

AMENDMENT TO THE AMENDED AND RESTATED
UNIT POWER SALES AGREEMENT
BETWEEN
JACKSONVILLE ELECTRIC AUTHORITY
AND
ALABAMA POWER COMPANY, GEORGIA POWER COMPANY,
GULF POWER COMPANY, MISSISSIPPI POWER COMPANY, AND
SOUTHERN COMPANY SERVICES, INC.

THIS AMENDMENT made and entered into as of the 5th day of April, 1994 by and between Jacksonville Electric Authority ("JEA") and Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company (collectively referred to as "Southern Companies") and Southern Company Services, Inc. ("SCS"), being an Amendment to the Amended and Restated Unit Power Sales Agreement among JEA, Southern Companies and SCS dated May 19, 1982, as amended (the "Agreement").

W I T N E S S E T H:

WHEREAS, JEA, Southern Companies and SCS entered into the Agreement on May 19, 1982, 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 B Unit Power Sale Periodic Rate Computation Procedure Manual of Southern Companies ("Manual"), which has been amended and is expressly incorporated into the Agreement and is an integral part of it;

WHEREAS, beginning with the 1993 Contract Year, Southern Companies and JEA 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 JEA ("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 JEA 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, as amended, is hereby amended by deleting Section 1.0 in its entirety and by substituting therefor the following new Section 1.0:

Section 1.0 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 3.10, as set forth below:

3.10 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 JEA by Southern Companies pursuant to Sections 3.4, 3.7, 3.8, and 3.9 of this Agreement, JEA will be entitled to energy associated with the IPC ("IPC Energy") of JEA's capacity entitlement under the terms of this Agreement based on the following conditions:

3.10.1 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. JEA'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 JEA) 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 JEA of its annual IPC Energy entitlement for the following Contract Year.

3.10.2 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.

3.10.3 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 JEA with IPC Energy in any amount during such year.

3.10.4 Southern Companies and JEA 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.

3.10.5 During periods when JEA desires to schedule IPC Energy, JEA will supply Southern Companies with a requested schedule for each hour of the period. JEA will be entitled to schedule IPC Energy in an amount up to twenty-five (25) megawatts per hour limited by its annual entitlement to IPC Energy (in megawatt hours), as determined in accordance with Section 3.10.1. Southern Companies will, upon receipt of a requested schedule, determine the amount of IPC Energy available for scheduling by JEA. After determining the availability of IPC Energy, Southern Companies will promptly notify JEA 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 Service Schedule R (UPS Replacement Energy Schedule) to the Interchange Contract dated October 18, 1979, as amended. Southern Companies will inform JEA of the amount of IPC Energy to be made available and the estimated energy rates at the time of JEA's requested schedule.

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

3.10.7 Southern Companies will not be obligated to supply JEA 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 JEA's annual energy entitlement to IPC, as determined in accordance with Section 3.10.1. Further, any portion of JEA'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, JEA will be allowed to schedule the 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 6.9, as set forth below:

6.9 IPC Energy Rate: The rate (\$/MWh) for IPC Energy supplied to JEA pursuant to Section 3.10 will be determined in accordance with the method and procedure established for Replacement Energy under Service Schedule R (UPS Replacement Energy Schedule) to the Interchange Contract dated February 27, 1981, as amended.

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 JEA 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 JEA pursuant to Article II hereof each month and the sum of the charges for all units during each month shall be paid by JEA 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 JEA is determined to be zero for any year, JEA 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 JEA would have been entitled in such circumstance. JEA 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 JEA during each month from the units specified in Exhibit A pursuant to Section 3.4, JEA 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,

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

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,

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

Section 3.4 Article V - Derivation of Fixed Operation and Maintenance and Variable Operation and Maintenance Expenses for Electric Generating Units of the Manual, as amended, 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 the 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 5.0 Fixed Operation and Maintenance Expenses: The fixed operation and maintenance expense (dollars) 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 5.1 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 (in dollars) divided by the budgeted net electrical output of the unit (in MWhs) for the Contract Year.

Section 5.2 In-Plant Fuel Handling Expenses: The in-plant fuel handling expenses (\$/MWh) for a unit shall be the in-plant fuel handling costs (dollars) budgeted in FERC Account 501 divided by the budgeted net electrical output (MWhs) 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 5.3 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, as amended, 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, as amended, is amended by deleting the first sentence of Section 2.2.9 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, as amended, is amended by deleting the first and second sentence of Section 9.2 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 JEA'S ANNUAL
ENTITLEMENT TO ENERGY ASSOCIATED WITH INCREASED PEAK CAPACITY
FOR CONTRACT YEAR 1993**

<u>Unit</u>	<u>Increased Peak Capacity (MW)</u>	<u>JEA Allocation</u> ⁽¹⁾	
		<u>Jan-May (MW)</u>	<u>Jun-Dec (MW)</u>
		<u>JEA 1982(2)</u>	<u>JEA 1982(2)</u>
Miller 4	25.8	3	3
Total of "JEA 1982"		3	3

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

Annual Energy Entitlement

$$[(3 \text{ MW}) \times (263 \text{ Hours}) \times 5/12] + [(3 \text{ MW}) \times (263 \text{ Hours}) \times 7/12] = 789 \text{ MWh}$$

Notes:

- (1) Based on JEA's pro rata share of unit power capacity purchased from each unit listed.
- (2) Refers to the Unit Power Sales Agreement between JEA, Southern Companies and SCS dated May 19, 1982, as amended.

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

<u>Unit</u>	<u>Increased Peak Capacity (MW)</u>	<u>JEA Allocation</u> ⁽¹⁾	
		<u>Jan-May (MW)</u>	<u>Jun-Dec (MW)</u>
		<u>JEA 1982(2)</u>	<u>JEA 1982(2)</u>
Miller 4	25.8	3	1
Total of "JEA 1982"		3	1

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

Annual Energy Entitlement

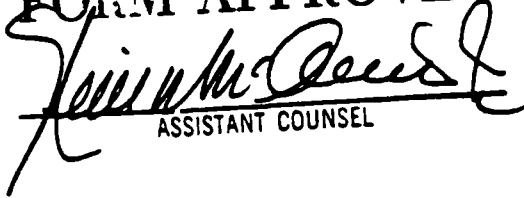
$$[(3 \text{ MW}) \times (263 \text{ Hours}) \times 5/12] + [(1 \text{ MW}) \times (263 \text{ Hours}) \times 7/12] = 482 \text{ MWh}$$

Notes:

- (1) Based on JEA's pro rata share of unit power capacity purchased from each unit listed.
- (2) Refers to the Unit Power Sales Agreement between JEA, Southern Companies and SCS dated May 19, 1982, as amended.

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

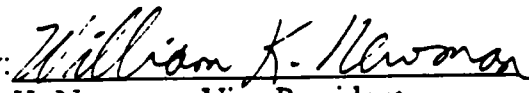
FORM APPROVED


ASSISTANT COUNSEL

JACKSONVILLE ELECTRIC AUTHORITY

By: 
Royce Lyles, Managing Director

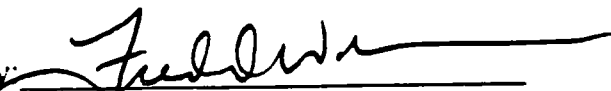
SOUTHERN COMPANY SERVICES, INC.

By: 
W. K. Newman, Vice President

ALABAMA POWER COMPANY

By: 
A. J. Connor, Vice President

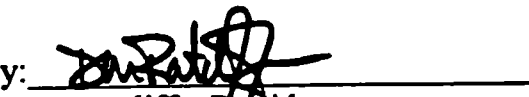
GEORGIA POWER COMPANY

By: 
R. D. Williams, Senior Vice President

GULF POWER COMPANY

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

MISSISSIPPI POWER COMPANY

By: 
D. M. Ratcliffe, President