from which such energy was scheduled pursuant to Section 3.4, during periods in which such specific units are available for operation, is hereinafter called "Alternate Energy." Any Alternate Energy delivered by Southern Companies in lieu of energy from a specific unit shall be delivered to all parties purchasing unit power from such unit on a pro rata basis to each party based on energy scheduled from that unit.

Alternate Energy may be supplied by Southern Companies from an assigned unit or from the units in economic dispatch on the system of the Southern Companies at the time, at the sole option of Southern Companies. However, it is agreed that Alternate Energy will normally be supplied from units in economic dispatch except when system operating conditions indicate otherwise. Southern Companies will notify GSU of the amount of Alternate Energy to be made available, the selected energy sources, and the estimated energy rates at the times set forth in Section 3.1.

3.8 Supplemental Energy Scheduling: APC, GaPC, GuPC or MPC, as the case may be, agrees to use reasonable efforts in accordance with Prudent Utility Practices to make energy available to GSU from each unit to which GSU has a capacity entitlement pursuant to Article II on the basis of a ninety percent (90%) target capacity factor on an annual basis. It is recognized that such efforts to achieve such target may be frustrated by forced outage of the units, needs for repair or maintenance of the units, governmental restrictions or other non-discretionary reasons. The sole obligation of Southern Companies for the failure to achieve such target capacity factor for each unit shall, where due to the aforesaid reasons, be as follows:

3.8.1 During periods in which a unit to which GSU has a capacity entitlement under Article II is unavailable for service, if requested by GSU, Southern Companies shall use their best efforts, consistent with Prudent Utility Practices, to make available supplemental energy from other coal-fired generating resources owned or operated by the

Southern Companies equal to one hundred percent (100%) of GSU's entitlement in such unit under Article II.

3.8.2 During periods in which a unit to which GSU has a capacity entitlement under Article II is partially derated, if requested by GSU, Southern Companies shall use their best efforts, consistent with Prudent Utility Practices, to make available supplemental energy from other coal-fired generating resources owned or operated by the Southern Companies equal to one hundred percent (100%) of GSU's entitlement in such unit under Article II less GSU's entitlement to schedule energy from such derated unit pursuant to Section 3.3. Energy made available to GSU pursuant to this Section and Section 3.8.1 is hereinafter called "Supplemental Energy."

3.8.3 In the event the Supplemental Energy provided for in Sections 3.8.1 and 3.8.2 cannot be provided from coal-fired generating resources, Southern Companies agree to use their best efforts, consistent with Prudent Utility Practices, to make energy available from other generating resources of Southern Companies in amounts equal to the Supplemental Energy provided for in such Sections. Such energy made available by Southern Companies under this Section 3.8.3 and scheduled for delivery, at GSU's election, shall be deemed Supplemental Energy.

3.8.4 Southern Companies will not be obligated to provide GSU any additional Supplemental Energy for the remainder of any year from and after the date on which Southern Companies have made available to GSU for scheduling under this Agreement (except for energy made available under Section 3.8.3 but not taken by GSU) energy in the aggregate equal to ninety percent (90%) of GSU's total capacity entitlement for such year, as determined in accordance with Article II, multiplied by the number of hours in such year. It is understood that supplemental energy offered by Southern Companies under Sections 3.8.1 and 3.8.2 will go toward satisfaction of the ninety percent (90%) annual target capacity factor. To the extent any energy requested by GSU during the remainder of any such year is not available from units to which GSU has a capacity entitlement, such energy and associated capacity shall be furnished, if at all, under other rate schedules between the parties.

3.8.5 Supplemental Energy shall mean energy available on the systems of the Southern Companies, not needed at that time on their own systems to meet their own system requirements (including power used for pumping at pumped storage hydroelectric projects) and other power sale commitments taking precedence before delivery under this Agreement. The

only power sale commitments taking precedence over the availability of Supplemental Energy are: (1) any seasonal energy or capacity exchange agreements now existing or entered into in the future, (2) any firm power interchange sales to other utilities or third parties now existing or entered into in the future, (3) any other Unit Power sales with other utilities or third parties now existing or entered into in the future for the sale of capacity and energy from a specific unit or units (including any alternate energy furnished under provisions of such agreement), (4) any Long Term Power sales with other utilities which were executed prior to this Agreement, (5) any short term power being supplied under provisions of a now existing contract with Alabama Electric Cooperative, Inc., and (6) sales of supplemental energy under the provisions of Unit Power sales agreements similar to the provisions of this Agreement executed prior to the date of this Agreement.

Supplemental Energy, if available, may be supplied from an assigned generating unit of the Southern Companies or from units in economic dispatch on the system of the Southern Companies at the time. Southern Companies will, at their sole option, determine whether the energy is to be supplied from an assigned unit or from units in economic dispatch. However, it is agreed that Supplemental Energy will normally be supplied from units in economic dispatch except when system operating conditions indicate otherwise. Southern Companies will notify GSU of the amount of Supplemental Energy to be made available, the selected energy sources and the estimated energy rates at the times set forth in Section 3.1.

3.8.6 Nothing in this Section 3.8 shall obligate GSU to purchase or pay for any Supplemental Energy which is not scheduled by GSU at its election.

ARTICLE IV .

DELIVERY POINT

4.1 Points of Delivery: Southern Companies shall deliver the power and energy purchased by GSU hereunder to the interconnection point specified in Article III of the GSU-Southern Companies Interchange Contract executed on even date herewith and in Article III of the GSU-MPC Transmission Facilities Agreement executed on even date herewith.

4.2 Point of Delivery to be Established: It is recognized that the transmission facilities which are to be

constructed by MPC and GSU to provide system reliability and for the delivery and receipt of the power and energy to be sold and purchased hereunder have not been completed. It is recognized that the construction, maintenance, repair and operation of Transmission Facilities to be constructed or caused to be constructed by MPC and the payment of Use Fees therefor by GSU shall be governed by the GSU-MPC Transmission Facilities Agreement executed on even date herewith notwithstanding any inconsistent provision in this Agreement. MPC and GSU shall use best efforts consistent with Prudent Utility Practices to complete such facilities as soon as reasonably practicable so that the parties may take advantage of opportunities to enter into other transactions mutually agreed upon but at least by the time such facilities are needed to deliver and receive power and energy sold and purchased hereunder.

4.2.1 In the event completion of Transmission Facilities to be constructed by MPC is delayed for any reason and power and energy scheduled to be sold and purchased hereunder cannot be effected as a result thereof, MPC and other Southern Companies shall, as their sole obligation for such delay, waive GSU's obligations to purchase capacity and energy hereunder and GSU's obligations to pay Use Fees for Transmission Facilities as specified in the GSU-MPC Transmission Facilities Agreement until such facilities are declared by MPC to be available for commercial operation.

4.2.2 In the event MPC has completed the Transmission Facilities required to make the unit power sales and completion of transmission facilities to be constructed by GSU are delayed for reasons beyond its control, GSU shall use best efforts (which shall not include payments or concessions deemed unreasonable by GSU) to arrange with Middle South Utilities, Inc. ("MSU") for the delivery of all or a part of the power and energy scheduled to be sold and purchased hereunder. GSU shall only be responsible for capacity and energy charges associated with that amount of power and energy so scheduled and delivered through arrangements with MSU prior to June 1, 1985. In the event GSU can arrange with MSU for the delivery of all or a part of the power and energy scheduled to be sold and purchased hereunder, GSU will be solely responsible for the payment of all charges imposed by MSU in connection with the delivery of said power and energy. Southern Companies will endeavor to provide assistance to GSU in securing an arrangement between GSU and MSU for delivery of said power and energy. In any event, GSU shall be under an obligation, beginning June 1, 1985 or the date MPC declares its Transmission Facilities available for commercial operation, whichever is later, to commence paying unit capacity charges as computed in accordance with

Section 6.2 for the total amount of unit power specified in Section 2.2 of this Agreement. Completion of MPC's transmission facilities prior to June 1, 1984 as provided in Section 4.2 shall not obligate GSU to commence payments for unit power capacity earlier than the date upon which the power and energy is scheduled to be sold and purchased hereunder; however, the obligation of GSU to pay Use Fees as provided for in the GSU-MPC Transmission Facilities Agreement shall commence. In the event of a delay covered by this Section 4.2.2, if requested by GSU, the Southern Companies shall use their best efforts to make other dispositions and uses of unit power capacity as provided in the third paragraph of Section 4.3 below.

4.3 Transmission Contingencies: In the event energy scheduled to be delivered hereunder cannot be delivered or received because of contingencies of any nature affecting transmission facilities of either party, there shall be no reduction in capacity charges hereunder; provided, however, where such inability to deliver energy hereunder continues for more than two (2) weeks because of a failure of Southern Companies to remedy problems within their systems, then Southern Companies shall waive capacity charges for periods during which such deliveries continue to be affected in excess of two (2) weeks.

To the extent the occurrence of a contingency is controllable, Southern Companies shall use their best efforts consistent with Prudent Utility Practice to prevent the occurrence of contingencies which would result in restricted scheduled deliveries of power and energy hereunder and if not prevented shall promptly exert best efforts consistent with Prudent Utility Practice to restore the affected facilities to provide for deliveries as scheduled.

To the extent any such transmission limitation is expected to exceed one hour Southern Companies shall use their best efforts, consistent with Prudent Utility Practices at the time, to sell, at rates acceptable to GSU, to other utilities such power and energy for which GSU would be paying capacity charges; or Southern Companies, if approved by GSU, may make use of such power and energy for their own purposes. In the event Southern Companies sells such power and energy to third parties, Southern Companies shall credit GSU with the excess of revenues over generation expenses based on Base Energy Rates as specified in Section 6.3. For purposes of this Section 4.3, sales to others from resources of Southern Companies, other than oil-fired resources, shall take precedence over any sale made from capacity to which GSU is entitled. In the event Southern Companies, with GSU's approval, make use of energy for which GSU would be

paying capacity charges but is unable to receive because of transmission contingencies on either system, Southern Companies shall pay to GSU for such power and energy such charges as are set by GSU as a condition of its approval.

ARTICLE V

PROCEDURE FOR CAPACITY AND ENERGY RATES

5.1 Unit Power Sale Periodic Rate Computation Procedure: GSU and Southern Companies recognize that the cost of providing the unit power and electric services contemplated herein may change during the term of this Agreement. Thus, in order for Southern Companies to be compensated fairly and adequately, it will be necessary to revise or update, on a periodic basis, the cost, expense and investment figures utilized in the derivation of the capacity charges and certain components of the energy charges provided for in this Agreement.

In order to facilitate revisions or updates of the charges calculated under the basic procedure and methodology outlined in this Agreement, Southern Companies have adopted a Unit Power Sale Periodic Rate Computation Procedure Manual ("Unit Power Sale Manual") which is attached hereto as Exhibit B to this Agreement and incorporated herein by reference. The Unit Power Sale Manual describes in detail the methodology and procedure to be utilized in the periodic calculation of charges provided for in this Agreement.

The Unit Power Sale Manual, together with this Agreement shall serve as a formulary rate allowing periodic revisions of the charges to reflect changes in costs of providing the services contemplated by this Agreement. The capacity charges and certain components of the energy charges calculated in accordance with the Unit Power Sale Manual will be shown on the Unit Power Sale Informational Schedule further described in Section 5.2 herein.

5.2 Unit Power Sale Informational Schedule: The Unit Power Sale Informational Schedule for Southern Companies showing estimated charges for the unit power sales contemplated by this Agreement will be attached hereto for example purposes only when this Agreement is filed with FERC, and such schedule will be replaced with an updated Unit Power Sale Informational Schedule showing the initial charges for the unit power sales during the first calendar year in which the unit power sales occur. The Unit Power Sale Informational Schedule will be revised for each calendar year during the continuation of unit power sales hereunder.

Revisions of charges contained in the Unit Power Sale Informational Schedule shall follow the methodology and procedure set forth in this Agreement and the Unit Power Sale Manual. A revised Unit Power Sale Informational Schedule shall be submitted by Southern Companies to GSU on or before November 1 of each year for application on January 1 of the following year. This time period will allow GSU and Southern Companies to verify that the charges contained in the revised Unit Power Sale Informational Schedule have been computed in accordance with this Agreement and the methodology and procedure set forth in the Unit Power Sale Manual. Since the charges contained in the revised Unit Power Sale Informational Schedule will be computed in accordance with the formulary rate method and procedures described in this Agreement and the Unit Power Sale Manual, it is the intent of Southern Companies and GSU that such revisions will not be changes in rates which would require a filing and suspension under the Federal Power Act and the applicable Rules and Regulations of the FERC. A revised Unit Power Sale Informational Schedule will be filed with the FERC, or its successor in interest, for informational purposes to show the application of the formulary rate method and procedure and the resulting charges provided for in this Agreement and the Unit Power Sale Manual.

5.3 Unilateral Revision of Capacity and Energy Rates and/or Unit Power Sale Periodic Rate Computation Procedure Manual: In addition to the right to change the charges as described in Sections 5.1 and 5.2 above, Southern Companies shall have the right to unilaterally make application to FERC to amend the formulary capacity and energy rates established in this Agreement, Unit Power Sale Manual, and Unit Power Sale Informational Schedule including the right to make changes in provision for percentage return on equity capital, changes in provisions establishing capacity and energy losses, and cost components included in the formulae for capacity and energy rates. Southern Companies shall have the right to unilaterally make application to the FERC for a change in rates under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder. Southern Companies shall further have the right to file unilateral application to the FERC for changes in the capacity and energy rates to the extent, at any time, any additional legitimate cost not now in existence, is incurred with respect to charges for capacity and energy (including government impositions), which such cost is not recouped under the capacity and energy rates set forth herein. After any such application, the amendments or changes shall become effective, subject to refund, at the earliest possible date under the governing rules and regulations of the FERC.

In all events, GSU shall be free to support or contest any amendment or change applied for by the Southern Companies or raise any objection it may have to any amendment or change before FERC and to contest and appeal any FERC order.

5.4 GSU Rights to Unilaterally Seek Relief: In addition to all other rights reserved to GSU in this Agreement to contest any amendments or changes sought by the Southern Companies and any orders of FERC, GSU reserves and shall have all rights and remedies available to it to seek relief from any discriminatory or unreasonable charges by the Southern Companies, including but not limited to any rights and remedies available to it under Section 206 of the Federal Power Act.

ARTICLE VI

CHARGES FOR SERVICE

6.1 Rates: GSU shall pay each month for the capacity, and energy furnished hereunder and transmission losses associated therewith on the following bases:

6.2 Capacity Rates: With respect to each unit from which capacity is made available to GSU 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 GSU pursuant to Article II hereof each month and the sum of the charges for all units during each month shall be paid by GSU 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 GSU is determined to be zero for any year, GSU shall be responsible for the dollar per kilowatt-month charge for such unit produced by formulary rate assuming such Net Dependable Capacity equaled the Expected Capacity and multiplying such charge by the capacity to which GSU would have been entitled in such circumstance; provided, however, GSU 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.

6.3 Base Energy Rates: For Unit Energy supplied to GSU during each month from the units specified in Exhibit A pursuant to Section 3.4, GSU 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). The procedure for determining "%L" is set forth in Article VII of the Unit Power Sale Manual. Using (a), (b) and (c) above,

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

6.4 Alternate Energy Rates: For energy supplied to GSU at any time from alternate sources owned or operated by Southern Companies, in accordance with Section 3.7, GSU shall pay an amount per MWh delivered which is the lesser of (1) the Base Energy Rate as determined in Section 6.3 for the unit for which Alternate Energy is provided, (2) the Normalized Energy Rate as determined in Section 6.6 for the unit for which Alternate Energy is provided, or (3) one-half (0.5) the sum of the Base Energy Rate for such unit and the cost of such Alternate Energy determined by the following principles:

For Alternate Energy whether supplied from an assigned unit of Southern Companies, or from the units in economic

dispatch on the system of Southern Companies, the cost of such energy (\$/MWh) shall be the incremental expense of the assigned unit or the units in economic dispatch which is incurred in supplying the energy. With respect to energy supplied from units in economic dispatch, such energy shall be considered as having been delivered at the incremental cost of the Southern Companies after serving their own systems' requirements (including energy used for pumping at pumped storage hydroelectric projects) and other power sale commitments taking precedence before delivery of such energy. The only power sale commitments taking precedence before delivery of such Alternate Energy are: (1) any seasonal energy or capacity exchange agreements now existing or entered into in the future, and (2) any firm power interchange sales to other utilities or third parties now existing or entered into in the future. 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.

6.5. Supplemental Energy Rates: For energy supplied to GSU at any time pursuant to Section 3.8, GSU shall pay an amount per MWh delivered which is the greater of (1) the Base Energy Rate for the unit for which Supplemental Energy is provided, as determined in Section 6.3; provided, however, such Base Energy Rate shall be limited to a value no greater than the Normalized Energy Rate as determined in Section 6.6 for such unit; or (2) the cost of such Supplemental Energy determined by the following principle:

For Supplemental Energy whether supplied from an assigned unit of Southern Companies or from the units in economic dispatch on the system of Southern Companies, the cost of such energy shall be the incremental expense of the assigned unit or the units in economic dispatch which is incurred in supplying the energy. With respect to energy supplied from units in economic dispatch, such energy shall be considered as having been delivered at the incremental cost of Southern Companies after serving their own systems requirements (including energy used for pumping at pumped storage hydroelectric projects) and other power sale commitments taking precedence before delivery of such Supplemental Energy as defined in Section 3.8.5. 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.

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) set forth in Article VII of the Unit Power Sale Manual.

Using (a), (b), and (c) above,

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

6.7 Station Service Charges: For station service energy required each month for a unit specified in Exhibit A during the hours in which the net electrical output of such unit is equal to or less than zero, GSU shall pay an amount per MWh, for a pro rata share of such station service energy based on the ratio of GSU's capacity entitlement in such unit pursuant to Article II to the Net Dependable Capacity of such unit, equal to the Base Energy Rate of such unit as determined in Section 6.3.

ARTICLE VII

BILLING AND PAYMENTS

7.1 Presentation and Payment of Bills for Capacity Charges: Capacity and transmission charges in the amounts determined in accordance with Article VI for each month shall be stated in an invoice presented by Southern Companies to GSU on or before December 1 of each year stating the amount due each month during the ensuing year. To the extent the monthly capacity and transmission charges specified in any such invoice change as a result of causes specified in this Agreement, an amended invoice shall be presented to GSU by Southern Companies as soon as practicable

after such change occurs. On or before the fifteenth day of each month of the ensuing year, GSU shall make payment to Southern Companies in accordance with the invoice or amended invoice in immediately available funds through wiring of funds or other mutually agreeable methods of payment. Any adjustment due to be made as a result of the procedure set forth in Article IX of the Unit Power Sale Manual shall be added to or subtracted from the invoice due to be paid in the month next following the date on which GSU is notified by Southern Companies (by mail and telecopy on the same day) of such adjustment. Such payment shall also include any amounts theretofore invoiced by Southern Companies and not paid by GSU associated with the administration of the true up provision as specified in Article IX of the Unit Power Sale Manual. Payments of capacity and transmission charges not made when due shall accrue interest, at one hundred five percent (105%) of the prime rate quoted on the date due by Manufacturers Hanover Trust Company in New York, New York, from the due date to the date of payment (a day shall equal 1/30 of a month). Payments of capacity and transmission charges which are in excess of amounts which would have been due based upon actual true up costs shall be credited or refunded to GSU together with interest thereon from the date of payment to the date of credit or refund accrued on the same basis as provided in the preceding sentence. The rate of interest calculated hereunder shall in no event exceed the maximum rate allowed by law. The intention of the parties being to conform strictly to the usury laws now in force, any of said contracts for interest shall be held to be subject to reduction to the highest amount allowed under said usury laws as now or hereafter construed by the courts having jurisdiction.

7.2 Presentation and Payment of Bills for Energy and Other Charges: As promptly as practicable after the first of each month during the term hereof, an invoice shall be sent by Southern Companies by mail and by telecopy on the same date stating the charges determined in accordance with Article VI for energy sold and delivered to GSU hereunder during the preceding month together with any other charges then due by GSU to Southern Companies pursuant to the terms of this Agreement. All such invoices shall be due and payable within ten (10) days from the date of receipt by GSU (which may include receipt of telex or equivalent copies of such invoice), or by the 20th day of the month, whichever is later. All invoices shall be sent to GSU to the attention of "Manager-Power Supply" or as may be specified from time to time in writing by GSU. GSU shall make payment to Southern Companies in accordance with such invoices on or before the date due in immediately available funds through wiring of funds or other mutually agreeable methods of payment.

Bills not paid when due shall accrue interest, at one hundred five percent (105%) of the prime rate quoted on the due date by Manufacturers Hanover Trust Company in New York, New York, from the due date to the date of payment (a day shall equal 1/30 of a month). With each monthly invoice, Southern Companies will provide GSU a monthly statement to show the energy transactions and the basis for the settlement pertaining thereto, including the fuel cost components of energy charges. To expedite submission of invoices, the most recent available cost data will be used for the initial invoice. An adjusted invoice, if required to reflect the actual charges due for energy, shall be included in the monthly invoice immediately following the initial invoice, together with accrued interest on overpayments as provided for in Section 7.1.

7.3 Disputed Invoice: In case any portion of an invoice submitted pursuant to Section 7.2 is in bona fide dispute, the undisputed amount shall be payable when due; and the remainder shall be paid promptly, upon determination of the correct amount, in accordance with Section 7.2. Upon request by GSU, Southern Companies shall provide copies of supporting documentation and records necessary to verify invoices whether disputed or undisputed.

7.4 Audit Rights: Southern Companies shall, upon written request from GSU, promptly make arrangements for GSU to audit any and all books and records of the Southern Companies which relate to and are necessary for verification of charges and costs paid by GSU under this Agreement. Such audit, at the option of GSU, and at GSU's sole expense, shall be performed by GSU or by a nationally recognized accounting firm experienced in utility accounting practices. GSU's right to audit such records shall extend for a period of-three (3) years following any year to which such audit relates.

ARTICLE VIII

OPERATING COMMITTEE

8.1 Establishment of Operating Committee: GSU and SCS, acting as agent for Southern Companies, shall each appoint one representative to act for it in matters pertaining to detailed operating arrangements for delivery of power hereunder, and GSU and SCS may each appoint an alternate to act for it in the absence of its representative. The two representatives, or their alternates, so appointed shall comprise and be referred to as the Unit Power Sales Operating Committee. Evidence of such appointment shall be

given by written notice to each of the parties, and such appointments may be changed at any time by similar notice.

8.2 Responsibilities of the Unit Power Sales Operating Committee: The Unit Power Sales Operating Committee, in addition to matters specifically referred to elsewhere in this Agreement, shall be responsible for the following:

- (a) Communications with respect to energy scheduling under Sections 3.1 through 3.6.
- (b) Establishment of arrangements for metering, telemetering, telecommunications, data acquisition, etc., associated with the delivery and receipt of power and energy hereunder to the extent not provided for by the Operating Committee established under the Interchange Contract.
- (c) Communications with respect to the construction and schedule for commercial operation of the units specified in Section 2.1 and transmission facilities referred to in Section 4.2.
- (d) Establishment of control and operating procedures to the extent not provided for by the Operating Committee under the Interchange Contract.
- (e) Establishment of methods and procedures for accounting and billing hereunder.
- (f) Communications with respect to Alternate Energy and Supplemental Energy transactions under Sections 3.7 and 3.8.
- (g) Communications with respect to determination of capacity available from each unit under Section 2.3.
- (h) Development of forecasts by month of energy availability, demand and pricing, including capacity costs for use in planning by the parties.
- (i) Communications with respect to the maintenance of the units specified in Section 2.1 including the review and coordination of annual maintenance schedules for the upcoming five (5) year period.
- (j) Such other duties as may be conferred upon it by mutual agreement of GSU and Southern Companies.

Both GSU and Southern Companies shall cooperate in providing to the Unit Power Sales Operating Committee all information required in the performance of its duties. If the Unit Power Sales Operating Committee is unable to agree on any matter falling under its jurisdiction, such matter shall be referred by the representatives to their Principals for decision. Failure of the Principals to agree on any matter referred to them shall not constitute a basis for cancellation of this Agreement. All decisions and agreements made by the Operating Committee shall be evidenced in writing.

8.3 Unit Power Sales Operating Committee Meetings: The Unit Power Sales Operating Committee shall hold an annual meeting at a time and place agreed upon by its members and review the duties set forth herein. When requested by either GSU or Southern Companies, the Unit Power Sales Operating Committee shall also meet at the earliest opportunity for consideration of matters under its jurisdiction.

ARTICLE IX

AGENCY OF SOUTHERN COMPANY SERVICES, INC. FOR SOUTHERN COMPANIES

9.1 Role of SCS: SCS joins in the execution of this Agreement for the sole purpose of serving and acting as agent for Southern Companies jointly and severally. Southern Companies hereby designate SCS as their agent to act for them and represent them for all purposes under this Agreement and may designate a new agent from time to time under this Agreement by giving GSU ten (10) days written notice in which event the authority of SCS, as agent, shall cease and the newly designated agent shall be substituted for the sole purpose of serving and acting as agent for Southern Companies jointly and severally.

9.2 Payments to Agent: GSU shall be entitled to make all payments due to be made in accordance with this Agreement to SCS, or such other agent of Southern Companies as designated under Section 9.1, and the making of such payments shall discharge GSU's obligations hereunder notwithstanding the fact that such payments shall be due to be paid to one or more of the Southern Companies.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 Interrelationship with Interchange Contract: It is recognized by the parties that the Interchange Contract executed on date contemporaneous with the date hereof governs the interconnected operations of the parties necessary for conduct of the transactions contemplated hereunder. To the extent not inconsistent herewith, such Interchange Contract, including any amendments thereto, shall govern the operations of the parties hereunder. The parties shall cause the Interchange Contract to remain in effect during the term of this Agreement; but nothing herein is intended to limit the right of the parties to amend such Interchange Contract by mutual agreement or the right of each party to change its rates, terms and conditions of service under their respective Service Schedules as permitted in such Interchange Contract or such schedules.

10.2 Provisions of Interchange Contract Specifically Incorporated by Reference: The parties agree that the following provisions of the Interchange Contract are specifically incorporated herein by reference as though fully set forth herein:

- (a) Section 3.3 Metering and Metering Facilities.
- (b) Section 3.4 Inspecting and Testing of Meters.
- (c) Section 3.5 Billing Adjustments.
- (d) Section 3.6 Accessory Facilities.
- (e) Section 5.4 Kilovar Supply.
- (f) Section 5.5 Determination of Amounts Supplied.
- (g) Section 5.6 Transfer of Power and Energy Through Other Systems.
- (h) Section 6.1 Records.
- (i) Section 9.1 Third Parties.
- (j) Section 9.3 Responsibility and Indemnification.

(k) Section 9.5 Notices.

(l) Section 9.6 Waivers.

(m) Section 9.7 Successors and Assigns.

10.3 Specification of Sole Obligation or Sole Remedy: With respect to the matters provided for herein where the Agreement specifies an obligation or remedy as being the sole obligation or remedy, it is the parties' agreement and intent that such obligation or such remedy is the exclusive obligation or remedy. No expansion of such obligation or remedy shall be provided in any suit, action or proceeding of any nature whatsoever, whether the claim underlying such suit, action or proceeding is based on contract, tort (including strict liability) or otherwise.

10.4 Standard of Performance of Obligations: In connection with the operation, maintenance, fueling, repair and restoration to service upon derating or forced outage of units from which GSU is entitled to capacity, other facilities (including transmission) referenced in this Agreement and other facilities required in support of Southern Companies' obligations under this Agreement, Southern Companies' standard of management and performance during the term of this Agreement shall be at least equal to the standard which it would use if such units and facilities were solely for their own territorial customers, and the Southern Companies shall not discriminate against such units in relation to its other units.

10.5 Definition of "Prudent Utility Practices": For purposes of this contract, "Prudent Utility Practices" at a particular time shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry prior to such time, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. "Prudent Utility Practices" are not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts expected to accomplish the desired results.

10.6 Limitation of Liability: In no event shall either party hereto be liable (in contract or in tort, including negligence) to the other party for incidental or consequential loss or damage resulting from performance,

nonperformance or delay in performance of their obligations under this Agreement, except where such loss or damage results from intentional tort or fraud.

10.7 General Cost Principles: Charges for electric services provided for in this Agreement consist of and include both direct and indirect costs incurred by Southern Companies attributable to activities required for the construction operation and maintenance of transmission and generation facilities necessary to meet their obligations hereunder. GSU and Southern Companies have agreed upon certain formulary descriptions of methodology and procedure as contained in the Unit Power Sale Manual and this Agreement which shall be used in computation of charges.

It is recognized that the derivation and computation of such charges will include costs both directly and indirectly incurred by the Southern Companies and that in the case of costs indirectly incurred it will be necessary to apply certain allocation methods and procedures to assign such costs to the appropriate facilities. Such costs shall be allocated by using the allocation methods and procedures set forth in Unit Power Sale Manual. If no allocation methods or procedures have been specified herein for a particular cost or cost component, Southern Companies shall apply fair and equitable allocation methods and procedures consistent with Prudent Utility Practices.

It is the intent of the parties hereto that the accounting for Southern Companies costs, both direct and indirect, and allocations thereof shall be pursuant to assessing actual costs incurred, and charges to GSU shall not include duplication or allocations of greater than one hundred percent (100%) of such costs.

10.8 Section References: References herein to Articles or Sections of Articles shall be interpreted to mean all Sections of the Article referenced and all subsections of the Section referenced.

[The next page is the signature page, p. 30.]

IN WITNESS WHEREOF, the parties hereto have caused this
UNIT POWER SALES AGREEMENT to be executed by their duly
authorized officers.

ATTEST:

R. E. Giger
Asst. Secretary

GULF STATES UTILITIES COMPANY

By *J. E. Bondurant*
J. E. Bondurant
Executive Vice President,
Operations
Date: 2/25/82

ATTEST:

R. O. Usry

SOUTHERN COMPANY SERVICES, INC.

By *R. O. Usry*
R. O. Usry
Vice President
Date: 2/25/82

ATTEST:

Dorothy S. Essig
Asst. Secretary

ALABAMA POWER COMPANY

By *R. E. Huffman*
R. E. Huffman
Vice President
Date: 2/25/82

ATTEST:

A. W. Dahlberg

GEORGIA POWER COMPANY

By *A. W. Dahlberg*
A. W. Dahlberg
Vice President
Date: 2/25/82

ATTEST:

E. B. Parsons, Jr.

GULF POWER COMPANY

By *E. B. Parsons, Jr.*
E. B. Parsons, Jr.
Vice President
Date: 2/25/82

ATTEST:

H. H. Bell, Jr.

MISSISSIPPI POWER COMPANY

By *H. H. Bell, Jr.*
H. H. Bell, Jr.
Vice President
Date: 2/25/82