

AMENDMENT NUMBER THREE TO THE PLANT ROBERT W. SCHERER
UNITS NUMBERS ONE AND TWO PURCHASE AND OWNERSHIP
PARTICIPATION AGREEMENT

among

GEORGIA POWER COMPANY, OGLETHORPE POWER CORPORATION
(AN ELECTRIC MEMBERSHIP GENERATION & TRANSMISSION
CORPORATION), MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA
and CITY OF DALTON, GEORGIA

and

AMENDMENT NUMBER TWO TO THE PLANT ROBERT W. SCHERER
UNIT NUMBER THREE PURCHASE AND OWNERSHIP PARTICIPATION
AGREEMENT

between

GEORGIA POWER COMPANY

and

GULF POWER COMPANY

Dated as of August 1, 1988

THIS AMENDMENT, dated as of August 1, 1988, is by and among GEORGIA POWER COMPANY ("Georgia Power"), a corporation organized and existing under the laws of the State of Georgia, OGLETHORPE POWER CORPORATION (AN ELECTRIC MEMBERSHIP GENERATION & TRANSMISSION CORPORATION), an electric membership corporation organized and existing under the laws of the State of Georgia ("OPC"), the MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA, a public body corporate and politic and an instrumentality of the State of Georgia ("MEAG"), the CITY OF DALTON, GEORGIA, an incorporated municipality in the State of Georgia acting by and through its Board of Water, Light and Sinking Fund Commissioners ("Dalton"), and GULF POWER COMPANY, a corporation organized and existing under the laws of the State of Maine ("Gulf"), and is Amendment Number Three to that certain Plant Robert W. Scherer Units Numbers One and Two Purchase and Ownership Participation Agreement, dated as of May 15, 1980 (as previously amended, the "Units Ownership Agreement"), among Georgia Power, OPC, MEAG and Dalton, and is Amendment Number Two to that certain Plant Robert W. Scherer Unit Number Three Purchase and Ownership Participation Agreement, dated as of March 1, 1984 (as previously amended, the "Unit Three Ownership Agreement" and, collectively with the Units Ownership Agreement, the "Ownership Agreements") between Georgia Power and Gulf.

W I T N E S S E T H:

A. The Participants (as defined in the Ownership Agreements) have previously entered into the Units Ownership Agreement, and the Additional Units Participants (as defined in the Ownership Agreements) have previously entered into the Unit Three Ownership Agreement, in each case providing, among other things, for the Participants and Additional Unit Participants to purchase and sell appropriate undivided ownership interests in the Plant Scherer Common Facilities (as defined in the Ownership Agreements).

B. The Participants and Additional Unit Participants mutually desire to alter and modify in certain cases the time for, in certain cases the purchase and sale price for and in certain cases the method of payment for the purchase and sale of undivided ownership interests in the Plant Scherer Common Facilities.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the Participants, intending to be mutually bound among themselves and to the Additional Unit Participants, hereby agree and amend the Units Ownership Agreement, and the Additional Units Participants, intending to be mutually bound between themselves and to the Participants, hereby agree and amend the Unit Three Ownership Agreement, in each case as follows:

1. Certain Definitions. Capitalized terms and phrases used and not otherwise defined in this Amendment shall have the respective meanings assigned to them by the Ownership Agreements, unless the context or use clearly indicates otherwise. All rules of interpretation, construction, or both, set forth in the Ownership Agreements shall apply with equal force and effect to this Amendment.

2. Amendment to Section 10, subsection (f)(i) of the Units Ownership Agreement and to Section 4, subsection (g)(i) of the Unit Three Ownership Agreement. Section 10, subsection (f)(i) of the Units Ownership Agreement and Section 4, subsection (g)(i) of the Unit Three Ownership Agreement are hereby amended by deleting the first sentence of each such subsection in its entirety and substituting, in lieu thereof, the following:

"In lieu of the obligation, in connection with synchronization of Scherer Unit No. 3, of OPC to sell to Georgia Power and Georgia Power to purchase from OPC an undivided interest in the Plant Scherer Common Facilities pursuant to subsection (a) of this Section, OPC shall sell to Georgia Power and Georgia Power shall purchase from OPC a 14.45% undivided ownership interest in the Plant Scherer Common Facilities, in accordance with the provisions of this clause (i), on the earlier to occur of (the "1989 Closing Date"): (1) the date agreed upon in writing by OPC and

Georgia Power pursuant to subsection (h) of this Section;
(2) any date specified by OPC by written notice to Georgia
Power not less than ninety (90) days prior to the date
contained in such notice; or (3) October 3, 1989."

3. Amendment to Section 10, subsections (f)(iv) and
(f)(v) of the Units Ownership Agreement and to Section 4,
subsections (g)(iv) and (g)(v) of the Unit Three Ownership
Agreement.

Section 10, subsections (f)(iv) and (f)(v) of the
Units Ownership Agreement and Section 4, subsections (g)(iv)
and (g)(v) of the Unit Three Ownership Agreement are each
hereby deleted in their entirety.

4. Amendment to Section 10 of the Units Ownership
Agreement. Section 10 of the Units Ownership Agreement is
hereby amended by adding the following to the end of such
Section, which shall be denominated as subsection (g) of
Section 10:

" (g) Notwithstanding the foregoing provisions of this
Section, to the extent set forth in this subsection, the
purchases and sales of Participant's and Additional Unit
Participant's undivided ownership interests in the Plant
Scherer Common Facilities equivalent to such Participant's
or Additional Unit Participant's Pro Forma Ownership
Interest in Plant Scherer shall be made as follows:

(i) In lieu of the obligation, in connection with synchronization of Scherer Unit No. 4, of OPC to sell to Georgia Power and Georgia Power to purchase from OPC an undivided interest in the Plant Scherer Common Facilities pursuant to subsection (a) of this Section, OPC shall sell to Georgia Power and Georgia Power shall purchase from OPC a 10% undivided ownership interest in the Plant Scherer Common Facilities on the 1989 Closing Date in accordance with the provisions of this clause (i). The price for such purchase and sale shall be the sum of (A) the purchase price for such percentage undivided ownership interest computed in accordance with subsection (d) of this Section through July 31, 1988, plus (B) the amount of Common Facility Cost of Construction paid by OPC with respect to, and that portion of administrative and general expenses incurred by OPC which is properly and reasonably allocable to, such percentage undivided ownership interest from August 1, 1988 through the date of closing of such purchase, plus (C) interest, computed monthly without compounding, on OPC's average gross book cost of such percentage undivided ownership interest for each calendar month (i.e., the average of gross book cost at the beginning of the month in question and gross book cost at the end of the month in question) from (and including) August 1, 1988 to (but not including) the date of closing of such purchase at a monthly rate of interest equal

to OPC's actual embedded cost of funds rate (the per annum embedded cost of funds rate in effect on the last day of the month in question divided by twelve) to carry its investment in the 10% undivided ownership interest in the Plant Scherer Common Facilities to be so purchased by Georgia Power from OPC, plus (D) interest on the difference (the "Gain") between (1) the amount computed for (A) above, less (2) OPC's net book cost for such 10% undivided ownership interest in the Plant Scherer Common Facilities as of July 31, 1988 (i.e., OPC's gross book cost as of such date for such undivided ownership interest less accumulated book depreciation applicable to such undivided ownership interest as of such date), such interest to be computed monthly on the last day of each month, with monthly compounding, for the period from (and including) August 1, 1988 to (but not including) the date of closing of such purchase and sale by multiplying the Gain (plus subsequent compounded interest accrued) times one-twelfth of the average monthly one-month commercial paper per annum interest rate for the month in question as published in the Fed Release; and in the event that a one-month average commercial paper rate is not published by the Federal Reserve Board for any particular month, then the rate of interest for such month shall be one-twelfth of the sum of the per annum rate of interest (on a bank discount basis) borne by six-month United States

Treasury Bills at the latest auction prior to the end of such month, plus forty basis points. For the purpose of computing interest under (C) and (D) above for the month in which the closing occurs, such interest shall be computed under (C) by multiplying the average of OPC's gross book cost at the beginning of such month and as of the date of the closing, times OPC's actual embedded cost of funds rate (expressed on an annual basis) in effect on the date of closing for such undivided ownership interest, times a fraction, the numerator of which is the number of days from (and including) the first day of the month of the closing to (but not including) the date of the closing, and the denominator of which is 366, and such interest shall be computed under (D) by multiplying the Gain plus compounded and accrued interest through the last day of the month immediately preceding the closing, times the average monthly one-month commercial paper per annum interest rate published in the latest Fed Release prior to the closing for the prior month (and in the event that a one-month average commercial paper rate is not published by the Federal Reserve Board for the month preceding the closing, then the rate of interest shall be the sum of the per annum rate of interest (on a bank discount basis) borne by six-month United States Treasury Bills at the latest auction prior to the end of the month preceding the month in which the closing occurs, plus

forty basis points), times a fraction, the numerator of which is the number of days from (and including) the first day of the month of the closing to (but not including) the date of the closing, and the denominator of which is 366. From the sum of (A), (B), (C) and (D) above there shall be subtracted the amounts of depreciation and interest (and implicit interest cost and amortization of capital leases, if any) paid by Georgia Power to OPC from August 1, 1988 through the date of closing with respect to such undivided ownership interest pursuant to Section 3(g) of the Operating Agreement, (the amounts of such depreciation and interest, together with implicit interest cost and amortization of capital leases, if any, paid by Georgia Power to OPC prior to August 1, 1988 having been subtracted to compute the amount described in (A) above)."

5. Amendment to Section 10 of the Units Ownership Agreement and to Section 4 of the Unit Three Ownership Agreement. Section 10 of the Units Ownership Agreement and Section 4 of the Unit Three Ownership Agreement are each hereby further amended by adding the following to the end of each of such Sections, which, shall be denominated as subsections (h) and (i) of each of such Sections:

(h) Notwithstanding the foregoing provisions of this Section:

(i) In lieu of payment in cash of all or part of the purchase price for the purchase and sale of the undivided ownership interests in the Plant Scherer Common Facilities which OPC shall sell to Georgia Power and Georgia Power shall purchase from OPC on the 1989 Closing Date, Georgia Power may transfer, convey and assign to OPC property that is useful in the transmission or generation of electric power and energy, provided OPC and Georgia Power shall have agreed in writing on or before the sixtieth (60th) day prior to the 1989 Closing Date, as to: (A) the specific property to be so transferred, conveyed and assigned; (B) the value of such property; (C) the date on which such property is to be transferred, conveyed and assigned; and (D) the terms and conditions of any and all other agreements regarding ownership and operation of such property as OPC and Georgia Power shall agree. Any such agreements with respect to the transfer, conveyance and assignment of property by Georgia Power to OPC will be subject to receipt of all requisite approvals, including, without limitation, the approval of the SEC under the Holding Company Act and the written approval of the Administrator of the Rural Electrification Administration.

(ii) The purchase price to be paid to OPC by Georgia Power for the interests in the Plant Scherer Common Facilities on the 1989 Closing Date shall be credited on such date with the value of the property transferred, conveyed and assigned to OPC by Georgia Power as agreed upon by OPC and Georgia Power pursuant to subsection (h)(i) hereof.

(iii) In the event there is a transfer of property to OPC pursuant to subsection (h)(i) hereof, the following shall occur on the 1989 Closing Date: (A) Georgia Power shall transfer, convey and assign such specified property by executing and delivering a general warranty deed and bill of sale substantially in the same form of Exhibit E to the Units Ownership Agreement and Exhibit D to the Unit Three Ownership Agreement, accompanied by a properly executed release from any and all mortgages and deeds to secure debt of the conveying party on the assets so conveyed; and (B) Georgia Power and OPC shall execute and deliver such agreements regarding ownership and operation of the transferred property as they shall have agreed upon; and (C) Georgia Power shall pay the transfer tax, if any, due upon such transfer.

(i) For the purpose of calculating the various purchase and sale prices under this Section, no such

purchase and sale price nor the term Common Facility Cost of Construction shall include any costs or expenses of any Participant or Additional Unit Participant incurred in connection with the development of the Ownership Agreements, including, without limitation, this Amendment, any other amendment or the Operating Agreement, and Common Facility Cost of Construction shall not include any interest cost incurred in carrying any Participant's or Additional Unit Participant's investment in any portion of Plant Scherer, including, without limitation, the Plant Scherer Common Facilities.

6. Effectiveness of Sections of the Units Ownership Agreement. Section 10 of the Units Ownership Agreement is hereby amended by adding the following to the end of such Section, which shall be denominated as subsection (j) of such Section:

"(j) Except to the extent that the provisions of subsections (f), (g), (h) and (i) conflict with or vary from the other provisions of this Section, all the other provisions of this Section shall continue to apply to the purchases and sales by the Participants and Additional Unit Participants of undivided ownership interests in the Plant Scherer Common Facilities."

7. Effectiveness of Sections of the Unit Three Ownership Agreement. Section 4 of the Unit Three Ownership

Agreement is hereby amended by adding the following to the end of such Section, which shall be denominated as subsection (j) of such Section:

"(j) Except to the extent that the provisions of subsections (g), (h) and (i) conflict with or vary from the other provisions of this Section, all the other provisions of this Section shall continue to apply to the purchases and sales by the Participants and Additional Unit Participants of undivided ownership interests in the Plant Scherer Common Facilities."

8. Effectiveness of this Amendment. Neither this Amendment nor any of the obligations of the parties hereto shall be effective until the receipt of all requisite approvals, including, without limitation, the approval of the SEC under the Holding Company Act, the written approval of the Administrator of the Rural Electrification Administration and the approval of all other persons and entities having a right to approve or consent to an amendment to either or both of the Ownership Agreements, but upon receipt of such approvals this Amendment and the obligations of the parties hereto shall be effective as of August 1, 1988. The parties hereto agree to use their respective best efforts to expeditiously obtain all such requisite approvals.

9. Miscellaneous. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment may refer to the Units Ownership Agreement if given thereunder, to the Unit Three Ownership Agreement if given thereunder, or both, without making specific reference to this Amendment, but nevertheless all such references shall be deemed to include this Amendment unless the context shall otherwise require.

This Amendment shall be construed in connection with and as a part of the respective Ownership Agreements, and all terms, conditions and covenants contained in the respective Ownership Agreements, except as herein modified, shall be and remain in full force and effect, and the parties hereto agree that they are bound by the terms and conditions of the respective Ownership Agreements to which they are parties.

This Amendment may be executed in any number of counterparts, each executed counterpart constituting an original but altogether one and the same instrument.

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this Amendment under seal on the day and date first above written.

GEORGIA POWER COMPANY

By: *Fred D. Williams*
Name: Fred D. Williams
Title: Vice President

Attest: *Judy M. Anderson*
Name: Judy M. Anderson
Title: Corporate Secretary

[CORPORATE SEAL]

OGLETHORPE POWER CORPORATION
(AN ELECTRIC MEMBERSHIP &
TRANSMISSION CORPORATION)

By: *F. F. Stacy*
Name: F. F. Stacy
Title: President/CEO

Attest: *Gary T. Drake*
Name: Gary T. Drake
Title: Secretary-Treasurer

[CORPORATE SEAL]

CITY OF DALTON, GEORGIA

By: *James A. Middleton*
Name: James A. Middleton
Title: Mayor

Attest: *Betty J. Coffey*
Name: Betty J. Coffey
Title: Assistant City Clerk

[OFFICIAL SEAL]

[Signatures continued on next page]

BOARD OF WATER, LIGHT AND
SINKING FUND COMMISSIONERS

By: De Forrest Parrott
Name: DeForrest Parrott
Title: Secretary

Attest: Linda K. Carlisle
Name: Linda K. Carlisle
Title: Administrative Secretary

[OFFICIAL SEAL]

MUNICIPAL ELECTRIC AUTHORITY
OF GEORGIA

By: Gayle N. Manley
Name: Gayle N. Manley
Title: Chairman

Attest: Bonnie T. Hancock
Name: Bonnie T. Hancock
Title: Assistant Secretary-
Treasurer

[OFFICIAL SEAL]

GULF POWER COMPANY

By: Earl B. Parsons, Jr.
Name: Earl B. Parsons, Jr.
Title: Vice President

Attest: W. E. Tate
Name: W. E. Tate
Title: Secretary and Treasurer

[CORPORATE SEAL]

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