

PLANT ROBERT W. SCHERER  
UNITS NUMBERS THREE AND FOUR  
PURCHASE AND OWNERSHIP  
PARTICIPATION AGREEMENT

between

GEORGIA POWER COMPANY

and

GULF POWER COMPANY

Dated as of February 19, 1981

EXHIBIT "B-1"

Plant Robert W. Scherer  
Units Numbers Three and Four  
Purchase and Ownership Participation Agreement  
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#### Exhibits

- A Description of land for Scherer Units 3 and 4.
- B Description of land for Plant Scherer Common Facilities and non-exhaustive list of equipment and facilities comprising the Plant Scherer Common Facilities.
- C General Warranty Deed and Bill of Sale for 25% undivided ownership interest in the Additional Units.
- D Form of Release from Chemical Bank.
- E Form of general warranty deed and bill of sale for future sale of Plant Scherer Common Facilities.
- F Form of release from mortgage.

THIS AGREEMENT, dated as of February 19, 1981, is between GEORGIA POWER COMPANY, a corporation organized and existing under the laws of the State of Georgia ("Georgia"), and GULF POWER COMPANY, a corporation organized and existing under the laws of the State of Maine ("Gulf").

W I T N E S S E T H:

A. Georgia and Gulf desire and intend to establish their respective ownership rights in Scherer Unit No. 3 and Scherer Unit No. 4 (as defined in Section 1(d) hereof) and in the Plant Scherer Common Facilities (as defined in Section 1(b) hereof) on and subject to the terms and provisions hereof and, by Operating Agreement of even date herewith between Georgia and Gulf pertaining to Scherer Unit No. 3, Scherer Unit No. 4 and the Plant Scherer Common Facilities (hereinafter called the "Operating Agreement"), to provide for the management, control, operation and maintenance of Scherer Unit No. 3, Scherer Unit No. 4 and the Plant Scherer Common Facilities in all respects not covered hereunder and for the entitlement and use of capacity and energy from Scherer Unit No. 3 and Scherer Unit No. 4 and the sharing of the costs thereof and of the Plant Scherer Common Facilities.

B. Georgia has previously entered into a Plant Robert W. Scherer Units Numbers One and Two Purchase and Ownership

Participation Agreement (the "Units Ownership Agreement"), dated as of May 15, 1980, with Oglethorpe Power Corporation (An Electric Membership Generation & Transmission Corporation) ("OPC"), the Municipal Electric Authority of Georgia ("MEAG") and the City of Dalton, Georgia ("Dalton"), (collectively, together with Georgia, the "Participants", as such term is more fully defined in Section 1(i) hereof) which establishes their respective ownership rights in Scherer Unit No. 1 and Scherer Unit No. 2 (as defined in Section 1(f) hereof) and in the Plant Scherer Common Facilities and which imposes certain obligations on the owners of Scherer Unit No. 3 and Scherer Unit No. 4 with respect to the Plant Scherer Common Facilities, the Plant Scherer Coal Stockpile (as defined in Section 6(p) hereof) and other matters, as set forth therein. The Participants have also previously entered into a Plant Robert W. Scherer Units Numbers One and Two Operating Agreement (the "Units Operating Agreement"), dated as of May 15, 1980, to provide for the management, control, operation and maintenance of Scherer Unit No. 1, Scherer Unit No. 2 and the Plant Scherer Common Facilities in all respects not covered by the Units Ownership Agreement and for the entitlement and use of the capacity and energy from Scherer Unit No. 1 and Scherer Unit No. 2 and the sharing of the costs thereof and of the Plant Scherer Common Facilities, and the Units

Operating Agreement imposes certain obligations on the owners of Scherer Unit No. 3 and Scherer Unit No. 4 with respect to the Plant Scherer Common Facilities, the Plant Scherer Coal Stockpile and other matters, as set forth therein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, Georgia and Gulf hereby agree as follows:

1. Certain Definitions.

(a) The Additional Units. The Additional Units shall consist of:

(i) The land described in Exhibit A attached hereto and made a part hereof, together with all such additional land or rights therein as may hereafter be acquired for the purposes specified in clause (iv) below;

(ii) Scherer Unit No. 3 and Scherer Unit No. 4, including the turbine-generators, the boilers, the buildings housing the same, the stacks, the cooling facilities, the associated auxiliaries and equipment and the step-up substation, which are to be used solely in connection with either or both of Scherer Unit No. 3 or Scherer Unit No. 4;

(iii) Inventories of materials, supplies, fuel, tools and equipment for use solely in connection with either or both of Scherer Unit No. 3 or Scherer



Unit No. 4; provided, however, that the Plant Scherer Coal Stockpile shall not constitute part of the Additional Units until a contribution to the Plant Scherer Coal Stockpile has been made by the Additional Unit Participants pursuant to clauses (i) or (ii) of Section 6(p) hereof, and thereafter, only that portion of the Plant Scherer Coal Stockpile that is owned by the Additional Unit Participants as owners of the Additional Units pursuant to clause (iii) of Section 6(p) hereof shall constitute a part of the Additional Units;

(iv) Such additional land or rights therein as may be acquired, and such additional facilities and other tangible property as may be acquired, constructed, installed or replaced solely in connection with either or both of Scherer Unit No. 3 or Scherer Unit No. 4, provided that (A) the cost of such additional land or rights therein or of such additional facilities or other tangible property shall be properly recordable in accordance with the Uniform System of Accounts (as hereinafter defined in Section 3(c) hereof), (B) such additional land or rights therein or such additional facilities or other tangible property shall have been acquired, constructed, installed or replaced for the common use of the Additional Unit Participants under and subject to the provisions of this Agreement, and (C) the acquisition of such additional land or rights

therein or the acquisition, construction, installation or replacement of such additional facilities or other tangible property shall (1) be necessary in order to construct or complete either or both of Scherer Unit No. 3 or Scherer Unit No. 4, or to keep either or both of Scherer Unit No. 3 or Scherer Unit No. 4 in good operating condition or to satisfy the requirements of any governmental agency having jurisdiction over either or both of Scherer Unit No. 3 or Scherer Unit No. 4, or (2) be mutually agreed to by the Additional Unit Participants; and

(v) Existing intangible property rights, and such additional intangible property rights as may be hereafter acquired, associated with the planning, licensing, design, construction, acquisition, completion, operation, renewal, addition, replacement, modification and disposal of either or both of Scherer Unit No. 3 or Scherer Unit No. 4.

(b) Plant Scherer Common Facilities. The Plant Scherer Common Facilities shall consist of:

(i) All the property, both real and personal, intended to be used in common by, or in connection with, one or both of Scherer Unit No. 1 and Scherer Unit No. 2 and one or both of Scherer Unit No. 3 and Scherer Unit No. 4, including, without limitation, the

land, equipment and other facilities listed on Exhibit B attached hereto and made a part hereof, but excluding the Plant Scherer Coal Stockpile;

(ii) Such additional land or rights therein as may be acquired, and such additional facilities and other tangible property as may be acquired, constructed, installed or replaced, which are intended to be used in common by, or in connection with, one or both of Scherer Unit No. 1 and Scherer Unit No. 2 and one or both of Scherer Unit No. 3 and Scherer Unit No. 4 (but excluding any such additional tangible property as may constitute a portion of the Plant Scherer Coal Stockpile), provided that (A) the cost of such additional land or rights therein or of such additional facilities or other tangible property shall be properly recordable in accordance with the Uniform System of Accounts (hereinafter defined in Section 3(c) hereof), (B) such additional land or rights therein or such additional facilities or other tangible property shall have been acquired, constructed, installed or replaced for the common use of the Participants and the Additional Unit Participants under and subject to the provisions of this Agreement and the Units Ownership Agreement, and (C) the acquisition of such additional land or rights therein or the acquisition, construction, installation or replacement of such additional facilities or other

tangible property shall (1) be necessary in order to construct one or both of Scherer Unit No. 1 and Scherer Unit No. 2 and one or both of Scherer Unit No. 3 and Scherer Unit No. 4 or to keep one of both of Scherer Unit No. 1 and Scherer Unit No. 2 and one or both of Scherer Unit No. 3 and Scherer Unit No. 4 in good operating condition or to satisfy the requirements of any governmental agency having jurisdiction over one or both of Scherer Unit No. 1 and Scherer Unit No. 2 and one or both of Scherer Unit No. 3 and Scherer Unit No. 4 or (2) be mutually agreed to by the Participants and the Additional Unit Participants;

(iii) Following any sale to the Participants pursuant to Section 4(e) hereof and Section 10(e) of the Units Ownership Agreement of undivided ownership interests in the land described in Exhibit A hereto, the land subject to such sale.

(iv) Existing intangible property rights, and such additional intangible property rights as may hereafter be acquired, associated with the planning, licensing, design, construction, acquisition, completion, operation, renewal, addition, replacement, modification and disposal of any of the items described in clauses (i) through (iv) of this Section 1(b).

(c) Plant Scherer. Plant Scherer shall consist of the Additional Units, the Units and the Plant Scherer Common Facilities.

(d) Scherer Unit No. 3 and Scherer Unit No. 4. Scherer Unit No. 3 and Scherer Unit No. 4 shall each consist of all of the items or rights described in clauses (i) through (v) of Section 1(a) hereof as are used exclusively in connection with such unit and a 50% undivided ownership interest in each item or right described in such clauses as are used in connection with both of such units, but shall not include any portion of the Plant Scherer Common Facilities.

(e) The Units. When used herein and in the Operating Agreement, the term "Units" shall have the same meaning as in the Units Ownership Agreement as the same now exists or may hereafter be amended.

(f) Scherer Unit No. 1 and Scherer Unit No. 2. When used herein and in the Operating Agreement, the terms "Scherer Unit No. 1" and "Scherer Unit No. 2" shall have the same meaning as in the Units Ownership Agreement as the same now exists or may hereafter be amended.

(g) Plant Scherer Coal Stockpile. The Plant Scherer Coal Stockpile shall mean the coal stockpile maintained from time to time for the Units and for such of the Additional Units as are being served thereby at any given time pursuant to Section 6(p) hereof.

(h) Additional Unit Participants. "Additional Unit Participant" and "Additional Unit Participants" shall refer individually or collectively, as the case may be, to Georgia and Gulf (in their capacities as owners of the Additional Units) and to any vendee, transferee or assignee of either of them of an interest in the Additional Units pursuant to Section 6(j) of this Agreement.

(i) Participants. "Participant" and "Participants" shall refer individually or collectively, as the case may be, to Georgia, OPC, MEAG and Dalton (in their capacities as owners of the Units) and to any vendee, transferee or assignee of any of them of an interest in the Units pursuant to Section 5(j) of the Units Ownership Agreement.

2. Representations and Warranties.

(a) Gulf Representations and Warranties. Gulf hereby represents and warrants to Georgia as follows:

(i) Gulf is a corporation duly organized, validly existing and in good standing under the laws of the State of Maine and has corporate power and authority to own a 25% undivided ownership interest in the Additional Units and such percentage undivided ownership interest in the Plant Scherer Common Facilities as it is required to own from time to time pursuant to the terms of this Agreement and the Units Ownership Agreement, to execute and deliver this Agreement and the

Operating Agreement and to perform its obligations hereunder and thereunder and to carry on its business as it is now being conducted and as it is contemplated hereunder and thereunder to be conducted in the future.

(ii) The execution, delivery and performance of this Agreement and the Operating Agreement by Gulf have been duly and effectively authorized by all requisite corporate action.

(b) Georgia Representations and Warranties.

Georgia hereby represents and warrants to Gulf as follows:

(i) Georgia is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia and has corporate power and authority to own a 75% undivided ownership interest in the Additional Units and such percentage undivided ownership interest in the Plant Scherer Common Facilities as it now owns and as it is required to own from time to time pursuant to the terms of this Agreement and the Units Ownership Agreement, to execute and deliver this Agreement and the Operating Agreement and to perform its obligations hereunder and thereunder and to carry on its business as it is now being conducted and as it is contemplated hereunder and thereunder to be conducted in the future.

(ii) The execution, delivery and performance of this Agreement and the Operating Agreement by

Georgia have been duly and effectively authorized by all requisite corporate action.

3. Sale to Gulf of Undivided Ownership Interest in Completed Portion of the Additional Units.

(a) Sale of Assets. Subject to the terms and conditions of this Agreement, at the Closing (as hereinafter defined) Georgia will sell and convey to Gulf and Gulf will purchase from Georgia, a 25% undivided ownership interest, as a tenant in common with Georgia, in that portion of the Additional Units acquired, constructed or completed prior to the Closing. Such conveyance will be by General Warranty Deed and Bill of Sale, substantially in the form of Exhibit C attached hereto and made a part hereof. At the Closing, Georgia will furnish to Gulf a properly executed release from any and all mortgages and deeds to secure debt on such 25% undivided ownership interest in the Additional Units being conveyed to Gulf, substantially in the form of Exhibit D attached hereto and made a part hereof.

(b) Purchase Price and Payment.

(i) The purchase price for Gulf's 25% undivided ownership interest in that portion of the Additional Units acquired, constructed or completed prior to the Closing shall be an amount equal to 25% of the aggregate of all Discrete Additional Unit Cost of



Construction (as hereinafter defined) incurred prior to the Closing.

In recognition of Georgia's having made payments of the accumulated Discrete Additional Unit Cost of Construction prior to the Closing, Carrying Costs (as hereinafter defined) shall be added to such accumulated Cost of Construction as follows:

For the purpose of this Section 3(b), Carrying Costs shall mean the aggregate incremental dollar cost of funds incurred by Georgia prior to the Closing with respect to that portion of the Additional Units acquired, constructed or completed prior to the Closing. Carrying Costs shall be calculated as follows:

The capital structure of Georgia as shown on Georgia's most recent Quarterly Report on Form 10Q, Annual Report on Form 10K or Annual Report on Form U5S prior to the initial incurrence by Georgia of any Discrete Additional Unit Cost of Construction shall be calculated and broken down into three components the sum of which total one (1.00): (1) Long Term Debt (which shall mean long term debt excluding long term debt payable within one year), (2) Preferred Stock and (3) Common Equity. For the purpose of computing Carrying Costs with respect to incurrences by Georgia of Discrete Additional Unit Cost of Construction

subsequent to such initial incurrence, Georgia's capital structure shall be adjusted quarterly upon the filing of any of the reports referred to above and monthly upon the issuance by Georgia of any long term debt or preferred stock (as of the first day of the month in which such long term debt or preferred stock was issued) and similarly calculated and broken down into three components.

For any particular time, the cost of Long Term Debt shall be calculated by multiplying the effective cost of the most recent issue of Georgia's First Mortgage Bonds at such time by the Long Term Debt component of the capital structure determined above at such time. For any particular time, the cost of Preferred Stock shall be calculated by multiplying the effective cost of the most recent issue of Georgia's preferred stock at such time by the Preferred Stock component of the capital structure determined above at such time. For any particular time, the cost of Common Equity shall be calculated by multiplying the then most recent rate of return on common equity pursuant to Georgia's tariff for wholesale partial requirements customers in its Federal Energy Regulatory Commission ("FERC") Electric Tariff, Original Volume No. 2, as the same may have been amended from time to time prior to

the Closing, whether allowed by FERC (or its predecessor) or submitted in a rate settlement with Georgia's partial requirements customers, by the Common Equity component of the capital structure determined above at such time. For any month during which Georgia issued long term debt, preferred stock or both, or during which such rate of return on common equity changed, such issuance or change shall be deemed to have occurred on the first day of such month.

Beginning with the month in which Georgia initially incurred any Discrete Additional Unit Cost of Construction and for each month thereafter through the date of the Closing, Carrying Costs shall be computed for such month for the aggregate Discrete Additional Unit Cost of Construction incurred through the end of such month (on the basis that all expenditures made in any month shall be deemed to have been made on the first day of such month) by multiplying the aggregate of such Discrete Additional Unit Cost of Construction by the sum of (1) the cost of Long Term Debt for such month, plus (2) the cost of Preferred Stock for such month plus (3) the cost of Common Equity for such month, all calculated as provided in the preceding two paragraphs. Accumulated Carrying Costs shall be compounded monthly at the rate for each month which is the sum of (1), (2) and (3) above for such month.

Prior to the Closing, Georgia shall furnish Gulf a statement showing the aggregate Discrete Additional Unit Cost of Construction incurred and estimated to be incurred through the date of the Closing, broken down into major categories. Such statement shall also include a certificate stating that Georgia keeps its books in conformity with the Uniform System of Accounts (as hereinafter defined) and that the portion of such estimated aggregate Discrete Additional Unit Cost of Construction which has been actually incurred, through the end of the latest month for which Georgia has posted such costs to its books, is as recorded on the books of Georgia (except as inconsistent with the provisions of this Section 3(b)(i)) and is attributable to the Additional Units; provided, however, that such estimated aggregate Discrete Additional Unit Cost of Construction and the Carrying Costs attributable thereto are subject to adjustment based upon the actual Discrete Additional Unit Cost of Construction incurred through the date of the Closing.

The purchase price for Gulf's 25% undivided ownership interest in that portion of the Additional Units acquired, constructed or completed prior to the Closing shall be payable to Georgia at the Closing in immediately available funds. Subject to any contrary regulatory requirements, Gulf and Georgia shall have

until the one hundred eightieth day after the Closing or after the furnishing to Gulf of an accounting by Georgia of such aggregate Discrete Additional Unit Cost of Construction, whichever is later, to question or contest the correctness of the purchase price paid by Gulf pursuant to this Section 3(b)(i) after which time the correctness of such purchase price shall be conclusively presumed. In the event of an error in calculation of the purchase price as provided in this Section 3(b)(i), Georgia or Gulf shall within thirty days reimburse the other for the amount charged or failed to be charged in error.

(ii) From time to time after the Closing, Georgia and Gulf shall execute and deliver such other instruments of conveyance and transfer as may be necessary or appropriate or as either party may reasonably request to vest in Gulf its 25% undivided ownership interest in and to the Additional Units.

(c) Cost of Construction. For purposes of this Agreement, "Cost of Construction" shall mean all Discrete Additional Unit Cost of Construction and all Common Facility Cost of Construction.

"Discrete Additional Unit Cost of Construction" shall mean all costs incurred by Georgia on its own behalf or on its own behalf and as agent for the other Additional

Unit Participants, as the case may be, in connection with the planning, design, licensing, acquisition, construction, completion, renewal, addition, modification, replacement or disposal of the Additional Units, or any portion of the Additional Units, including without limitation that portion of administrative and general expenses incurred by Georgia which is properly and reasonably allocable to the Additional Units and for which Georgia has not been otherwise reimbursed by the other Additional Unit Participants, which costs are properly recordable in accordance with the Electric Plant Instructions and in appropriate accounts as set forth in the FERC Uniform System of Accounts prescribed for Public Utilities and Licensees (Class A and Class B), as the same now exist or may be hereafter amended by the FERC or by any governmental agency succeeding to the powers and functions thereof (the "Uniform System of Accounts"), and shall also include all costs incurred by Georgia on its own behalf or on its own behalf and as agent for the other Additional Unit Participants, as the case may be, in connection with the purchase and acquisition of the initial supply of coal and other fuel (including unrecoverable base coal) for the Additional Units, including without limitation that portion of administrative and general expenses incurred by Georgia which is properly and reasonably allocable to acquisition of fuel for the Additional Units and

for which Georgia has not been otherwise reimbursed by Gulf; provided, however, the Discrete Additional Unit Cost of Construction shall not include interest cost attributable to the carrying of Georgia's, Gulf's or any other Additional Unit Participant's respective investment in the Additional Units, nor costs and expenses incurred by Georgia, Gulf or both in connection with the development of this Agreement and the Operating Agreement, nor amounts paid to Southern Company Services, Inc. ("SCSI") in respect of engineering design services related to Plant Scherer.

"Common Facility Cost of Construction" shall mean (i) all costs incurred by Georgia on its own behalf or on its own behalf and as agent for the other Participants, the Additional Unit Participants, or all of them, as the case may be, in connection with the planning, design, licensing, acquisition, construction, completion, renewal, addition, modification, replacement or disposal of the Plant Scherer Common Facilities, or any portion of the Plant Scherer Common Facilities, including without limitation that portion of administrative and general expenses incurred by Georgia which is properly and reasonably allocable to the Plant Scherer Common Facilities and for which Georgia has not been otherwise reimbursed by the other Participants and by Gulf, which costs are properly recordable in accordance with the Electric Plant Instructions and in appropriate

accounts as set forth in the Uniform System of Accounts, and (ii) all amounts paid to SCSI in respect of engineering design services related to Plant Scherer; provided, however, the Common Facility Cost of Construction shall not include interest cost attributable to the carrying of Georgia's, any other Participant's or any other Additional Unit Participant's respective investment in the Plant Scherer Common Facilities, nor costs and expenses incurred by Georgia or Gulf in connection with the development of this Agreement, the Operating Agreement, the Units Ownership Agreement and the Units Operating Agreement, nor any costs incurred (whether before or after an additional sale as contemplated in Section 4(e) of this Agreement and Section 10(e) of the Units Ownership Agreement) in connection with the improvement of the land described in Exhibit A hereto or in connection with the care, maintenance, abandonment or removal of any improvements thereto (whether or not completed).

(d) Closing. The closing of the sale and transfer contemplated in Section 3(a) hereof (the "Closing") will take place at 10:00 a.m., Atlanta time, on May 7, 1981, at the offices of Troutman, Sanders, Lockerman & Ashmore, 1400 Candler Building, 127 Peachtree Street, Atlanta, Georgia; provided that, in the event all necessary judicial, governmental, regulatory, and vendor approvals of



the consummation of the transaction contemplated in Section 3(a) have not been received by May 7, 1981, the Closing shall be postponed until all such approvals have been received, but in no event shall the Closing be postponed later than October 30, 1981, unless mutually agreed to in writing by Georgia and Gulf.

4. Obligation of Gulf to Purchase and Sell Undivided Ownership Interests in the Plant Scherer Common Facilities.

(a) At any time from and after the Closing, but not later than three months prior to the date on which the earlier of the Additional Units to be synchronized to the Integrated Transmission System operated by Georgia is scheduled to be so synchronized, Gulf shall purchase from the Participants (and, if required by the provisions of Section 10 of the Units Ownership Agreement, from any applicable Additional Unit Participant), percentage undivided ownership interests in the Plant Scherer Common Facilities sufficient to equal Gulf's "Pro Forma Ownership Interest in Plant Scherer" (as defined below), upon the terms and conditions contained in this Section 4; provided, however, that Gulf shall not be required to make any such purchase at any time later than twenty years and eleven months after the death of the last survivor of the now living lineal descendants of Mrs. Rose F. Kennedy, mother of the 35th President of the United States.

For purposes of this Agreement, each Participant's and Additional Unit Participant's "Pro Forma Ownership Interest in Plant Scherer" at any given time shall be determined by dividing (i) the sum of (A) such Participant's or Additional Unit Participant's percentage undivided ownership interest, if any, in the Units multiplied by the aggregate nominal rating of the Units, plus (B) its percentage undivided ownership interest, if any, in Scherer Unit No. 3 (if Scherer Unit No. 3 shall then be constructed or is then contemplated to be constructed) multiplied by the nominal rating of Scherer Unit No. 3, plus (C) its percentage undivided ownership interest, if any, in Scherer Unit No. 4 (if Scherer Unit No. 4 shall then be constructed or is then contemplated to be constructed) multiplied by the nominal rating of Scherer Unit No. 4, by (ii) the aggregate nominal rating of the Units and the Additional Unit or Additional Units then constructed or then contemplated to be constructed.

(b) At any time from and after the Closing but not less than 9 months prior to the date on which the earlier of the Additional Units to be synchronized to the Integrated Transmission System operated by Georgia is scheduled to be so synchronized, Gulf shall deliver to all Participants (and any applicable Additional Unit Participants) notices specifying the date (which shall be not

later than three months prior to the scheduled date of such synchronization) upon which Gulf shall purchase from the Participants (and, if applicable, Additional Unit Participants) undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 4(a) hereof. Following delivery of such notices, Gulf shall proceed to purchase from each Participant and Additional Unit Participant to which any such notice was delivered, on the date for sale specified therein, a pro rata portion of the percentage undivided ownership interest in the Plant Scherer Common Facilities to be purchased by Gulf as determined in accordance with Section 4(a) above and in accordance with Section 10(a) of the Units Ownership Agreement. Each such sale shall be by general warranty deed and bill of sale substantially in the form of Exhibit E attached hereto and shall be accompanied by a properly executed release from any and all mortgages and deeds to secure debt of the conveying Participant or Additional Unit Participant on the undivided ownership interest so conveyed.

(c) At any time from and after the Closing but not less than 9 months prior to the date on which the later of the Additional Units to be synchronized to the Integrated Transmission System operated by Georgia is scheduled

to be so synchronized, Gulf shall deliver to all Participants and to all Additional Unit Participants in the earlier of the Additional Units to be so synchronized, notices specifying the date (which shall be not later than three months prior to the scheduled date of such synchronization) upon which Gulf shall purchase from the Participants and the Additional Unit Participants receiving such notices undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 4(a) above and Section 10(a) of the Units Ownership Agreement. Following delivery of such notices, Gulf shall proceed to purchase from each Participant and Additional Unit Participant to which any such notice was delivered, on the date for sale specified therein, a pro rata portion of the percentage undivided ownership interest in the Plant Scherer Common Facilities to be purchased from such Participant or such Additional Unit Participant as determined in accordance with Section 4(a) above and in accordance with Section 10(a) of the Units Ownership Agreement. Each such sale shall be by general warranty deed and bill of sale substantially in the form of Exhibit E attached hereto and shall be accompanied by a properly executed release from any and all mortgages and deeds to secure debt of the conveying Participant or Additional Unit Participant on the undivided ownership interest so conveyed.

(d) The purchase price for each purchase of an undivided ownership interest in the Plant Scherer Common Facilities pursuant to Section 4(a) hereof and Section 10 of the Units Ownership Agreement from OPC, MEAG, Dalton or an Additional Unit Participant (other than Georgia) shall be the sum of (1) all Common Facility Cost of Construction paid by the selling Participant or selling Additional Unit Participant, as the case may be, in respect of such undivided ownership interest in the Plant Scherer Common Facilities and that portion of administrative and general expenses incurred by the selling Participant or selling Additional Unit Participant, as the case may be, which is properly and reasonably allocable to such undivided ownership interest in the Plant Scherer Common Facilities and for which it has not otherwise been reimbursed by the other Participants or Additional Unit Participants, all through the date of such sale, plus (2) the amount of interest paid to Georgia pursuant to Section 3(b)(i) of the Units Ownership Agreement in recognition of Georgia having made payments of Common Facility Cost of Construction prior to Georgia's initial sale of such undivided ownership interest in the Plant Scherer Common Facilities (or paid to Georgia pursuant to a similar provision of an agreement under which an Additional Unit Participant acquired such undivided ownership interest in the Plant Scherer Common Facilities)

in respect of such undivided ownership interest in the Plant Scherer Common Facilities plus (3) interest on the sum of (1) and (2) above incurred by OPC, MEAG, Dalton or the selling Additional Unit Participant, as the case may be, to finance the sum of (1) and (2) above and such interest shall be compounded monthly until the date of such sale; provided, however, that as to any sale to be made by OPC or MEAG to Gulf, the sum of (1), (2) and (3) above shall be reduced by the amounts of depreciation and interest theretofore paid by Georgia to OPC or MEAG, as the case may be, pursuant to Section 3(g) and 3(h) of the Units Operating Agreement in respect of such undivided ownership interest, except that in the case of any such sale by MEAG to Gulf the amounts of such depreciation and interest to be subtracted from such purchase price shall not reduce such purchase price to an amount less than the principal amount of MEAG's General Revenue Bonds then outstanding which is properly and reasonably allocable to MEAG's undivided ownership interest in such portion of the Plant Scherer Common Facilities.

In the event that OPC finances all or a portion of its undivided ownership interest in the Plant Scherer Common Facilities from sources other than a Rural Electrification Administration guaranteed loan, then the interest rate to be used in the computation in (3) above for sales

by OPC shall be at the rate incurred by OPC in respect of such other sources until the amount of Plant Scherer Common Facilities so sold by OPC is equivalent to the portion of such facilities financed from such other sources.

The purchase price for any such purchase by Gulf from Georgia shall be an amount computed utilizing the methodology of Section 3(b) hereof for the percentage undivided ownership interest in the Plant Scherer Common Facilities to be purchased from Georgia, and, in the event Gulf should ever be required to sell an undivided ownership interest in the Plant Scherer Common Facilities to Georgia, the purchase price therefor shall be computed utilizing the methodology set forth in Section 3(b) hereof, substituting Gulf's carrying costs for Georgia's as appropriate.

Gulf agrees that, from and after any purchase by it of an undivided ownership interest in the Plant Scherer Common Facilities, if it should ever be necessary for Gulf to sell one or more undivided ownership interests in the Plant Scherer Common Facilities in order for each Participant and Additional Unit Participant to own an undivided ownership interest in the Plant Scherer Common Facilities equivalent to its Pro Forma Ownership Interest in Plant Scherer, Gulf shall sell an undivided ownership interest or interests so that Gulf's undivided ownership interest in the Plant Scherer Common Facilities will be equivalent to its Pro

Forma Ownership Interest in Plant Scherer, and all such sales by Gulf shall be made in accordance with the terms and conditions of Section 10 of the Units Ownership Agreement, except that the purchase price for any such sale to Georgia shall be computed in accordance with the preceding paragraph.

(e)

(i) In the event that Georgia shall determine prior to July 25, 1986 (hereinafter called the "Determination Period"), that only one of the Additional Units will be constructed, and prior to such determination Gulf has purchased an undivided ownership interest in the Plant Scherer Common Facilities, Georgia and Gulf, respectively, shall each sell to MEAG and Dalton, respectively, and MEAG and Dalton, respectively, shall purchase from Georgia and Gulf, respectively, upon the terms and conditions specified in clause (iii) of this Section 4(e), additional percentage undivided ownership interests in the Plant Scherer Common Facilities so that, following such sales, Georgia's, MEAG's, Dalton's and Gulf's respective percentage undivided ownership interests in the Plant Scherer Common Facilities will be equivalent to their respective Pro Forma Ownership Interests in Plant Scherer (determined on the basis that Plant Scherer



will consist only of the Units and one of the Additional Units).

(ii) In the event that Georgia shall determine within the Determination Period that neither Additional Unit will be constructed, and prior to such determination Gulf has purchased an undivided ownership interest in the Plant Scherer Common Facilities, Georgia and Gulf, respectively, shall each sell to each of the other Participants whose percentage undivided ownership interest in the Units exceeds its percentage undivided ownership interest in the Plant Scherer Common Facilities, and each such other Participant shall purchase from Georgia and Gulf, respectively, upon the terms and conditions specified in clause (iii) of this Section 4(e), a percentage undivided ownership interest in the Plant Scherer Common Facilities so that, following such sales, each such other Participant's percentage undivided ownership interest in the Plant Scherer Common Facilities will be equivalent to its percentage undivided ownership interest in the Units. In addition, in such event (and concurrently with any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to the preceding provisions of this Section 4(e)(ii)), Georgia and Gulf, respectively, shall each sell to each of the

other Participants (whether or not such other Participant is also purchasing an additional undivided ownership interest in the Plant Scherer Common Facilities pursuant to the preceding provisions of this Section 4(e)(ii)), and each of the other Participants shall purchase from Georgia and Gulf, respectively, upon the terms and conditions specified below, a percentage undivided ownership interest in the land described on Exhibit A hereto so that following such sales each of such other Participants shall own a percentage undivided ownership interest in such land equivalent to such other Participant's undivided ownership interest in the Units.

(iii) Any sales made pursuant to clauses (i) and (ii) of this Section 4(e) shall be made in accordance with the following provisions of this Section 4(e)(iii): If, within the Determination Period, Georgia determines that either or both of the Additional Units will not be constructed, Georgia will so notify the other Participants and Additional Unit Participants in writing not later than the end of the Determination Period. In the case of any such sales to OPC, such written notice shall set forth the date (which will be at least 179 days from the date of such notice but no later than 179 days after the end of the

Determination Period), time and place for the consummation thereof and an estimate of the purchase price for each such sale. In the case of any such sales to MEAG, Dalton or both, such notice shall set forth the estimated purchase price for each such sale, the closing of which shall take place within eighteen months from the date of such notice. The purchase price for each such sale shall be computed using the same methodology as that set forth in Section 3(b)(i) of the Units Ownership Agreement for computing the price paid by OPC to Georgia for OPC's 60% undivided ownership interest in that portion of the Units and the Plant Scherer Common Facilities acquired, constructed or completed prior to the OPC Closing (as defined therein); provided, however, that in the case of any such sale of an undivided ownership interest in the Plant Scherer Common Facilities by Georgia to MEAG, such purchase price shall be reduced by the amount of depreciation paid by MEAG to Georgia in respect of such undivided ownership interest pursuant to the provisions of Section 7(a) of that certain Plant Robert W. Scherer Purchase, Sale and Option Agreement between Georgia and MEAG, dated as of May 15, 1980; and provided further, that with respect to any of such sales of the land described in Exhibit A hereto to any Participant, such

computation shall be made only as to costs incurred by Georgia, or by Georgia on its own behalf and as agent for the other Additional Unit Participants, as the case may be, in the acquisition of such land and shall not include any costs incurred in connection with the improvement of such land. The conveyance of any additional undivided ownership interest pursuant to this Section 4(e) shall be by general warranty deed and bill of sale substantially in the form of Exhibit E hereto. At the closing of each such sale, the selling Additional Unit Participant will deliver to each purchasing Participant a properly executed release from any and all mortgages and deeds to secure debt substantially in the form of Exhibit F hereto. From and after the consummation of such sales pursuant to this Section 4(e) and Section 10(e) of the Units Ownership Agreement of the land described on Exhibit A hereto and on Exhibit G to the Units Ownership Agreement, all of such land shall constitute a part of the Plant Scherer Common Facilities.

5. Agency.

(a) Appointment. Gulf hereby irrevocably appoints, subject to the provisions of Section 5(c) of this Agreement, Georgia as its agent in connection with the Additional Units and, subject to the provisions of Section 5(c) of this Agreement and Sections 4(c)(i), 4(c)(ii),

4(c)(iii) and 6(i)(vi) of the Units Ownership Agreement, in connection with the Plant Scherer Common Facilities, to act on Gulf's behalf in the planning, design, licensing, acquisition, construction, completion, renewal, addition, replacement, modification and disposal thereof. Georgia hereby accepts such appointment.

(b) Authority and Responsibility. As agent for Gulf and the other Additional Unit Participants (and for Gulf, the other Additional Unit Participants and the other Participants with respect to the Plant Scherer Common Facilities and the Plant Scherer Coal Stockpile), Georgia shall have sole authority and responsibility for the planning, licensing, design, construction, acquisition, completion, renewal, addition, replacement, modification and disposal of the Additional Units and the Plant Scherer Common Facilities and shall take all actions necessary in discharging such responsibility with respect to the Additional Units in accordance with the applicable provisions of this Agreement and with respect to the Plant Scherer Common Facilities and the Plant Scherer Coal Stockpile in accordance with the applicable provisions of this Agreement and of the Units Ownership Agreement. In respect thereof, and subject to the applicable provisions of this Agreement and, where appropriate, of the Units Ownership Agreement, Georgia is authorized, in the name and on behalf of itself,

the other Additional Unit Participants, and, where appropriate, the other Participants, to take all reasonable actions which, in the discretion and judgment of Georgia, are deemed necessary or advisable to effect the planning, licensing, design, construction, acquisition, completion, renewal, addition, replacement, modification and disposal of the Additional Units, the Plant Scherer Common Facilities or both, including without limitation the following:

(i) The making of such agreements and modifications of existing agreements, other than this Agreement, the Operating Agreement, the Units Ownership Agreement and the Units Operating Agreement, and the taking of such other action as Georgia deems necessary or appropriate, in its sole discretion, or as may be required under the regulations or directives of any regulatory agencies having jurisdiction, with respect to the planning, licensing, design, construction, acquisition and completion of the Additional Units, the Plant Scherer Common Facilities or both for commercial service, and the renewal, addition, replacement or modification of all or any part thereof, whether before or after completion, which such agreements and modifications shall, together with all such existing agreements, be held by Georgia for itself and as agent for the other Additional Unit Participants, the other Participants or both, as the case may be;

(ii) The making of such agreements and modifications of existing agreements, other than this Agreement, the Operating Agreement, the Units Ownership Agreement and the Units Operating Agreement and the taking of such other action as Georgia deems necessary or appropriate, with the consent of the Additional Unit Participants owning in the aggregate more than 50% undivided ownership interests in the Additional Units with respect to any action involving disposal (including retirement and salvaging) of all or any part of the Additional Units and with the consent of the Participants owning at least an aggregate 75% undivided ownership interest in the Units (including MEAG, so long as MEAG owns at least a 15.1% undivided ownership interest in the Units) with respect to any action involving disposal (including retirement and salvaging) of all or any part of the Plant Scherer Common Facilities, or as may be required under the regulations or directives of any regulatory agencies having jurisdiction with respect to the disposal (including retirement and salvaging) of all or any part of the Additional Units, the Plant Scherer Common Facilities or both, whether before or after completion, which such agreements and modifications, together with such existing agreements, shall be held by Georgia for itself and as

agent for the other Additional Unit Participants (and, if with respect to the Plant Scherer Common Facilities, for the other Additional Unit Participants and the other Participants); provided, however, that from and after any sales of undivided ownership interests in the Plant Scherer Common Facilities to Additional Unit Participants pursuant to Section 10(a) of the Units Ownership Agreement, the making of such agreements and modifications and the taking of such actions with respect to the disposal (including retirement and salvaging) of the Plant Scherer Common Facilities shall be with the consent of (1) Participants and Additional Unit Participants owning at least an aggregate 68% undivided ownership interest in the Plant Scherer Common Facilities, in the case of sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to one but not both of the Additional Units, and (2) Participants and Additional Unit Participants owning at least an aggregate 76% undivided ownership interest in the Plant Scherer Common Facilities, in the case of sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to both Additional



Units; and provided further, however, that in either such case the consent of MEAG shall be required so long as MEAG owns at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities;

(iii) The execution and filing, with any regulatory agency having jurisdiction, of applications, amendments, reports and other documents and filings in or in connection with the licensing and other regulatory matters with respect to the Additional Units, the Plant Scherer Common Facilities or both;

(iv) The receipt on behalf of the Additional Unit Participants of any notice or other communication from any governmental agency having jurisdiction, as to any licensing or other similar matter with respect to the Additional Units, the Plant Scherer Common Facilities or both; and

(v) The right, on its own behalf and on behalf of the other Additional Unit Participants, to provide, or contract with any of its affiliates to purchase or provide, at cost, any equipment or facilities or to perform, or contract with any of its affiliates to perform, services, at cost, in connection with the Additional Units, the Plant Scherer Common Facilities or both.

Georgia and Gulf agree that all such agreements which relate to the Plant Scherer Common Facilities only, described in this Section 5(b) (other than agreements with affiliates of Georgia) which are entered into after May 22, 1980, shall, by their terms, be made assignable by Georgia as agent to any replacement or successor agent for the Participants and Additional Unit Participants with respect to the Plant Scherer Common Facilities, pursuant to this Agreement, the Operating Agreement, the Units Ownership Agreement or the Units Operating Agreement.

(c) Standards of Conduct. As the sole standards against which the conduct of Georgia as agent for the other Additional Unit Participants shall be measured notwithstanding any provision of law, and as the sole liability for failure to comply with such standards notwithstanding any provision of law:

(i) Georgia shall use its reasonable best efforts to discharge its responsibilities as agent in accordance with Prudent Utility Practice. In the event Georgia fails at any time to comply with the provisions of the preceding sentence, the other Additional Unit Participants, as their sole and exclusive remedy, legal or equitable, shall have the right to remove Georgia as agent hereunder and under the Operating Agreement in accordance with all of the provisions of Section 5(c)(iv) hereof.

For purposes of this Agreement, "Prudent Utility Practice" 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 the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. "Prudent Utility Practice" is 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 having due regard for, among other things, manufacturers' warranties and the requirements of governmental agencies of competent jurisdiction and the requirements of this Agreement and of the Operating Agreement. Compliance by Georgia with the provisions of any construction budget estimate, revised construction budget estimate, capital budget estimate or revised capital budget estimate which has been altered by Participants, Additional Unit Participants or both, other than Georgia, pursuant to Section 5(b) or 5(e) of the Units Ownership Agreement or Section 6(b) or 6(e)

of this Agreement, as the case may be, from any such estimate submitted by Georgia shall not constitute a breach by Georgia of its obligation to discharge its responsibilities as agent for the other Additional Unit Participants hereunder in accordance with Prudent Utility Practice.

(ii) In the event that Georgia should fail to comply with the provisions of Section 7(a) hereof, (x) the other Additional Unit Participants may remove and replace Georgia as agent hereunder and under the Operating Agreement in accordance with all of the provisions of Section 5(c)(iv) hereof or (y) any Additional Unit Participant may pursue remedies, if any, available to it at law or equity or (z) both (x) and (y).

(iii) Notwithstanding any other provision of this Agreement, and without regard to whether Georgia's conduct as agent hereunder falls within the standards of permissible conduct specified in Section 5(c)(i) hereof, in the event that (A) Georgia, in disregard of the provisions of any then current capital budget approved, adopted, amended or utilized pursuant to Section 6(e) hereof and Section 5(e) of the Units Ownership Agreement, incurs an obligation for any capital expenditure in excess of \$1,000,000 (measured

in 1979 dollars) in connection with the Plant Scherer Common Facilities that is not authorized by such capital budget (other than any such expenditures which are reasonably required to respond appropriately to emergencies or which are incurred pursuant to regulatory requirements), or makes any capital expenditure in excess of \$1,000,000 (measured in 1979 dollars) in connection with the Plant Scherer Common Facilities which was not authorized by a capital budget approved, adopted, amended or utilized pursuant to Section 6(e) hereof and Section 5(e) of the Units Ownership Agreement at the time the obligation for such expenditure was incurred (other than any such expenditures which are reasonably required to respond appropriately to emergencies or which are made pursuant to regulatory requirements), and (B) the provisions of such budget with respect to such expenditure (or the failure to make provisions for such expenditure, as the case may be) at the time it is paid or incurred conform to Prudent Utility Practice, then, as the Participants' and Additional Unit Participants' sole and exclusive remedy, Participants owning not less than an aggregate 75% undivided ownership interest in the Units (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Units) may

remove and replace Georgia as agent for the planning, design, licensing, acquisition, construction, completion, management, control, operation, maintenance, renewal, addition, replacement, modification and disposal (collectively, the "Agency Functions") with respect to the Plant Scherer Common Facilities hereunder, under the Operating Agreement, under the Units Ownership Agreement and under the Units Operating Agreement, in accordance with all of the provisions of Section 4(c)(iv) of the Units Ownership Agreement and Section 5(c)(iv) hereof; provided, however, that nothing contained in this Section 5(c) or elsewhere in this Agreement shall preclude Participants owning not less than an aggregate 75% undivided ownership interest in the Units (upon the concurrence of MEAG so long as it owns at least a 15.1% undivided ownership interest in the Units) from suing for and obtaining injunctive relief to prevent Georgia from paying or incurring any capital expenditures which, if paid or incurred, would entitle such Participants to remove and replace Georgia as agent pursuant to this Section 5(c)(iii) or which are prohibited by the provisions of Section 5(c)(iv) hereof after a notice of removal, it being acknowledged by the parties hereto that the legal remedy available hereunder to such Participants following the incurrence

of any such obligation or the payment of any such expenditure is inadequate, and the parties agree that such Participants shall be entitled to a temporary and permanent injunction or other equitable relief specifically to prevent such incurrence or payment without the necessity of proving the inadequacy of their legal remedies. In the event such Participants and Additional Unit Participants fail to give Georgia written notice of removal and replacement as agent within one year of the incurrence or payment on which such removal would be based, the Participants and Additional Unit Participants shall not thereafter be entitled to use such incurrence or payment as a cause for removal under the provisions of this Section 5(c)(iii).

(iv) The removal and replacement of Georgia as agent under this Agreement and under the Operating Agreement pursuant to any provisions of this Agreement authorizing such removal and replacement, and the replacement of Georgia as agent for the Agency Functions with respect to the Plant Scherer Common Facilities under this Agreement and under the Operating Agreement in the event that the appointment of Georgia as agent for the other Participants for the Agency Functions with respect to the Plant Scherer Common Facilities under the Units Ownership Agreement and under the Units

Operating Agreement is cancelled, terminated or suspended in whole or in part pursuant to Section 6(i)(vi) of the Units Ownership Agreement, shall be conducted in accordance with all of the following provisions of this Section 5(c)(iv):

A. The removal of Georgia as agent for the Agency Functions with respect to the Additional Units under this Agreement and under the Operating Agreement and the appointment of a successor agent shall be effected, subject to approval of any regulatory agency having jurisdiction, upon written notice to Georgia executed by Additional Unit Participants owning not less than an aggregate 80% undivided ownership interest in the Additional Units. Any such notice must identify the date upon which such removal and appointment shall be effective, the cause for such removal and the provisions hereof or of the Operating Agreement or both upon which such removal is based, and either the name of the successor agent appointed to replace Georgia as agent or the names of two potential successor agents, one of whom shall be appointed to replace Georgia as agent. In the event such notice of removal identifies two potential successor agents, Additional Unit Participants owning not less than an aggregate 80% undivided ownership interest in the Additional Units shall notify



Georgia in writing of the identity of the one appointed to replace Georgia as agent forthwith upon its appointment, which shall occur no later than the date upon which the removal of Georgia as agent is to be effective as set forth in such notice of removal.

B. From and after any sales of undivided ownership interests in the Plant Scherer Common Facilities to Additional Unit Participants pursuant to Section 10(a) of the Units Ownership Agreement, the removal or replacement of Georgia as agent for the Agency Functions with respect to the Plant Scherer Common Facilities under this Agreement, the Operating Agreement, the Units Ownership Agreement and the Units Operating Agreement shall require the execution of the notice described in Section 5(c)(iv)(A) above and the concurrence in the appointment of a successor agent by, (1) Participants and Additional Unit Participants owning at least an aggregate 68% undivided ownership interest in the Plant Scherer Common Facilities, in the case of sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to one but not both of the Additional Units, and (2) Participants and Additional Unit Participants owning at least an aggregate 76% undivided ownership interest in

the Plant Scherer Common Facilities, in the case of sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to both Additional Units; provided, however, that in either such case the execution of such notice and the concurrence in such action by MEAG shall be required so long as MEAG owns at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities. The Additional Unit Participants acknowledge that prior to any such sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement, Georgia may be removed as agent for the Agency Functions with respect to the Plant Scherer Common Facilities by the Participants only, pursuant to the provisions of Section 4 of the Units Ownership Agreement, the Units Operating Agreement or both. In such event, unless Georgia shall have been removed as agent by the Additional Unit Participants with respect to the Agency Functions for the Additional Units pursuant to Section 5(c)(iv)(A) hereof, Section 4(c)(iv)(A) of the Operating Agreement or both, Georgia shall continue as agent for the Agency Functions with respect to the Additional Units under this Agreement and under the Operating Agreement.

C. Except as provided in Section 5(c)(iv)(B) hereof, Georgia shall have no obligation to continue as agent under this Agreement or under the Operating Agreement from and after the date upon which its removal as agent is to be effective as set forth in said notice of removal. In addition, from and after the date upon which such removal of Georgia as agent is to be effective as set forth in the notice of removal, the other Additional Unit Participants shall indemnify and hold Georgia harmless from and against any loss, cost and expense resulting from the failure of the successor agent to assume such position on such effective date, except that if such removal is with respect to the Agency Functions for the Plant Scherer Common Facilities only, and the notice of such removal is given prior to any sales pursuant to Section 10(a) of the Units Ownership Agreement, the other Additional Unit Participants shall not be required to so indemnify and hold Georgia harmless. After the date of the written notice of removal of Georgia as agent, Georgia shall have no authority (1) to incur any obligation with respect to the Plant Scherer Common Facilities for any capital expenditure in excess of \$1,000,000 (measured in 1979 dollars) (other than any such expenditures which are reasonably required to respond appropriately

to emergencies or which are incurred pursuant to regulatory requirements) which is not authorized by the then current capital budget approved, adopted, amended or utilized pursuant to Section 5(e) of the Units Ownership Agreement and Section 6(e) hereof, or (2) to make any capital expenditure with respect to the Plant Scherer Common Facilities in excess of \$1,000,000 (measured in 1979 dollars) (other than any such expenditures which are reasonably required to respond appropriately to emergencies or which are made pursuant to regulatory requirements) which was not authorized by a capital budget approved, adopted, amended or utilized pursuant to Section 5(e) of the Units Ownership Agreement and Section 6(e) hereof at the time the obligation for such expenditure was incurred. Georgia agrees that it will cooperate with the successor agent in facilitating the assumption of such position by the successor agent and in generally familiarizing the successor agent and its employees and agents with the Additional Units and the Plant Scherer Common Facilities and with their physical orientation and operation.

D. In the event Georgia shall by the effective date of its removal as agent be unable, upon the exercise of its best efforts, but without additional cost to it, to relocate its employees and SCSI employees who, during the 60 days immediately preceding

the date of the notice of removal of Georgia as agent, shall have been assigned for more than 20% of their time as employees of Georgia or SCSI to any one or more of the Agency Functions for the Additional Units (or the Plant Scherer Common Facilities, if Georgia shall also have been removed as agent with respect thereto), the Additional Unit Participants voting to remove Georgia as agent shall thereafter reimburse Georgia as provided below in the amount of the compensation of any such employees who shall not have been so relocated by the effective date of removal until the earlier of the first anniversary of such date or such time as such employees have been relocated or have resigned, retired or been terminated by Georgia or SCSI; provided, however, that in respect of any such employee who shall not have been assigned exclusively to any one or more of the Agency Functions for the Additional Units (or the Plant Scherer Common Facilities, if GPC shall also have been removed as agent with respect thereto) for at least 60 days immediately preceding the date of the notice of removal of Georgia as agent, the Additional Unit Participants voting to remove Georgia as agent shall reimburse Georgia only for that percentage of such employee's compensation as the amount of time that such employee was so assigned during such time period

bears to the aggregate amount of time spent by such employee during such time period in the employment of Georgia or SCSI; and provided further, however, that no Additional Unit Participant other than Georgia (or a corporate affiliate of Georgia) may offer employment to any management or supervisory employee of Georgia or SCSI who during the 180 days immediately preceding the date of the notice of removal of Georgia as agent has been assigned for more than 20% of his time as an employee of Georgia or SCSI to any one or more of the Agency Functions for the Additional Units, Plant Scherer Common Facilities or both without Georgia's prior written approval, except that to the extent the successor agent or any Additional Unit Participant other than Georgia (or a corporate affiliate of Georgia) states in writing its willingness to offer employment to any such employee at not less than the same compensation level as then received by such employee from Georgia or SCSI and Georgia refuses to approve the making of such offer, Georgia shall not receive reimbursement for such employee's compensation hereunder. Each Additional Unit Participant voting to remove Georgia as agent shall be responsible for the payment of a fraction of such reimbursement the numerator of which is the undivided ownership interest of

such Additional Unit Participant in the Additional Units and the denominator of which is the aggregate percentage undivided ownership interest in the Additional Units of all Additional Unit Participants voting to remove Georgia as agent. In the event that the removal of Georgia as agent is based on Georgia's failure to comply with the provisions of the first sentence of Section 5(c)(i) hereof, then the percentage undivided ownership interest of Georgia in the Additional Units shall be included in the denominator of the fraction expressed in the preceding sentence of this Section 5(c)(iv)(D).

(d) Management and Operating Audits. Each Additional Unit Participant shall have the right from time to time to conduct management and operating audits, at its own cost, of Georgia's performance as agent hereunder and under the Operating Agreement, either by its own officers and employees or through its duly authorized agents or representatives. Georgia shall cooperate with each other Additional Unit Participant in the conducting of any such audit and, subject to the applicable regulations of any regulatory agency having jurisdiction and the provisions of Section 5(i) and 5(j) hereof, give each other Additional Unit Participant reasonable access to all contracts, records, and other documents relating to the Additional Units, the Plant Scherer Common Facilities or both.

(e) On-Site Observation and Inspection. Each Additional Unit Participant shall be entitled to have its employees and other authorized representatives, including outside consultants, visit the Plant Scherer site at reasonable times to observe and inspect the Additional Units and the Plant Scherer Common Facilities and the activities by Georgia; provided that such employees and representatives shall be subject to, and required to conduct themselves in accordance with, the directives of Georgia's senior site official to the end that their activities shall not interfere with Georgia's performance of its obligations as agent hereunder, under the Operating Agreement, under the Units Ownership Agreement and under the Units Operating Agreement.

(f) Indemnification. In the event Georgia, in its performance as agent hereunder, under the Operating Agreement or both, incurs any liability to any third party (other than liability resulting from Georgia's failure to comply with the provisions of Sections 5(c)(ii) or 7(a) hereof or, if with respect to the Plant Scherer Common Facilities, the Plant Scherer Coal Stockpile or both, Sections 5(c)(ii) or 7(a) hereof or Sections 4(c)(ii) or 6(a) of the Units Ownership Agreement) any reasonable amount paid by Georgia on account of such liability shall be considered a Cost of Construction and apportioned among



the Additional Unit Participants pursuant to Sections 6(c) and 6(f) hereof.

(g) Descriptions. As soon as practicable after the date of Commercial Operation of Scherer Unit No. 3 and Scherer Unit No. 4, respectively, Georgia shall furnish to each other Additional Unit Participant descriptions of Scherer Unit No. 3, Scherer Unit No. 4 and the Plant Scherer Common Facilities, as the case may be, setting forth in reasonable detail the facilities, equipment and other property and rights then constituting such unit or facilities, including all property, real or personal, and rights therein jointly paid for under this Agreement.

(h) Commercial Operation. For purposes of this Agreement, "Commercial Operation" of each of Scherer Unit No. 3 and Scherer Unit No. 4 shall mean the next day following 360 successive hours of continuous operation of that unit or the day it is declared commercially operable by Georgia, whichever first occurs.

(i) Right to Copies. Subject to the provisions of Section 5(j) hereof, any Additional Unit Participant and any successor agent hereunder or under the Operating Agreement shall each be entitled to copy any and all (i) contracts, books, records, reports and other documents and papers to which such Additional Unit Participants, their respective officers, employees, duly authorized agents or

representatives and consultants or any successor agent is permitted access, or which Georgia has agreed shall be available for audit, under the terms of this Agreement or the Operating Agreement, and (ii) any and all architectural, engineering and design drawings and specifications that have been or shall hereafter be prepared in connection with the Additional Units, the Plant Scherer Common Facilities, or both. The Additional Unit Participants (other than Georgia) and any successor agent shall use any such copy, the information contained therein, or both, only in the exercise of their respective rights and obligations hereunder or under the Operating Agreement; neither any Additional Unit Participant (other than Georgia) nor any successor agent may sell or otherwise transfer any such copy or the information contained therein to any person or entity except that, subject to the provisions of Section 5(j) hereof, an Additional Unit Participant may provide such copies or disclose their contents to its respective mortgagees and security deed holders; and neither any Additional Unit Participant (other than Georgia), any successor agent, their respective officers, employees, agents, representatives, consultants, mortgagees nor security deed holders may use any such copy or the information contained therein in connection with any other generating plant or for the benefit of any other person or entity.

(j) Confidentiality of Information. Notwithstanding any other provision of this Agreement and the Operating Agreement, the Additional Unit Participants recognize that there are, or may be in the future, certain contracts, records, drawings, data or other documents or information relating to the planning, design, licensing, acquisition, construction, completion, management, control, operation, maintenance, renewal, addition, replacement, modification or disposal of the Additional Units, the Plant Scherer Common Facilities or both which the party or parties supplying any such material to Georgia have designated as proprietary, confidential or privileged, and as to which Georgia is obligated not to disclose to any other person or entity without the express approval of such supplier. Gulf agrees that Georgia shall have no obligation under this Agreement and the Operating Agreement to disclose, provide access to or permit copying of any such material which has been designated as proprietary, confidential or privileged and that any such disclosure to Gulf shall be in accordance with all of the terms of any such approval; provided, however, that any such material that has been developed or produced by SCSi as agent for Georgia for use at or in connection with the Additional Units, the Plant Scherer Common Facilities or both shall be deemed, for the purpose of this Section 5(j), to have been developed or produced by Georgia and not to have been supplied to Georgia by SCSi.

Gulf further agrees, notwithstanding any other provisions of this Agreement and the Operating Agreement, that any contracts, records, drawings, data or other documents or information relating to the planning, design, licensing, acquisition, construction, completion, management, control, operation, maintenance, renewal, addition, replacement, modification or disposal of the Additional Units, the Plant Scherer Common Facilities or both which is disclosed to it and which is designated by Georgia or by any party supplying any such material to Georgia as proprietary, privileged or confidential (the "Proprietary Information") shall not be disclosed to any other entity or to any person who is not an officer or employee, respectively, of Gulf; provided, however, that the respective mortgagees and security deed holders of the Additional Unit Participants shall be entitled to examine (but not to copy) at the offices of their respective debtors (or if such material is not at the offices of their respective debtors, then at the offices of Georgia), any such material that has been designated as proprietary, privileged or confidential by Georgia (or by SCSI if the Proprietary Information so designated by SCSI is deemed pursuant to the preceding paragraph to have been developed or produced by Georgia) but which has not been so designated by any other person or entity. The Additional Unit Participants (other than

Georgia) agree to take all reasonable steps to protect the proprietary, privileged or confidential nature of all Proprietary Information furnished to any of them, including without limitation: (i) limiting access to and disclosure of such Proprietary Information only (A) to those officers or employees, respectively, of such Additional Unit Participants who have a need for access to such Proprietary Information reasonably related to the exercise of any rights of such Additional Unit Participants hereunder or under the Operating Agreement and (B) to the respective mortgagees and security deed holders of such Additional Unit Participants as permitted by the provisions of the preceding sentence; and (ii) ensuring that those receiving any such Proprietary Information understand the proprietary, confidential or privileged nature of such Proprietary Information. In the event that any such Additional Unit Participant (other than Georgia) shall consider it necessary or desirable to disclose or provide copies or summaries of or access to any Proprietary Information to any person or entity not an employee or officer, respectively, of such Additional Unit Participant, and such disclosure is not otherwise permitted by the preceding provisions of this paragraph, then such Additional Unit Participant shall request in writing that Georgia obtain all necessary approval for such disclosure. Such written request shall

specify the Proprietary Information the respective Additional Unit Participant wishes to disclose, to whom the Proprietary Information is to be disclosed and the purpose for which the Proprietary Information is to be used. The Additional Unit Participant requesting such disclosure shall be responsible for obtaining an agreement from the party to whom such disclosure is to be made, satisfactory in form and content to Georgia and to any party supplying such Proprietary Information to Georgia, to the effect that the party to whom disclosure is to be made will protect the proprietary, privileged or confidential nature of the Proprietary Information, will not use such Proprietary Information for any purpose other than the purpose for which approval is expressly given and such other matters as Georgia, the party supplying such Proprietary Information to Georgia, or both, may specify.

(k) Plant Tours. Upon prior approval of Georgia, the other Additional Unit Participants may schedule plant tours and visits at the Additional Units and the Plant Scherer Common Facilities, subject to the rules and regulations of regulatory authorities.

6. Ownership, Rights and Obligations.

(a) Tenants in Common. The Additional Unit Participants shall have title to the Additional Units as tenants in common and, in the case of the Plant Scherer Common

Facilities, from and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement, have title to the Plant Scherer Common Facilities as tenants in common with each other and with the Participants, and shall, as co-tenants with undivided ownership interests therein, and subject to the terms of this Agreement and the Operating Agreement, and with respect to the Plant Scherer Common Facilities, subject in addition to the applicable terms of the Units Ownership Agreement and the Units Operating Agreement, own the Additional Units and the Plant Scherer Common Facilities, have the related rights and obligations, including payment therefor, and be entitled to the output of capacity and energy of the Additional Units in the same percentages, respectively, as each such Additional Unit Participant's percentage undivided ownership interest from time to time in the Additional Units and in the Plant Scherer Common Facilities, as the case may be.

(b) Construction Budget. As agent for the other Additional Unit Participants in the construction of the Additional Units and the Plant Scherer Common Facilities, Georgia has delivered to the other Additional Unit Participants an initial construction budget setting forth the amounts estimated to be expended by the Additional Unit Participants for the Cost of Construction and a summary

cash flow setting forth the amounts estimated to be expended in each quarter to the estimated dates of Commercial Operation. Subject to the provisions of Section 6(e) hereof with respect to the Plant Scherer Common Facilities, by October 1 and April 1 of each year until the date of Commercial Operation of the later of Scherer Unit No. 3 or Scherer Unit No. 4 to achieve Commercial Operation, Georgia shall provide to all Additional Unit Participants a revised construction budget estimate supported by detail reasonably adequate for the purpose of each Additional Unit Participant's reasonable review thereof, which estimate shall include, without limiting the generality of the foregoing, information demonstrating the basis for all allocations of administrative and general expenses and information demonstrating the basis for any other allocations of expenses between or among the Units and the Additional Units, and which shall describe the items of Cost of Construction and the amounts expected to be expended therefor each month during the twelve-month period commencing on the following January 1 or July 1, as the case may be, and in each quarter thereafter to the estimated date of Commercial Operation of each of Scherer Unit No. 3 and Scherer Unit No. 4. Each such budget estimate shall include the schedule for Scherer Unit No. 3, Scherer Unit No. 4 and the Plant Scherer Common Facilities containing a critical path analysis for the design and construction thereof, a plan and



timetable for obtaining the necessary permits, licenses and approvals from any agency having jurisdiction over the Additional Units, the Plant Scherer Common Facilities or both, the then currently expected dates of Commercial Operation of Scherer Unit No. 3 and Scherer Unit No. 4, and such other plans, timetables or schedules, if any, as Georgia may deem appropriate; provided, however, that the construction and completion schedule for the Additional Units shall be in the sole discretion of Georgia and may be changed by Georgia at any time and from time to time, and if so changed, Georgia shall thereafter present a revised construction budget estimate to the Additional Unit Participants to reflect such budget changes. By December 1 and June 1, respectively, of each year, any Additional Unit Participant shall submit to Georgia any comments or recommendations it deems appropriate. The Additional Unit Participants shall then proceed with due consideration of such comments or recommendations and shall adopt, by approval of the Additional Unit Participants owning at least an aggregate 80% undivided ownership interest in the Additional Units, a construction budget estimate by January 1 or July 1 of each year, and, in the failure of which, the construction budget estimate to be utilized shall be the one submitted by Georgia; provided, however, that (i) prior to any sales of undivided ownership interests in the Plant Scherer

Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement, all portions of each construction budget estimate which relate to the Plant Scherer Common Facilities shall be adopted by approval of Participants owning at least an aggregate 75% undivided ownership interest in the Plant Scherer Common Facilities (including MEAG, so long as MEAG shall own at least 15.1% undivided ownership interest in the Plant Scherer Common Facilities),

(ii) from and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to one but not both of the Additional Units, all portions of each construction budget estimate which relate to the Plant Scherer Common Facilities shall be adopted by approval of Participants and Additional Unit Participants owning at least an aggregate 68% undivided ownership interest in the Plant Scherer Common Facilities (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities), and

(iii) from and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to both Additional Units, all portions of each construction budget estimate which relate to the Plant Scherer Common Facilities shall be adopted by approval of Participants and

Additional Unit Participants owning at least an aggregate 76% undivided ownership interest in the Plant Scherer Common Facilities (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities), and in the failure of such approval in any of such cases, the construction budget estimate relating to the Plant Scherer Common Facilities to be utilized shall be the one submitted by Georgia. Construction budget estimates may otherwise be changed by Georgia from time to time as necessary to reflect changes in construction schedules, payment schedules, plans, specifications or costs, and when so changed shall be submitted similarly to the Additional Unit Participants (or in the case of those portions relating to the Plant Scherer Common Facilities, to the Participants or to the Participants and Additional Unit Participants) and adopted as provided in the preceding provisions of this Section 6(b).

Georgia shall attempt to construct the Additional Units and the Plant Scherer Common Facilities in accordance with the then current construction budget estimate so that the payments required to be made by each Additional Unit Participant pursuant to this Section 6(b) shall be, as nearly as practicable, within the current construction budget estimate of expenditures contained therein. Georgia makes no representation, warranty or promise of any kind as

to the accuracy of any of such construction budget estimates or that such attempt to construct the Additional Units and the Plant Scherer Common Facilities in accordance with the then current construction budget estimate will be successful, and in no event shall Georgia have any liability to any other Participant or Additional Unit Participant in these regards.

In the event Georgia alters any construction schedule or construction budget with respect to the Plant Scherer Common Facilities because it desires to defer the time or times at which it would otherwise be obligated to contribute to the Common Facility Cost of Construction, unless approved by Participants owning at least an aggregate 75% undivided ownership interest in the Units (including MEAG, so long as MEAG owns at least a 15.1% undivided ownership interest in the Units), all Participants and Additional Unit Participants shall be liable for Plant Scherer Common Facility construction payments as if such alteration had not been made.

(c) Payments to be made During Construction.

From and after the Closing, but prior to Commercial Operation of Scherer Unit No. 3 and Scherer Unit No. 4, respectively, each Additional Unit Participant shall pay an amount equal to its respective percentage shares of the Discrete Additional Unit Cost of Construction and the

Common Facility Cost of Construction incurred thereafter but prior to such Commercial Operation, payable in accordance with the further provisions of this Section 6(c). Each Additional Unit Participant's respective percentage shares of such Discrete Additional Unit Cost of Construction and such Common Facility Cost of Construction shall be equivalent to its respective percentage undivided ownership interests in the Additional Units and in the Plant Scherer Common Facilities, respectively, at the time such Cost of Construction is incurred.

Georgia will, on or before the first day of each month, commencing with the month immediately preceding the Closing, notify each other Additional Unit Participant of the nature and amount of the Discrete Additional Unit Cost of Construction and the Common Facility Cost of Construction anticipated to be incurred during the succeeding calendar month plus or minus any adjustments for such costs incurred in prior months but not previously charged or credited to Georgia and the other Additional Unit Participants, as appropriate. Each Additional Unit Participant shall make payment into the Construction Account (as hereinafter defined) in immediately available funds of its respective percentage shares of such costs as so adjusted during such succeeding month in accordance with the schedule determined and delivered to them by Georgia; provided

that the first of such payments by Gulf shall be made at the Closing. Each such notification made by Georgia of anticipated costs and adjustments shall be accompanied and adjusted by an accounting of costs incurred, as adjusted, for preceding months.

Each Additional Unit Participant shall have until the one hundred eightieth day after (i) the commencement of Commercial Operation of Scherer Unit No. 3 or Scherer Unit No. 4, as the case may be, or (ii) the furnishing of an accounting by Georgia of all items of the Cost of Construction incurred prior to the Commercial Operation of such unit (but including Common Facility Cost of Construction attributable only to such of the Plant Scherer Common Facilities as may have been required for the Commercial Operation of such unit), whichever is later, to question or contest the correctness of any such charge or credit made to it pursuant to this Section 6(c) in respect of Scherer Unit No. 3, Scherer Unit No. 4 or the Plant Scherer Common Facilities, as the case may be, after which time the correctness of such charge or credit shall be conclusively presumed. In the event that any Additional Unit Participant by timely notice questions or contests the correctness of any such charge or credit as provided in the preceding sentence, Georgia shall promptly review the questioned charge or credit and shall within 55 days following

notice from an Additional Unit Participant questioning or contesting such charge or credit notify each Additional Unit Participant of the amount of any error and the amount of reimbursement, if any, that each Additional Unit Participant is required to make or is entitled to receive in respect of such error. Not later than the fifth banking day after receipt of such notice from Georgia as to the amount of reimbursement any Additional Unit Participant is required to make or is entitled to receive, each Additional Unit Participant (other than Georgia) required to make reimbursement shall deposit the amount specified in such notice into the Construction Account in immediately available funds. Any such reimbursement required to be made by Georgia shall be so deposited by Georgia not later than the fifth banking day after Georgia notifies the other Additional Unit Participants of the amount of such reimbursement that it is required to make. From the amount so deposited, Georgia shall immediately thereafter distribute to each Additional Unit Participant entitled to receive such reimbursement the amount that such Additional Unit Participant is entitled to receive (or if the amount so deposited is insufficient to reimburse in full all Additional Unit Participants entitled to receive reimbursement, then Georgia shall distribute the amount so deposited among the Additional Unit Participants entitled to receive such reimbursement pro rata in accordance with each Additional Unit

Participant's entitlement to reimbursement in respect of such error), except that if any such Additional Unit Participant is then in default in respect of any payments required to be made under this Agreement or the Operating Agreement, an amount equal to such defaulting Additional Unit Participant's share of the amount so deposited with respect to such reimbursement shall be retained in the Construction Account and distributed in accordance with the provisions of Section 6(d) of this Agreement. In the event of any error with respect to charges or credits for Common Facility Cost of Construction, Georgia will, in addition, follow the procedure specified in the next to last paragraph of Section 5(c) of the Units Ownership Agreement (or, if applicable, pursuant to the next to last paragraph of Section 5(f) of the Units Ownership Agreement). Georgia shall have no responsibility or liability for the failure of any Participant or Additional Unit Participant (other than itself) to deposit funds as provided in this Section 6(c) or as provided in Sections 5(c) and 5(f) of the Units Ownership Agreement.

Georgia will provide each other Additional Unit Participant with such information as is reasonably required by such Additional Unit Participant in order to account for payments made pursuant to this Section 6(c) on such Additional Unit Participant's books.



(d) Construction Account. Immediately following the Closing, Georgia shall establish for the Additional Units and the Plant Scherer Common Facilities a separate account or accounts (the "Construction Account"), which in the discretion of Georgia may be interest bearing or non-interest bearing, in a bank or banks the deposits in which are insured, subject to applicable limits, by the Federal Deposit Insurance Corporation and which meets or meet all applicable requirements imposed upon depositaries of Georgia. All moneys for the payment of the Cost of Construction incurred after the Closing and prior to Commercial Operation of Scherer Unit No. 3 and Scherer Unit No. 4 shall be deposited by the Additional Unit Participants in the Construction Account and Georgia as agent shall withdraw and apply funds therefrom only as necessary to pay such Cost of Construction. In the event that during any month the balance in the Construction Account is insufficient to pay the Cost of Construction required to be paid that month (other than as a result of the nonpayment by an Additional Unit Participant of an amount due from it pursuant to Section 6(c) hereof), Georgia shall promptly so notify the other Additional Unit Participants by telephone of the amount required to be paid by each Additional Unit Participant and thereafter promptly confirm the same in writing. Each of the Additional Unit Participants shall

pay its respective share of such deficit into the Construction Account in immediately available funds not later than on the fifth banking day after receipt of such notice from Georgia. In the event such deficit is in respect of Common Facility Cost of Construction, Georgia shall, in addition, follow the procedure specified in the third and fourth sentences of the first paragraph of Section 5(d) of the Units Ownership Agreement (or, if applicable, the procedure specified in the third and fourth sentences of the first paragraph of Section 5(g) of the Units Ownership Agreement). Georgia shall have no responsibility or liability to make up any such deficit out of its own funds in excess of its proportionate share of such deficit.

From and after the Closing until the date of Commercial Operation of the later of Scherer Unit No. 3 or Scherer Unit No. 4 to achieve Commercial Operation, each Additional Unit Participant shall continue to own and maintain its proportionate undivided ownership interest in the Construction Account (other than amounts, if any, deposited in the Construction Account pursuant to the penultimate paragraph of Section 6(c) above, which amounts shall be owned solely by the Additional Unit Participants, Participants or both, as the case may be, to whom such amounts are to be distributed as provided in such paragraph); provided, however, that Georgia shall have the sole right and authority to make withdrawals from the Construction Account; and

provided further, that an Additional Unit Participant shall not own any undivided ownership interest in any amount in the Construction Account in respect of interest paid into such Account by or on behalf of such Additional Unit Participant pursuant to the provisions of Section 6(i) hereof, which amount shall, if there is only one other Additional Unit Participant, be owned entirely by such other Additional Unit Participant and credited against payments required to be made into such Account by such other Additional Unit Participant in the performance of its obligations under this Agreement, and which amount shall, if there are three or more Additional Unit Participants, be owned in common by, and credited against payments required to be made into such Account by, the other Additional Unit Participants not then in default in the performance of their obligations under this Agreement in the proportion which their respective undivided ownership interests in the Additional Units bear to the aggregate of their undivided ownership interests in the Additional Units (as to amounts deposited in the Construction Account with respect to Discrete Additional Unit Cost of Construction) and in the proportion which their respective undivided ownership interests in the Plant Scherer Common Facilities bear to the aggregate of their undivided ownership interests in the Plant Scherer Common Facilities (as to amounts deposited in the Construction

Account with respect to Common Facility Cost of Construction), as the case may be. In no event shall Georgia commingle any funds deposited in the Construction Account with any other funds owned or maintained by Georgia.

Upon Commercial Operation of the later of Scherer Unit No. 3 or Scherer Unit No. 4 to achieve Commercial Operation, and the settlement of all the obligations relating to the Cost of Construction of the Additional Units incurred prior to the Commercial Operation of each of Scherer Unit No. 3 and Scherer Unit No. 4, Georgia shall close the Construction Account and distribute to each Additional Unit Participant its undivided ownership interest of any balance remaining in the Construction Account (exclusive of amounts therein, if any, in which such Additional Unit Participant shall not own any undivided ownership interest), except that if an Additional Unit Participant shall then be in default with respect to any payments required to be made under this Agreement or under the Operating Agreement, an amount equal to the liability of such defaulting Additional Unit Participant on account of such default (or if such amount exceeds such Additional Unit Participant's share of the balance in the Construction Account, its entire share of such balance) shall first be distributed to the nondefaulting Additional Unit Participant or, if there is more than one nondefaulting Additional

Unit Participant, to the nondefaulting Additional Unit Participants in the proportion which their respective undivided ownership interests in the Additional Units bear to the aggregate of their undivided ownership interests in the Additional Units (as to amounts deposited in the Construction Account with respect to Discrete Additional Unit Cost of Construction) and in the proportion which their respective undivided ownership interests in the Plant Scherer Common Facilities bear to the aggregate of their undivided ownership interests in the Plant Scherer Common Facilities (as to amounts deposited in the Construction Account with respect to Common Facility Cost of Construction), as the case may be.

(e) Capital Budget. At least three months prior to the expected date of Commercial Operation of the first of Scherer Unit No. 3 or Scherer Unit No. 4 to achieve Commercial Operation, Georgia, as agent for the other Additional Unit Participants, shall deliver to all Additional Unit Participants a capital budget estimate setting forth the amounts estimated to be expended for completions, renewals, additions, replacements, modifications and disposals in connection with the Additional Units (for which payment is to be made in accordance with the provisions of Section 6(f) hereof) during each month from such expected date of Commercial Operation through the end of the twelve-month period commencing on the earlier of the following

January 1 or July 1, and during each year in the four-year period commencing on the following January 1. By October 1 and April 1 of each year thereafter, Georgia shall provide to all Additional Unit Participants a proposed revised capital budget estimate describing the items of additional Discrete Additional Unit Cost of Construction and the amounts expected to be expended therefor in each month during the twelve-month period commencing on the following January 1 or July 1, respectively, and during each of the next three calendar years in respect of such completions, renewals, additions, replacements, modifications and disposals in connection with the Additional Units. Each such capital budget estimate and revised capital budget estimate shall be supported by detail reasonably adequate for the purpose of each Additional Unit Participant's reasonable review thereof and shall include, without limiting the generality of the foregoing, information demonstrating the basis for all allocations of administrative and general expenses and information demonstrating the basis for any other allocations of expenses between or among the Units and the Additional Units. By December 1 and June 1, respectively, of each year, any Additional Unit Participant shall submit to Georgia any comments or recommendations it deems appropriate. The Additional Unit Participants shall then proceed with due consideration of such comments or

recommendations and shall adopt, by approval of the Additional Unit Participants owning at least an aggregate 80% undivided ownership interest in the Additional Units, a capital budget estimate for the Additional Units by January 1 or July 1 of each year, and, in the failure of which, the capital budget estimate to be utilized for the Additional Units shall be the one submitted by Georgia. Georgia may otherwise from time to time propose changes in the capital budget estimates and revised capital budget estimates as necessary to reflect any changes in construction, purchasing or payment schedules, plans, specifications or costs related to completions, renewals, additions, replacements, modifications and disposals in connection with the Additional Units, and Georgia shall similarly submit such proposed changes to all Additional Unit Participants who shall adopt them in accordance with the preceding provisions of this Section 6(e), except that such adoption must be completed within 15 days of the Additional Unit Participants' receipt of the proposed changes from Georgia, and in the event of failure of such adoption, the capital budget changes to be utilized shall be the ones proposed by Georgia.

At least three months prior to the expected date of Commercial Operation of the first of Scherer Unit No. 1 or Scherer Unit No. 2 to achieve Commercial Operation,

Georgia, as agent for the other Participants and Additional Unit Participants for the Agency Functions with respect to the Plant Scherer Common Facilities, shall propose to all Participants and Additional Unit Participants a capital budget estimate setting forth the amounts estimated to be expended for completions, renewals, additions, replacements, modifications and disposals in connection with the Plant Scherer Common Facilities during each month from such expected date of Commercial Operation through the end of the twelve-month period commencing on the earlier of the following January 1 or July 1, and during each year in the four-year period commencing on the following January 1. By October 1 and April 1 of each year thereafter, Georgia shall provide to all Participants and Additional Unit Participants a proposed revised capital budget estimate describing the items of additional Common Facility Cost of Construction and the amounts expected to be expended therefor in each month during the twelve-month period commencing on the following January 1 or July 1, respectively, and during each of the next three calendar years in respect of such completions, renewals, additions, replacements, modifications and disposals in connection with the Plant Scherer Common Facilities. Each such capital budget estimate and revised capital budget estimate shall be supported by detail reasonably adequate for the purpose of



each Participant's and Additional Unit Participant's reasonable review thereof and shall include, without limiting the generality of the foregoing, information demonstrating the basis for all allocations of administrative and general expenses and information demonstrating the basis for any other allocations of expenses between or among the Units and the Additional Units. By December 1 and June 1, respectively, of each year, the Participants owning in the aggregate not less than a 75% undivided ownership interest in the Plant Scherer Common Facilities (the "Budgeting Participants") shall submit to Georgia and the other Participants written notice that such capital budget estimate has been either approved or disapproved, and in the event that such capital budget estimate is disapproved, the Budgeting Participants shall then have until the following January 1 or July 1, as the case may be, to submit an alternative capital budget estimate with respect to the Plant Scherer Common Facilities, which alternative capital budget estimate, if timely submitted, shall be the capital budget estimate to be utilized for the Plant Scherer Common Facilities for the period commencing on such January 1 or July 1, as the case may be; provided, however, that so long as MEAG shall own at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities, the concurrence of MEAG in actions taken by the Budgeting

Participants pursuant to this Section 6(e) shall be required. In the event that (i) the capital budget estimate with respect to the Plant Scherer Common Facilities submitted by Georgia is approved by the Budgeting Participants or (ii) the Budgeting Participants fail either to approve or disapprove such capital budget estimate on a timely basis or (iii) the Budgeting Participants fail to submit an alternative capital budget estimate with respect to the Plant Scherer Common Facilities conforming to Prudent Utility Practice on a timely basis, the capital budget estimate to be utilized for the Plant Scherer Common Facilities shall be the one submitted by Georgia. Georgia may otherwise from time to time propose changes in the capital budget estimates and revised capital budget estimates with respect to the Plant Scherer Common Facilities as necessary to reflect any changes in construction, purchasing or payment schedules, plans, specifications or costs related to completions, renewals, additions, replacements, modifications and disposals in connection with the Plant Scherer Common Facilities, and Georgia shall similarly submit such proposed changes to all Participants and Additional Unit Participants who shall approve or disapprove them in accordance with the preceding provisions of this Section 6(e), except that such approval or disapproval and submission of alternative changes must be completed

within 15 days of the Participants' and Additional Unit Participants' receipt of the proposed changes from Georgia.

Notwithstanding the foregoing provisions of this Section 6(e) to the contrary, all portions of each capital budget estimate and revised capital budget estimate which relate to the Plant Scherer Common Facilities shall be approved, or disapproved and an alternative adopted, (1) prior to any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement, by Participants owning at least an aggregate 75% undivided ownership interest in the Plant Scherer Common Facilities (including MEAG, so long as MEAG shall own at least 15.1% undivided ownership interest in the Plant Scherer Common Facilities), (2) from and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to one but not both of the Additional Units, by Participants and Additional Unit Participants owning at least an aggregate 68% undivided ownership interest in the Plant Scherer Common Facilities (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities), and (3) from and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership

Agreement with respect to both Additional Units, by Participants and Additional Unit Participants owning at least an aggregate 76% undivided ownership interest in the Plant Scherer Common Facilities (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities). In the event that (1) the capital budget estimate or revised capital budget estimate relating to the Plant Scherer Common Facilities submitted by Georgia is approved by Participants and Additional Unit Participants owning at least the undivided ownership interests in the Plant Scherer Common Facilities specified in the preceding sentence or (ii) such Participants and Additional Unit Participants fail either to approve or disapprove such capital budget estimate or revised capital budget estimate on a timely basis or (iii) such Participants and Additional Unit Participants fail to submit on a timely basis an alternative capital budget estimate or revised capital budget estimate relating to the Plant Scherer Common Facilities that conforms to Prudent Utility Practice, the capital budget estimate or revised capital budget estimate relating to the Plant Scherer Common Facilities to be utilized shall be the one submitted by Georgia.

Georgia shall attempt to make all such completions, renewals, additions, replacements, modifications and

disposals in connection with the Additional Units and the Plant Scherer Common Facilities in accordance with the then current capital budget estimate, but Georgia makes no representation, warranty or promise of any kind as to the accuracy of any of such capital budget estimates or that such attempt to make all such completions, renewals, additions, replacements, modifications and disposals in accordance with the then current capital budget estimate will be successful, and in no event shall Georgia have any liability to any other Participant or Additional Unit Participant in these regards.

(f) Payments to be Made Following Commercial Operation. As agent for the other Additional Unit Participants, Georgia will, on or about the first day of each month, commencing with the month immediately preceding the commencement of Commercial Operation of Scherer Unit No. 3, with respect to Scherer Unit No. 3, and the month immediately preceding the commencement of Commercial Operation of Scherer Unit No. 4, with respect to Scherer Unit No. 4, notify the other Additional Units Participants of the nature and amount of all additional Cost of Construction anticipated to be incurred during the succeeding calendar month, including without limitation that portion of the Additional Units and the Plant Scherer Common Facilities to which reference is made in Sections (1)(a)(iv) and 1(b)(ii)

hereof, respectively, in respect of completions, renewals, additions, replacements, modifications or disposals of the Additional Units, the Plant Scherer Common Facilities or both and the amount of Fuel Costs (as hereinafter defined) anticipated to be incurred during such succeeding calendar month, plus or minus any adjustments for costs incurred in prior months but not previously charged or credited to the Additional Unit Participants under the provisions of this Section 6(f) or Section 6(c) hereof. Georgia will give each other Additional Unit Participant as much notice as is reasonably practicable of any major anticipated cost. Each Additional Unit Participant shall make payment into the Capital Account (as hereinafter defined) in immediately available funds of its respective percentage shares of such additional Discrete Additional Unit Cost of Construction and Common Facility Cost of Construction (which percentage shares shall be equivalent to such Additional Unit Participant's respective undivided ownership interests in the Additional Units and in the Plant Scherer Common Facilities at such times) and its respective share of such Fuel Costs in accordance with the provisions of Section 6(n) hereof during the succeeding month in accordance with the schedule determined and delivered to it by Georgia. Each such notification made by Georgia of anticipated costs and adjustments shall be accompanied and adjusted by an accounting of

costs incurred and credits, if any, received for preceding months.

Each Additional Unit Participant shall have until the one hundred eightieth day after the furnishing of such accounting by Georgia for any charge or credit made to it pursuant to this Section 6(f) to question or contest the correctness of such charge or credit after which time the correctness of such charge or credit shall be conclusively presumed. In the event that any Additional Unit Participant by timely notice questions or contests the correctness of any such charge or credit, Georgia shall promptly review the questioned charge or credit and shall within 55 days following notice from an Additional Unit Participant questioning or contesting such charge or credit notify each Additional Unit Participant of the amount of any error and the amount of reimbursement, if any, that each Additional Unit Participant is required to make or is entitled to receive in respect of such error. Not later than the fifth banking day after receipt of such notice from Georgia as to the amount of reimbursement each Additional Unit Participant is required to make or is entitled to receive, each Additional Unit Participant (other than Georgia) required to make reimbursement shall deposit the amount specified in such notice into the Capital Account in immediately available funds. Any such reimbursement required to be made by

Georgia shall be so deposited by Georgia not later than the fifth banking day after Georgia notifies the other Additional Unit Participants of the amount of such reimbursement that it is required to make. From the amount so deposited, Georgia shall immediately thereafter distribute to each Additional Unit Participant entitled to receive such reimbursement the amount that such Additional Unit Participant is entitled to receive (or if the amount so deposited is insufficient to reimburse in full all Additional Unit Participants entitled to receive reimbursement, then Georgia shall distribute the amount so deposited among the Additional Unit Participants entitled to receive such reimbursement pro rata in accordance with each Additional Unit Participant's entitlement to reimbursement in respect of such error), except that if any such Additional Unit Participant is then in default in respect of any payments required to be made under this Agreement or the Operating Agreement, an amount equal to such defaulting Additional Unit Participant's share of the amount so deposited with respect to such reimbursement shall be retained in the Capital Account and distributed in accordance with the provisions of Section 6(g) of this Agreement. In the event that such error is in respect of Common Facility Cost of Construction, Georgia shall, in addition, follow the procedure provided for in the next to last paragraph of Section 5(f) of the Units Ownership Agreement. Georgia shall



have no responsibility or liability for the failure of any Additional Unit Participant or Participant (other than itself) to deposit funds as provided in this Section 6(f), or as provided in Section 5(f) of the Units Ownership Agreement.

Georgia will provide each other Additional Unit Participant with such information as is reasonably required by such Additional Unit Participant in order to account for payments made pursuant to this Section 6(f) on such Additional Unit Participant's books.

(g) Capital Account. Prior to the Commercial Operation of the first of Scherer Unit No. 3 or Scherer Unit No. 4 to achieve Commercial Operation, Georgia shall establish for the Additional Units and the Plant Scherer Common Facilities, a separate account or accounts (the "Capital Account"), which in the discretion of Georgia may be interest bearing or non-interest bearing, in a bank or banks the deposits in which are insured, subject to applicable limits, by the Federal Deposit Insurance Corporation and which meets or meet all applicable requirements imposed upon depositaries of Georgia. All payments (for which provision is made in Section 6(f) hereof) of additional Cost of Construction and Fuel Costs incurred by the Additional Unit Participants after Commercial Operation of Scherer Unit No. 3 and Scherer Unit No. 4, respectively,

shall be deposited by the Additional Unit Participants in the Capital Account and Georgia as agent shall withdraw and apply funds therefrom only as necessary to pay such additional Cost of Construction and Fuel Costs in accordance with the provisions of Section 6(f) hereof. In the event that during any month the balance in the Capital Account is insufficient to pay such additional Cost of Construction and Fuel Costs required to be paid that month (other than as a result of the non-payment by an Additional Unit Participant of an amount due from it pursuant to Section 6(f) hereof), Georgia shall promptly so notify the other Additional Unit Participants by telephone of the amount required to be paid by each Additional Unit Participant and thereafter promptly confirm the same in writing. Each of the Additional Unit Participants shall pay its respective share of such deficit into the Capital Account in immediately available funds not later than on the fifth banking day after receipt of such notice from Georgia. In the event such deficit is with respect to Common Facility Cost of Construction, Georgia shall, in addition, follow the procedure specified in the third and fourth sentences of the first paragraph of Section 5(g) of the Units Ownership Agreement. Georgia shall have no responsibility or liability to make up any such deficit out of its own funds in excess of its proportionate share of such deficit.

Until termination of the Operating Agreement and settlement of all obligations relating to Cost of Construction and Fuel Costs, each Additional Unit Participant shall continue to own and maintain its undivided ownership interest in the Capital Account (other than amounts, if any, deposited in the Capital Account pursuant to the penultimate paragraph of Section 6(f) above, which amounts shall be owned solely by the Additional Unit Participants to whom such amounts are to be distributed as provided in such paragraph); provided, however, that Georgia as agent shall have the sole right and authority to make withdrawals from the Capital Account; and provided further, that an Additional Unit Participant shall not own any undivided ownership interest in any amount in the Capital Account in respect of interest paid into such Account by or on behalf of such Additional Unit Participant pursuant to the provisions of Section 6(i) hereof, which amount shall, if there is only one other Additional Unit Participant, be owned entirely by such other Additional Unit Participant and credited against payments required to be made into such Account by such other Additional Unit Participant in the performance of its obligations under this Agreement, and which amount shall, if there are three or more Additional Unit Participants, be owned in common by, and credited against payments required to be made into such Account by,

the other Additional Unit Participants not then in default in the performance of their obligations under this Agreement in the proportion which their respective undivided ownership interests in the Additional Units bear to the aggregate of their undivided ownership interests in the Additional Units (as to amounts deposited in the Capital Account with respect to Discrete Additional Unit Cost of Construction) and in the proportion which their respective undivided ownership interests in the Plant Scherer Common Facilities bear to the aggregate of their undivided ownership interests in the Plant Scherer Common Facilities (as to amounts deposited in the Capital Account with respect to Common Facility Cost of Construction). In no event shall Georgia commingle any funds deposited in any Capital Account with any other funds owned or maintained by Georgia.

Upon termination of the Operating Agreement and settlement of all obligations relating to Cost of Construction and Fuel Costs, including without limitation all costs incurred in the disposal of the Additional Units and the Plant Scherer Common Facilities, Georgia shall close the Capital Account and distribute to each Additional Unit Participant its undivided ownership interest of any balance remaining in the Capital Account (exclusive of amounts therein, if any, in which such Additional Unit Participant shall not own any undivided ownership interest), except

that if an Additional Unit Participant shall then be in default with respect to any payment required to be made under this Agreement or under the Operating Agreement, an amount equal to the liability of such defaulting Additional Unit Participant on account of such default (or if such amount exceeds such Additional Unit Participant's share of the balance in the Capital Account, its entire share of such balance) shall first be distributed to the nondefaulting Additional Unit Participant or, if there is more than one nondefaulting Additional Unit Participant, to the nondefaulting Additional Unit Participants in the proportion which their respective undivided ownership interests in the Additional Units bear to the aggregate of their undivided ownership interests in the Additional Units (as to amounts deposited in the Capital Account with respect to Discrete Additional Unit Cost of Construction) and in the proportion which their respective undivided ownership interests in the Plant Scherer Common Facilities bear to the aggregate of their undivided ownership interests in the Plant Scherer Common Facilities (as to amounts deposited in the Capital Account with respect to Common Facility Cost of Construction).

(h) Availability of Records. Georgia will at all times make available to each other Additional Unit Participant, and each other Additional Unit Participant may audit,

all books and records regarding Cost of Construction and Fuel Costs sufficient to allow it to determine that such costs and expenditures attributed to the Additional Units, the Plant Scherer Common Facilities or both by Georgia pursuant to Section 3 hereof or pursuant to this Section 6 are appropriate. No payment made pursuant to the foregoing provisions of this Section 6 shall constitute a waiver of any right of an Additional Unit Participant to question or contest the correctness of any charge or credit by Georgia.

(i) Non-Payment. In the event of a failure of an Additional Unit Participant to make any payment when due under this Agreement:

(i) There shall be added to such overdue amount interest from the date such payment was due, compounded monthly until paid, at an annual rate which shall be the higher of (1) a rate five percentage points above the average yield on the issue of six-month United States Treasury Bills, as reported by the Federal Reserve Bank of New York, at the sale of such Bills by the United States Treasury next preceding the due date of such payment, or (2) a rate five percentage points above the highest of the net interest costs on the most recent issue of bonds or other long-term obligations by any Additional Unit Participant.

(ii) Such non-paying Additional Unit Participant shall have no right to any output of capacity or energy of the Additional Units or to exercise any other right of an Additional Unit Participant until all amounts overdue, together with interest at the rate provided in clause (i) of this Section 6(i), have been paid either into the Construction Account, the Capital Account, or to another Additional Unit Participant if it has paid such overdue amount on behalf of such non-paying Additional Unit Participant, as appropriate. Such overdue amounts, together with such interest, shall be paid into the Construction Account or the Capital Account only to the extent that such amounts have not been paid by another Additional Unit Participant pursuant to the further provisions of this Section 6(i). Notwithstanding any of the provisions of this Section 6(i), if Georgia is the non-paying Additional Unit Participant, Georgia, as agent for the other Additional Unit Participants, shall continue to plan, license, design, construct, complete, renew, add, replace, modify, operate, maintain and dispose of the Additional Units and the Plant Scherer Common Facilities in accordance with the provisions of this Agreement and the Operating Agreement unless it has been removed as agent pursuant to Section 5(c) hereof.

(iii) Any other Additional Unit Participant shall have the right, but not the obligation, at any time after notice to all other Additional Unit Participants, if any, to make such payment on behalf of the non-paying Additional Unit Participant and shall be promptly reimbursed in full therefor by such non-paying Additional Unit Participant, together with interest at the rate provided in clause (i) of this Section 6(i). In addition, subject to the provisions of clause (iv) of this Section 6(i), the output of capacity and energy of the Additional Units to which the Additional Unit Participant exercising the right to make such overdue payment on behalf of the non-paying Additional Unit Participant is entitled shall be increased in proportion to the amount of the payment made by such other Additional Unit Participant, and such other Additional Unit Participant shall be responsible for the payment of the pro rata share of Fuel Costs and of Operating Costs (as defined in the Operating Agreement) associated with such increased entitlement of output of capacity and energy. The Additional Unit Participant making such payments on behalf of the non-paying Additional Unit Participant shall be entitled to such increased output of capacity and energy so long as it has not been reimbursed by the non-paying Additional Unit



Participant in full for all such payments, together with interest at the rate provided in clause (i) of this Section 6(i). In the event there are three or more Additional Unit Participants and two or more Additional Unit Participants determine to exercise the aforesaid rights, unless such Additional Unit Participants shall otherwise agree, the respective portions of such overdue payment which each shall have the right to pay shall be determined, and their respective shares of the output of capacity and energy of the Additional Units shall be so increased, on a pro rata basis in accordance with the proportion which their respective undivided ownership interests in the Additional Units bear to the aggregate of their undivided ownership interests in the Additional Units. Any then remaining output of capacity and energy of the Additional Units of a non-paying Additional Unit Participant may be sold by the other Additional Unit Participant or Additional Unit Participants, as the case may be, until all amounts due from such non-paying Additional Unit Participant, together with interest at the rate provided in clause (i) of this Section 6(i), have been paid either into the Construction Account, the Capital Account, or to another Additional Unit Participant which has paid such overdue amount on behalf of such

non-paying Additional Unit Participant, as appropriate. Any such sale of such output of capacity and energy of the Additional Units shall not relieve the non-paying Additional Unit Participant from any liability under this Section 6(i) on account of such non-payment, except that the net proceeds of such sale shall be applied in reduction of the liability of such non-paying Additional Unit Participant arising from such non-payment. Any such net proceeds in excess of the amount of such liability of the non-paying Additional Unit Participant shall be applied as a credit against future payments due from such non-paying Additional Unit Participant under this Agreement.

(iv) If the failure of an Additional Unit Participant to make a payment is in respect of a payment due before Commercial Operation of the later of Scherer Unit No. 3 and Scherer Unit No. 4 to achieve same, and if any overdue amount, together with interest at the rate provided in clause (i) of this Section 6(i), has not been paid by the non-paying Additional Unit Participant for a period of one year or more (even though it may have been paid by another Additional Unit Participant on behalf of the non-paying Additional Unit Participant), the other Additional Unit Participant, or each of the other Additional Unit Participants, as the

case may be, shall have the right, subject to the restrictions set forth in the penultimate paragraph of this Section 6(i), which right may not be defeated by any offer or tender made in an attempt to cure the default, to exercise, at any time prior to five years following Commercial Operation of the later of Scherer Unit No. 3 and Scherer Unit No. 4 to achieve same, any one or more of the following options (and, if there are two or more such other Additional Unit Participants, in the proportion which their respective undivided ownership interests in the Additional Units bear to the aggregate of their undivided ownership interests in the Additional Units, unless such Additional Unit Participants agree to a different apportionment):

(1) Purchase free of any encumbrances the non-paying Additional Unit Participant's complete ownership interest in the Additional Units and in the Plant Scherer Common Facilities (except that if the non-paying Additional Unit Participant is also a Participant, the portion of such non-paying Additional Unit Participant's ownership interest in the Plant Scherer Common Facilities to be purchased pursuant to this Section 6(i)(iv)(1) shall be limited to such non-paying Additional Unit Participant's Corresponding Portion of the Plant

Scherer Common Facilities, as defined below) by paying to the non-paying Additional Unit Participant its cost as of the date of default (computed utilizing the methodology of Section 3(b)(i) hereof) and by paying the aggregate of any amounts unpaid under this Agreement and the Operating Agreement by the non-paying Additional Unit Participant as of the date of such purchase (excluding interest owed pursuant to any of Sections 6(i)(i), 6(i)(ii) or 6(i)(iii) hereof and interest owed pursuant to Section 3(1) of the Operating Agreement) either into the Construction Account, the Operating Account (as defined in the Operating Agreement) or to an Additional Unit Participant (including itself) which has paid such aggregate overdue amount on behalf of such non-paying Additional Unit Participant, as appropriate, all subject to applicable regulatory approvals and the non-paying Additional Unit Participant's ability to receive a release from any encumbrance upon its ownership interest. Thereafter, the purchasing Additional Unit Participant or Additional Unit Participants shall be entitled to all the selling Additional Unit Participant's rights and be responsible for the performance of all the selling

Additional Unit Participant's obligations hereunder and under the Operating Agreement (except the obligation to pay interest owed pursuant to any of Sections 6(i)(i), 6(i)(ii) or 6(i)(iii) hereof or Section 3(1) of the Operating Agreement) relating to the Additional Units and the Plant Scherer Common Facilities so purchased (including without limitation the payment of the Cost of Construction, Fuel Costs and Operating Costs). The selling Additional Unit Participant shall thereupon be relieved from such obligations (except the obligation to pay interest owed pursuant to any of Sections 6(i)(i), 6(i)(ii) or 6(i)(iii) hereof or Section 3(1) of the Operating Agreement) and any other obligations to third parties incidental thereto, which shall be assumed by the purchasing Additional Unit Participant or Additional Unit Participants, and the other Additional Unit Participants shall look solely to the purchasing Additional Unit Participant or Additional Unit Participants for the performance of such obligations. The selling Additional Unit Participant shall take all action and execute, and file where appropriate, all legal documents which shall be reasonably requested by the purchasing

Additional Unit Participant or Additional Unit Participants to complete the transaction of purchase and sale, including, without limiting the generality of the foregoing, using its best efforts to obtain a release of its interest from any mortgage, deed to secure debt or other encumbrance on its interest and to obtain the approval of the transaction by any regulatory or other authority the approval of which is required. As used in this Agreement, an Additional Unit Participant's "Corresponding Portion of the Plant Scherer Common Facilities" shall be a percentage undivided ownership interest in the Plant Scherer Common Facilities determined by dividing (x) the product determined by multiplying such Additional Unit Participant's percentage undivided ownership interest in the Additional Units by the aggregate nominal rating of the Additional Units, by (y) the aggregate nominal rating of the Units and of the Additional Units then constructed or then contemplated to be constructed.

(2) Purchase, from time to time, free of any encumbrances, a fractional part of the non-paying Additional Unit Participant's ownership interest in the Additional Units and in its Corresponding

Portion of the Plant Scherer Common Facilities, which fractional part shall be designated by the purchasing Additional Unit Participant or Additional Unit Participants, by paying to the non-paying Additional Unit Participant its cost of such fractional interest as of the date of default (computed utilizing the methodology of Section 3(b)(i) hereof) and by paying the aggregate of any amounts unpaid under this Agreement or the Operating Agreement by the non-paying Additional Unit Participant as of the date of such purchase (excluding interest owed pursuant to any of Sections 6(i)(i), 6(i)(ii) or 6(i)(iii) hereof and interest owed pursuant to Section 3(1) of the Operating Agreement) either into the Construction Account, the Operating Account (as defined in the Operating Agreement) or to an Additional Unit Participant (including itself) which has paid such aggregate overdue amount on behalf of such non-paying Additional Unit Participant, as appropriate, all subject to applicable regulatory approvals and the non-paying Additional Unit Participant's ability to receive a release from any encumbrance upon the ownership interest being conveyed. Thereafter, the purchasing Additional

Unit Participant or Additional Unit Participants shall be entitled to all the selling Additional Unit Participant's rights and be responsible for performance of all the selling Additional Unit Participant's obligations hereunder and under the Operating Agreement (except the obligation to pay interest owed pursuant to any of Sections 6(i)(i), 6(i)(ii) or 6(i)(iii) hereof or Section 3(1) of the Operating Agreement) relating to such fractional interest (including without limitation the payment of the Cost of Construction, Fuel Costs and Operating Costs applicable to the fractional interest so purchased). The selling Additional Unit Participant shall thereupon be relieved from such obligations (except the obligation to pay interest owed pursuant to any of Sections 6(i)(i), 6(i)(ii) or 6(i)(iii) hereof or Section 3(1) of the Operating Agreement) and any other obligations to third parties incidental thereto, which shall be assumed by the purchasing Additional Unit Participant or Additional Unit Participants, and the other Additional Unit Participants shall look solely to the purchasing Additional Unit Participant or Additional Unit Participants for the performance of such obligations. The selling Additional Unit Participant shall take all action and



execute, and file where appropriate, all legal documents which shall be reasonably requested by the purchasing Additional Unit Participant or Additional Unit Participants to complete the transaction of purchase and sale, including, without limiting the generality of the foregoing, using its best efforts to obtain a release of the interest being conveyed from any mortgage, deed to secure debt or other encumbrance on such interest and to obtain the approval of the transaction by any regulatory or other authority the approval of which is required. The selling Additional Unit Participant shall not by the completion of any such transaction be relieved of its obligations under this Agreement except as in this Section 6(i)(iv)(2) specifically set forth. In addition, to the extent permitted by regulatory authorities and its other contractual obligations, the selling Additional Unit Participant shall be obligated to use the funds it receives from the completion of any such transaction to make payments toward the amounts, if any, then due from it under this Agreement and shall, in furtherance of the carrying out of such obligation, use its best efforts to request and obtain from any person holding an

encumbrance on its interest in the Additional Units, the Plant Scherer Common Facilities or both any funds on deposit with such person attributable to the completion of any such transaction, and to execute any and all legal documents and take such further action to that end as may be reasonably requested by the purchasing Additional Unit Participant or Additional Unit Participants.

(3) Subject to required regulatory approvals, invest from time to time additional funds in the Additional Units, the Plant Scherer Common Facilities or both and have the respective undivided ownership interests of the Additional Unit Participants in the Additional Units and in the Plant Scherer Common Facilities adjusted from time to time so that their respective undivided ownership interests in the Additional Units will be the same as that which their respective aggregate payments of Discrete Additional Unit Cost of Construction bear to the total Discrete Additional Unit Cost of Construction as of the date of the adjustment and so that their respective undivided ownership interests in the Plant Scherer Common Facilities will be the same as that which their respective aggregate payments of Common Facility

Cost of Construction bear to the total Common Facility Cost of Construction as of the date of the adjustment. The defaulting Additional Unit Participant shall convey by general warranty deed and other appropriate instruments such portion of its ownership interest as is required to effect such adjustment, subject only to any then existing first mortgage, deed to secure debt or other encumbrance of its interest and, in the case of Georgia, Gulf or both, further subject to any then existing security interest of any other holder of indebtedness of Georgia, Gulf or both, the issuance of which the Securities and Exchange Commission would permit, pursuant to the Public Utility Holding Company Act of 1935, only if it were not subject or subordinate to the rights of the other Additional Unit Participants to obtain conveyances pursuant to this Section 6(i)(iv)(3), and shall use its best efforts to obtain releases from such encumbrances of the portion of its ownership interest being transferred to accomplish the adjustment. The grantee or grantees under such deed and instruments shall agree to assume and undertake the performance of all the obligations of the grantor relating to the Additional

Units and the Plant Scherer Common Facilities under any mortgage or security deed to which the property conveyed is subject, other than the payment of interest or principal on any debt.

(v) Subject to any required governmental approvals, any other Additional Unit Participant shall have the right, but not the obligation, at any time after notice to all other Additional Unit Participants, if any, to make a loan directly to the non-paying Additional Unit Participant, and to receive adequate security therefor. Such loans shall bear a reasonable rate of interest. The Additional Unit Participant making such a loan may receive, at its option, an appropriate portion of the output of capacity and energy of the Additional Units to which the non-paying Additional Unit Participant is otherwise entitled at a cost reflecting the interest rate charged on such loan. In the event there are three or more Additional Unit Participants and two or more Additional Unit Participants determine to exercise the aforesaid rights, unless such Additional Unit Participants shall otherwise agree, the money shall be advanced, and their respective security interests shall be received, on a pro rata basis in accordance with the proportion which their respective undivided ownership interests in the

Additional Units bear to the aggregate of their undivided ownership interests in the Additional Units. Each of Georgia and Gulf further agrees that if it should be a non-paying Additional Unit Participant, it will, if so requested, use its best efforts to permit said loan to be made in the form of a purchase by the other Additional Unit Participant or Additional Unit Participants of its First Mortgage Bonds, which shall bear interest at the lowest rate, and be for the shortest term, as that provided in any of the bonds which were offered and sold in the last public sale of its bonds. To that end, Georgia or Gulf, as the case may be, shall take all action and execute, and file where appropriate, all legal documents which shall be reasonably requested by the Additional Unit Participant or Additional Unit Participants seeking to make the loan for the purpose of causing additional First Mortgage Bonds to be issued, which bonds may be purchased by the other Additional Unit Participant or Additional Unit Participants. The Additional Unit Participants agree to take all action and execute, and file where appropriate, all legal documents reasonably requested by the other Additional Unit Participants to complete the transactions contemplated by the foregoing provisions, including, without limiting the generality of

the foregoing, using their best efforts to obtain the approval of the transaction by any regulatory or other authority the approval of which is required.

(vi) Any other Additional Unit Participant shall have the right at any time, and from time to time:

(1) to sue a defaulting Additional Unit Participant to recover or enforce payment of any and all amounts (together with interest, if appropriate) which a defaulting Additional Unit Participant is obligated by this Agreement to pay but has not paid;

(2) to set off against amounts owed other than under this Agreement by a non-defaulting Additional Unit Participant to an Additional Unit Participant in default any amounts due such non-defaulting Additional Unit Participant from the defaulting Additional Unit Participant under the terms of this Agreement;

(3) to seek a declaratory judgment with respect to rights and obligations of the Additional Unit Participants under this Agreement; and

(4) to sue for an accounting among the Additional Unit Participants so long as such accounting is in aid of the exercise of any other right of an Additional Unit Participant under this Section 6(i).

(vii) Notwithstanding the foregoing provisions of this Section 6(i), in no event shall the quantity of capacity and energy to be purchased by Georgia from OPC and MEAG under Sections 3(g) and 3(h) of the Units Operating Agreement or the cost to Georgia thereof be increased or decreased as the result of the exercise by any Additional Unit Participant of any of the rights provided in this Section 6(i).

(viii) In addition to all other rights of the Additional Unit Participants pursuant to the foregoing provisions of this Section 6(i), the other Additional Unit Participant or Additional Unit Participants shall have the right, subject to the receipt of all requisite regulatory approvals, but not the obligation, to make any payment of interest or principal due and owing (1) to Chemical Bank, as Trustee under Georgia's First Mortgage Bonds, or other lender or trustee, as the case may be, if any, from Georgia in respect of such First Mortgage Bonds, or other bonds or notes for financing Georgia's obligations hereunder, which Georgia fails to make when due, or (2) to The Chase Manhattan Bank (National Association), as Trustee under Gulf's First Mortgage Bonds, or other lender or trustee, as the case may be, if any, from Gulf in respect of such First Mortgage Bonds, or other bonds or notes for

financing Gulf's obligations hereunder, which Gulf fails to make when due, or (3) to the corresponding lenders or trustees from any other Additional Unit Participant hereunder in respect of a financing of such Additional Unit Participant's obligations hereunder, which such Additional Unit Participant fails to make when due, and in each such case to be promptly reimbursed in full therefor by Georgia, Gulf or such other Additional Unit Participant, as the case may be, together with interest at the rate provided in clause (i) of this Section 6(i). Payments necessary to be made to obtain a release contemplated by Section 6(i)(iv) from any encumbrances on an Additional Unit Participant's interest in the Additional Units, the Plant Scherer Common Facilities or both may also be made by the non-defaulting Additional Unit Participant or Additional Unit Participants.

(ix) Notwithstanding the other provisions of this Section 6(i), any Additional Unit Participant who disagrees with or disputes the amount of any payment claimed by Georgia to be due pursuant to this Agreement shall make such payment under protest and be reimbursed for any amount charged in error after the settlement of such disagreement or dispute as provided in Sections 6(c) and 6(f) hereof.



(x) Any Additional Unit Participant in default in making payments under this Agreement shall use its best efforts to take any and all such further action and execute, and file where appropriate, any and all such further legal documents and papers as may be reasonably requested by an Additional Unit Participant not in default which would have the purpose of facilitating the carrying out of this Agreement or otherwise effectuating its purpose, which shall include, but not be limited to, action to seek any required regulatory approval or to obtain any other required consent, release or amendment or other similar legal document.

The Additional Unit Participants agree not to take any action, or otherwise consent to any agreement or amendment to any agreement, which would expressly prohibit, or the purpose of which is to make illegal or to hinder or prevent, the taking of any action contemplated by this Agreement in the event of a default by an Additional Unit Participant.

No remedy referred to in this Section 6(i) is intended to be exclusive of any other remedy set forth in this Section, but every such remedy herein provided shall be cumulative and may be exercised from time to time and as often as may be deemed expedient except where the exercise of any one of such remedies precludes its further exercise or the exercise of any

other remedy. No delay or failure to exercise any remedy herein provided shall impair the right to exercise any such remedy or be construed to be a waiver of such right or of any default by an Additional Unit Participant. Notwithstanding the foregoing, the remedies which are set forth in this Section 6(i) shall constitute the sole and exclusive remedies of the Additional Unit Participants, legal or equitable, for the failure of any Additional Unit Participant to make any payment when due under this Agreement; provided, however, that the Additional Unit Participants agree and acknowledge that the violation of any of their obligations to take action and execute legal documents which may be reasonably requested by a non-defaulting Additional Unit Participant as set forth in this Section 6(i) would cause irreparable injury to the other Additional Unit Participant or Additional Unit Participants and that the remedy at law for any violation or threatened violation thereof would be inadequate, and agree that any non-defaulting Additional Unit Participant shall be entitled to a temporary and permanent injunction or other equitable relief specifically to enforce such obligation without the necessity of proving the inadequacy of its legal remedies.

The effectiveness and enforceability of the foregoing provisions of this Section 6(i) as contractual obligations shall in no way be impaired by any provision contained in the deed from Georgia to Gulf provided for in Section 3(a) of this Agreement or in similar deeds to or from Georgia, Gulf or both pursuant to Section 4 hereof.

(j) Alienation and Assignment. Except with the prior written consent of the Additional Unit Participants owning at least an aggregate 80% undivided ownership interest in the Additional Units, until the earlier of (i) fifteen years after the expiration of the term of the Operating Agreement with respect to the later of Scherer Unit No. 3 or Scherer Unit No. 4 to achieve Commercial Operation or (ii) twenty years and eleven months after the death of the last survivor of the now living lineal descendants of Mrs. Rose F. Kennedy, mother of the 35th President of the United States of America, no Additional Unit Participant shall have the right to sell, lease, convey, transfer, assign, encumber or alienate in any manner whatsoever its ownership interest, or any portion or portions thereof, in the Additional Units, the Plant Scherer Common Facilities or any rights under this Agreement without first offering, subject to all requisite regulatory approval, including without limitation, the Securities and Exchange

Commission pursuant to the Public Utility Holding Company Act of 1935, such sale, lease or other conveyance to the other Additional Unit Participants pro rata in accordance with their respective undivided ownership interests in the Additional Units, upon the same terms and conditions as the proposed sale, lease or conveyance to another party (including another Additional Unit Participant, if any), which offer shall be made in the form of a proposed contract and shall be open for acceptance by the other Additional Unit Participants for a period of ninety days and in the event such offer is accepted by all of the other Additional Unit Participants, the offering Additional Unit Participant and all of the other Additional Unit Participants shall proceed to a closing pursuant to the terms of the aforesaid contract in an expeditious manner; provided, however, that each Additional Unit Participant shall have the right to convey a security interest in its undivided ownership interests in the Additional Units, the Plant Scherer Common Facilities or both as security for bonds or other obligations issued or to be issued; and provided further, however, that the conveyances contemplated in Section 4 hereof, in Sections 5(i)(iv) and 10 of the Units Ownership Agreement, and in Section 6(i)(iv) hereof may be consummated without complying with the provisions of this Section 6(j). In the event that there are three or more

Additional Unit Participants and such offer is accepted by one or more but is not accepted by all of the other Additional Unit Participants within the aforesaid ninety-day period, the offering Additional Unit Participant shall offer such unaccepted portion to such of the other Additional Unit Participants who have accepted such original offer, and such other Additional Unit Participants shall have thirty days to accept such offer with respect to such unaccepted portion. In the event that any of such offers is not timely accepted, the offering Additional Unit Participant shall be entitled to consummate the proposed sale, lease or other conveyance to such other party; provided, however, that if the offering Additional Unit Participant does not consummate the proposed sale, lease or other conveyance of such interest within a period of one year after the date of its offer to the other Additional Unit Participant or Additional Unit Participants, no such sale, lease or other conveyance may be consummated without re-offering the sale, lease or conveyance to such other Additional Unit Participant or Additional Unit Participants. In no event shall the offering Additional Unit Participant sell, lease or convey such interest to any party (including another Additional Unit Participant) which is not financially responsible or do so on any terms at variance from those set forth in the aforesaid offer. Each Additional Unit

Participant shall notify the other Additional Unit Participants in writing as soon as possible after it learns that any lien or security interest in respect of an obligation or liability in excess of \$100,000 (other than a lien or security interest created by such Additional Unit Participant as security for bonds or other obligations issued or to be issued) has been or will be imposed upon its undivided ownership interest in the Additional Units, the Plant Scherer Common Facilities or both or has reason to believe that such a lien or security interest will be imposed. In the event of any sale, conveyance, transfer, assignment or alienation (other than solely as security for an indebtedness) by one of the Additional Unit Participants of its undivided ownership interest, or any portion or portions thereof, in the Additional Units, such Additional Unit Participant shall also sell to the transferee thereof and such transferee shall purchase an equivalent portion of such Additional Unit Participant's Corresponding Portion of the Plant Scherer Common Facilities or, in the event such sale, conveyance, transfer, assignment or alienation should occur prior to the performance of all of the transferring Additional Unit Participant's obligations pursuant to Section 4 hereof, such Additional Unit Participant shall assign and delegate and such transferee shall assume a corresponding portion of such Additional Unit Participant's

obligations pursuant to such Section 4, and as a condition precedent to the consummation of such transactions such Additional Unit Participant shall cause the transferee of such interests in the Additional Units, the Plant Scherer Common Facilities or both to become a party to this Agreement and assume the obligations of the transferor hereunder in proportion to the interests so sold, conveyed, transferred, assigned, or alienated, whereupon such transferee shall be an Additional Unit Participant hereunder. Each of the Additional Unit Participants hereby expressly waives and renounces for the term of the Operating Agreement for itself, its successors, transferees and assigns, all rights as a tenant in common in the Additional Units and the Plant Scherer Common Facilities to partition and to an accounting associated therewith. Notwithstanding any other provisions of this Agreement to the contrary, any Additional Unit Participant shall have the right to sell, convey, transfer or assign its undivided ownership interest, or any portion or portions thereof, in the Additional Units, the Plant Scherer Common Facilities or both to any governmental or political subdivision or authority in connection with the financing of pollution control facilities, or to enter into any financial arrangements (including security transactions) for the discharge of fossil fuel payment obligations as contemplated in and subject to the provisions of Section

6(n)(ii) hereof, without the consent of the other Additional Unit Participants and without complying with the provisions of this Section 6(j). Any provision of this Agreement to the contrary notwithstanding, no sale, lease, conveyance, transfer, assignment or alienation whatsoever by Georgia of any or all of its undivided ownership interest in the Additional Units, the Plant Scherer Common Facilities or both, whether as security for an indebtedness, in connection with the financing of pollution control facilities or otherwise, shall relieve Georgia of its obligations to act as agent hereunder and under the Operating Agreement for the other Additional Unit Participants in connection with the Additional Units and the Plant Scherer Common Facilities.

It is nevertheless acknowledged, understood and agreed by and among the parties hereto that at any time and from time to time during the term of this Agreement, MEAG, Dalton or both may wish to purchase from Georgia, and Georgia may wish to sell, convey, transfer or assign to MEAG, Dalton or both up to 15.1% and 1.4% additional undivided ownership interests, respectively, in the Additional Units in the case of MEAG, and in the Units in the case of Dalton, and in either or both cases additional undivided ownership interests in the Plant Scherer Common



Facilities. Notwithstanding the provisions of the foregoing paragraph of this Section 6(j) or any other provisions of this Agreement to the contrary, Georgia shall have and is hereby granted the right, power and authority at any time and from time to time, and without the consent of Gulf or any other Additional Unit Participant and without complying with any of the provisions contained in the first paragraph of this Section 6(j), to sell, convey, transfer or assign such additional undivided ownership interests in the Units, the Additional Units, the Plant Scherer Common Facilities or any or all of them to MEAG or Dalton or both; provided, however, that the ownership by MEAG of such interest in the Additional Units and its rights, duties and obligations with respect to such interests shall be subject to and shall be governed in all respects by the provisions of this Agreement and of the Operating Agreement. It is further acknowledged, understood and agreed by and among the Additional Unit Participants that at any time and from time to time during the term of this Agreement, MEAG may wish to sell, convey, transfer or assign back to Georgia all or a portion of the additional undivided ownership interests in the Plant Scherer Common Facilities which MEAG may hereafter purchase from Georgia as contemplated above in this paragraph, or Dalton may wish to sell, convey, transfer or assign to Georgia all or any portion of its

undivided ownership interest in the Plant Scherer Common Facilities which it may own at any particular time, or both, and Georgia may wish to purchase the same from MEAG or Dalton or both. Notwithstanding the provisions of the first paragraph of this Section 6(j) or any other provisions of this Agreement to the contrary, MEAG and Dalton shall have and are hereby granted the right, power and authority at any time and from time to time and without the consent of any other Additional Unit Participant (other than agreement with Georgia as to any such sale and the terms and conditions thereof) and without complying with any of the provisions contained in the first paragraph of this Section 6(j), to sell, convey, transfer or assign such additional undivided ownership interests in the Plant Scherer Common Facilities to Georgia. No such additional sale, conveyance, transfer or assignment to MEAG or Dalton shall relieve Georgia of its obligations to act as agent for the other Additional Unit Participants under this Agreement or under the Operating Agreement.

In the event any Additional Unit Participant sells to any party (including another Additional Unit Participant) any undivided ownership interests in the Additional Units, in the Plant Scherer Common Facilities or both in accordance with the provisions of the first paragraph of this Section 6(j) or pursuant to any other provisions of

this Agreement authorizing such sale, such selling Additional Unit Participant's rights and obligations hereunder as an Additional Unit Participant and co-owner of the Additional Units and the Plant Scherer Common Facilities, including without limitation the obligation to make payments of the Discrete Additional Unit Cost of Construction, the Common Facility Cost of Construction and Fuel Costs, shall be reduced to the extent of the interests so sold, and the other Additional Unit Participants shall look solely to such purchaser for performance of the corresponding obligations relating to the interests sold.

(k) Damage or Destruction. Subject to the receipt of all requisite approvals of any governmental agency having jurisdiction:

(i) In the event the Additional Units or any portion thereof should be damaged or destroyed, and the cost of repairs or reconstruction is estimated to be covered by the aggregate amount of insurance coverage, procured and maintained by Georgia pursuant to Section 6(m) of this Agreement and Section 3(m) of the Operating Agreement, carried and covering the cost of such repairs and reconstruction, then, unless the Additional Unit Participants owning in the aggregate more than 50% undivided ownership interests in the Additional Units determine not to repair or reconstruct the Additional

Units, Georgia shall cause such repairs or reconstruction to be made so that the Additional Units shall be restored to substantially the same general condition, character and use as existed prior to such damage or destruction.

(ii) In the event the Additional Units or any portion thereof should be damaged or destroyed, and the cost of repairs or reconstruction is estimated to be more than the aggregate amount of insurance coverage, procured and maintained by Georgia pursuant to Section 6(m) of this Agreement and Section 3(m) of the Operating Agreement, carried and covering the cost of such repairs or reconstruction, then, if the Additional Unit Participants owning in the aggregate more than 50% undivided ownership interests in the Additional Units determine to repair or reconstruct the Additional Units, Georgia shall cause such repairs or reconstruction to be made so that the Additional Units shall be restored to substantially the same general condition, character and use as existed prior to such damage or destruction, and the Additional Unit Participants shall share the costs of such repairs or reconstruction in excess of available insurance proceeds in proportion to their respective undivided ownership interests in the

Additional Units. In the absence of such determination, Georgia shall not cause such repairs or reconstruction to be made.

(iii) In the event the Plant Scherer Common Facilities or any portion thereof should be damaged or destroyed, and the cost of repairs or reconstruction is estimated to be covered by the aggregate amount of insurance coverage, procured and maintained by Georgia pursuant to Section 6(m) of this Agreement, Section 3(m) of the Operating Agreement, Section 5(m) of the Units Ownership Agreement and Section 3(o) of the Units Operating Agreement, carried and covering the cost of such repairs and reconstruction, then, unless the Participants owning at least an aggregate 75% undivided ownership interest in the Units, including MEAG, so long as MEAG owns at least a 15.1% undivided ownership interest in the Units, determine not to repair or reconstruct the Plant Scherer Common Facilities, Georgia shall cause such repairs or reconstruction to be made so that the Plant Scherer Common Facilities shall be restored to substantially the same general condition, character and use as existed prior to such damage or destruction.

(iv) In the event the Plant Scherer Common Facilities or any portion thereof should be damaged or

destroyed, and the cost of repairs or reconstruction is estimated to be more than the aggregate amount of insurance coverage, procured and maintained by Georgia pursuant to Section 6(m) of this Agreement, Section 3(m) of the Operating Agreement, Section 5(m) of the Units Ownership Agreement and Section 3(o) of the Units Operating Agreement, carried and covering the cost of such repairs or reconstruction, then, if the Participants owning at least an aggregate 75% undivided ownership interest in the Units, including MEAG, so long as MEAG owns at least a 15.1% undivided ownership interest in the Units, determine to repair or reconstruct the Plant Scherer Common Facilities, Georgia shall cause such repairs or reconstruction to be made so that the Plant Scherer Common Facilities shall be restored to substantially the same general condition, character and use as existed prior to such damage or destruction, and the Participants, and, following any sales of interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement, the Additional Unit Participants, shall share the costs of such repairs or reconstruction in excess of available insurance proceeds in proportion to their respective undivided ownership interests in the Plant Scherer Common Facilities. In the absence of

such determination, Georgia shall not cause such repairs or reconstruction to be made.

(v) As to the Plant Scherer Common Facilities, the determination to be made pursuant to the foregoing Sections 6(k)(iii) and 6(k)(iv) shall be made (1) from and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to one but not both of the Additional Units, by Participants and Additional Unit Participants owning at least an aggregate 68% undivided ownership interest in the Plant Scherer Common Facilities (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities), and (2) from and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to both Additional Units, by Participants and Additional Unit Participants owning at least an aggregate 76% undivided ownership interest in the Plant Scherer Common Facilities (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities), and (in cases governed by Section 6(k)(iv) hereof) the Participants and Additional Unit Participants shall share the costs of such

repairs or reconstruction in excess of available insurance proceeds in proportion to their respective undivided ownership interests in the Plant Scherer Common Facilities.

In the event that Participants owning at least an aggregate 75% undivided ownership interest in the Units (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities), determine not to repair or reconstruct the Units and Plant Scherer Common Facilities (in cases governed by Section 5(k)(i) of the Units Ownership Agreement) or determine to repair or reconstruct the Units and the Plant Scherer Common Facilities (in cases governed by Section 5(k)(ii) of the Units Ownership Agreement) but Participants and Additional Unit Participants owning at least the aggregate undivided ownership interests in the Plant Scherer Common Facilities specified in the preceding sentence fail to make such determination, then:

(A) in cases governed by Section 6(k)(iii) hereof Georgia shall cause such repairs or reconstruction to be made to the Plant Scherer Common Facilities, but no insurance proceeds payable in respect of the undivided ownership interests of



the Participants in the Plant Scherer Common Facilities shall be applied to such repairs or reconstruction, and the entire cost of such repairs or reconstruction, if any, in excess of available insurance proceeds (after deducting such proceeds payable in respect of the undivided ownership interests of the Participants in the Plant Scherer Common Facilities) shall be borne by the Additional Unit Participants pro rata in proportion to their respective undivided ownership interests in the Additional Units; provided, however, that if the Units should thereafter be repaired or reconstructed, the Participants shall reimburse the Additional Unit Participants for their pro rata shares of the cost of such repairs or reconstruction of the Plant Scherer Common Facilities (including interest on such cost incurred by the Additional Unit Participants to finance such repairs or reconstruction, such interest to be compounded monthly until the date of such reimbursement);

(B) in cases governed by Section 6(k)(iv) hereof, Georgia shall cause such repairs or reconstruction to be made to the Plant Scherer Common Facilities, but no insurance proceeds payable in

respect of the undivided ownership interests of the Additional Unit Participants in the Plant Scherer Common Facilities shall be applied to such repairs or reconstruction, and the entire cost of such repairs or reconstruction in excess of available insurance proceeds (after deducting such proceeds payable in respect of the undivided ownership interests of the Additional Unit Participants in the Plant Scherer Common Facilities) shall be borne by the Participants; provided, however, that if the Additional Unit or Additional Units should thereafter be repaired or reconstructed, the Additional Unit Participants shall reimburse the Participants for their pro rata shares of the cost of such repairs or reconstruction of the Plant Scherer Common Facilities (including interest on such cost incurred by the Participants to finance such repairs or reconstruction, such interest to be compounded monthly until the date of such reimbursement).

In the event that Participants owning at least an aggregate 75% undivided ownership interest in the Units (including MEAG, so long as MEAG shall own at least a 15.1% undivided ownership interest in the Units), shall fail to make the determinations specified

in Section 5(k)(i) or 5(k)(ii) of the Units Ownership Agreement (with the result that the Plant Scherer Common Facilities are required to be repaired or reconstructed pursuant to Section 5(k)(i) thereof or are required not to be repaired or reconstructed pursuant to Section 5(k)(ii) thereof), but Additional Unit Participants owning in the aggregate more than 25% undivided ownership interests in the Plant Scherer Common Facilities determine not to repair or reconstruct the Plant Scherer Common Facilities (in cases in which Section 6(k)(iii) hereof is applicable to the repair or reconstruction of the Plant Scherer Common Facilities) or determine to repair or reconstruct the Plant Scherer Common Facilities (in cases in which Section 6(k)(iv) hereof is applicable to the repair or reconstruction of the Plant Scherer Common Facilities), then:

(C) in cases in which Section 6(k)(iii) hereof is applicable to the repair or reconstruction of the Plant Scherer Common Facilities, Georgia shall cause the repairs or reconstruction to be made to the Plant Scherer Common Facilities, but no insurance proceeds payable in respect of the undivided ownership interests of the Additional Unit Participants in the Plant Scherer Common Facilities shall be applied to

such repairs or reconstruction, and the entire cost of such repairs or reconstruction, if any, in excess of available insurance proceeds (after deducting such proceeds payable in respect of the undivided ownership interests of the Additional Unit Participants in the Plant Scherer Common Facilities) shall be borne by the Participants; provided, however, that if the Additional Units should thereafter be repaired or reconstructed, the Additional Unit Participants shall reimburse the Participants for their pro rata shares of the cost of such repairs or reconstruction of the Plant Scherer Common Facilities (including interest on such cost incurred by the Participants to finance such repairs or reconstruction, such interest to be compounded monthly until the date of such reimbursement);

(D) in cases in which Section 6(k)(iv) hereof is applicable to the repair or reconstruction of the Plant Scherer Common Facilities, Georgia shall cause the repairs or reconstruction to be made to the Plant Scherer Common Facilities, but no insurance proceeds payable in respect of the undivided ownership interests of the Participants in the Plant Scherer Common Facilities shall be applied to such repairs or reconstruction, and the entire cost of such repairs or reconstruction, if any, in excess of available insurance

proceeds (after deducting such proceeds payable in respect of the undivided ownership interests of the Participants in the Plant Scherer Common Facilities) shall be borne by the Additional Unit Participants pro rata in proportion to their respective undivided ownership interests in the Additional Units; provided, however, that if the Units should thereafter be repaired or reconstructed, the Participants shall reimburse the Additional Unit Participants for their pro rata shares of the cost of such repairs or reconstruction of the Plant Scherer Common Facilities (including interest on such cost incurred by the Additional Unit Participants to finance such repairs or reconstruction, such interest to be compounded monthly until the date of such reimbursement).

(1) Taxes.

(i) To the extent possible each of the Additional Unit Participants shall separately report, file returns with respect to, be responsible for and pay all real property, franchise, business, or other taxes or fees (except payroll and sales or use taxes, and except to the extent that Georgia and Gulf, as subsidiaries of The Southern Company, file or have filed on their behalf consolidated income tax returns), arising out of its undivided ownership interest in the Additional

Units and the Plant Scherer Common Facilities; provided, however, that to the extent that such taxes or fees may be levied on or assessed against the Additional Units, the Plant Scherer Common Facilities, their operation, or the Additional Unit Participants in such a manner so as to make impossible the carrying out of the foregoing provisions of this Section 6(1), or upon mutual agreement of the Additional Unit Participants, such taxes or fees shall be considered a Cost of Construction and paid from the Construction Account or the Capital Account in accordance with the provisions of Section 6(c) or 6(f) hereof, but in no event shall any taxes or fees from the payment of which any Additional Unit Participant is exempt by law be considered a Cost of Construction. Ad valorem taxes for 1981 shall be prorated between Georgia and Gulf as of the Closing based upon their respective undivided ownership interests in the Additional Units and the Plant Scherer Common Facilities. Gulf shall be responsible for all sales and transfer taxes and recording fees, if any, incurred in connection with the conveyance to it of any undivided ownership interest in the Additional Units, the Plant Scherer Common Facilities, or both pursuant to this Agreement.

(ii) Georgia and Gulf agree that, subject to the receipt of all requisite regulatory approvals,

Georgia shall allocate to Gulf the benefit of 25% of the investment tax credits earned or claimed by Georgia prior to the Closing with respect to the Additional Units; provided, however, that such allocation shall not be made until the first tax year, if any, in which Gulf no longer has an investment tax credit carryforward. Gulf shall reimburse Georgia for any portion of such investment tax credit earned by Georgia in respect of an employee stock ownership plan to the extent that Georgia has funded its obligations with respect to such plan.

(m) Insurance. From and after the date hereof and at all times during the construction of the Additional Units and the Plant Scherer Common Facilities, Georgia shall carry in the name of the Additional Unit Participants, in proportion to their respective undivided ownership interests in the Additional Units and in the name of the Participants and the Additional Unit Participants in proportion to their respective undivided ownership interests in the Plant Scherer Common Facilities, builder's risk or installation floater insurance of the "all risks" type in an amount and including such risks as is consistent with Georgia's customary practices and in accordance with Prudent Utility Practice. Georgia shall also reasonably satisfy itself that all contractors, subcontractors,

engineers, and all equipment suppliers or manufacturers have adequate insurance and limits thereof, with carriers approved by Georgia, for workmen's compensation, public liability, contractors' liability and such other hazards as Georgia shall deem appropriate with respect to the Additional Units and the Plant Scherer Common Facilities, or Georgia, at its option, may provide for an insurance program of the nature of a "wrap-up" which shall combine all hazards in one policy, with all parties, including owners, contractors, subcontractors, but not including engineer and equipment suppliers and manufacturers, involved in the Additional Units, the Plant Scherer Common Facilities or both being insured thereunder as their interests may appear. Georgia will require engineer and equipment suppliers and manufacturers to have such insurance as Georgia deems appropriate. The aggregate cost of all insurance procured pursuant to this Section 6(m) shall be considered a Cost of Construction and as such shall be apportioned among the Additional Unit Participants and paid pursuant to Sections 3(b), 6(c) and 6(f) hereof. Georgia shall promptly provide copies of all insurance policies and make available notices with respect thereto to the other Additional Unit Participants for insurance carried by Georgia pursuant to this Section 6(m). Each other Additional Unit Participant may also maintain additional or other insurance



at its own cost and expense which it deems necessary or advisable to protect its respective interest in the Additional Units and the Plant Scherer Common Facilities, provided that such additional insurance does not reduce or diminish in any way the coverage of the insurance procured and maintained by Georgia pursuant to this Section 6(m).

(n) Fossil Fuel.

(i) Subject to the provisions of Section 5(c) of this Agreement and Section 4(c) of the Units Ownership Agreement, and the provisions of Section 2(c) of the Operating Agreement and Section 2(c) of the Units Operating Agreement, Georgia on its own behalf and as agent for the other Additional Unit Participants, shall have sole authority to and shall arrange for and acquire all fossil fuel for the Additional Units.

(ii) Each Additional Unit Participant shall have the right to make whatever financial arrangements it may desire, whether by lease, security transaction or otherwise, for the discharge of its fossil fuel payment obligations so long as such arrangements do not adversely affect the rights of the other Additional Unit Participants or, during any period when the provisions of Section 6(p) are applicable to the Additional Units, the Participants.

(iii) Except as otherwise agreed by the Additional Unit Participants or as otherwise provided

in Section 3(d) of the Operating Agreement, the Additional Unit Participants shall pay Fuel Costs (as hereinafter defined) and shall own fossil fuel for the Additional Units in proportion to their respective undivided ownership interests in the Additional Units. "Fuel Costs" shall mean all costs incurred by Georgia on its own behalf and as agent for the other Additional Unit Participants or by a Participant in connection with any contract for fuel entered into in accordance with the provisions of Section 2(c)(i) of the Units Operating Agreement that are allocable to the acquisition, processing, transportation, delivering, reprocessing, handling, storage and disposal of fossil materials required for the Additional Units, including any advance payments in connection therewith, and transfers to reserves established for such costs related to future years, less credits related to such costs applied as appropriate, and including that portion of administrative and general expenses which is properly and reasonably allocable to acquisition and management of fossil fuel for the Additional Units and for which the incurring party has not been otherwise reimbursed by the other Additional Unit Participants. Fuel Costs shall not include amortization of the initial fossil fuel supply, including unrecoverable base coal.

(o) Pollution Control Facilities. The Additional Unit Participants shall cooperate with each other in any financing undertaken by an Additional Unit Participant on its own behalf of its respective interest in certain facilities and equipment located at the Plant Scherer site for the control of environmental pollution through the issuance by the Development Authority of Monroe County, Georgia, or its successors or assigns or any other political subdivision or authority, of its industrial revenue notes or bonds, or both, the interest on which will be exempt from Federal income taxes.

(p) Plant Scherer Coal Stockpile. The Additional Unit Participants agree that if either or both of the Additional Units are constructed and either or both of the Additional Units are capable of being served by a coal stockpile in common with the Units, it will be in the Additional Unit Participants' best interests for the Units, and such Additional Unit or Units, as the case may be, to be served by a common coal stockpile. Accordingly, in order to provide for the ownership by the Participants and the Additional Unit Participants in Scherer Unit No. 3, Scherer Unit No. 4, or both Scherer Unit No. 3 and Scherer Unit No. 4, of interests in a common Plant Scherer Coal Stockpile and to provide for the sharing among the Participants and Additional Unit Participants of Fuel Costs (as defined in

the Units Ownership Agreement) and Fuel Costs (as defined in Section 6(n)(iii) hereof and which, for the purpose of this Section 6(p) only, are hereinafter in this Section 6(p) called the "Additional Unit Fuel Costs"), the Additional Unit Participants agree as follows:

(i) In the event that Scherer Unit No. 3 is capable of being served by a coal stockpile in common with the Units, the Additional Unit Participants in Scherer Unit No. 3 shall be required prior to the commencement of Commercial Operation of Scherer Unit No. 3 and at their sole cost and expense, to contribute or cause to be contributed to the Plant Scherer Coal Stockpile such initial quantity of coal as may be necessary or appropriate, in accordance with Prudent Utility Practice, to serve as an initial coal stockpile quantity for Scherer Unit No. 3 in addition to the Units and, if Scherer Unit No. 4 is then being served by the Plant Scherer Coal Stockpile, in addition to Scherer Unit No. 4.

(ii) In the event that Scherer Unit No. 4 is capable of being served by a coal stockpile in common with the Units, the Additional Unit Participants in Scherer Unit No. 4 shall be required prior to the commencement of Commercial Operation of Scherer Unit No. 4 and at their sole cost and expense, to contribute

or cause to be contributed to the Plant Scherer Coal Stockpile such initial quantity of coal as may be necessary or appropriate, in accordance with Prudent Utility Practice, to serve as an initial coal stockpile quantity for Scherer Unit No. 4 in addition to the Units and, if Scherer Unit No. 3 is then being served by the Plant Scherer Coal Stockpile, in addition to Scherer Unit No. 3.

(iii) Following a contribution or contributions to the Plant Scherer Coal Stockpile as provided in clauses (i) or (ii), or both, of this Section 6(p) (with the Units, and each Additional Unit in respect of which such contribution has been made, being hereinafter sometimes referred to collectively as the "Coal Stockpile Units"), Georgia shall cause an adjustment to be made to the account of each Participant and Additional Unit Participant in a Coal Stockpile Unit (1) so that the quantity of coal in the Plant Scherer Coal Stockpile shall thereafter be allocated to the Participants and to the Additional Unit Participants in each of the Coal Stockpile Units according to such Participant's or Additional Unit Participant's percentage undivided ownership interest in the Plant Scherer Coal Stockpile as set forth in the following sentence, and so that the average cost per

ton of the coal in the Plant Scherer Coal Stockpile is the same for each Participant and Additional Unit Participant in the Coal Stockpile Units, with appropriate charges and credits to be made to the accounts of such Participants and Additional Unit Participants, all in accordance with Georgia's standard accounting practices. Following each such allocation, each Participant and each Additional Unit Participant in a Coal Stockpile Unit shall own a percentage undivided ownership interest in the Plant Scherer Coal Stockpile determined by dividing (x) the sum of (i) such Participant's or Additional Unit Participant's percentage undivided ownership interest, if any, in the Units multiplied by the aggregate nominal rating of the Units, plus (ii) such Participant's or Additional Unit Participant's percentage undivided ownership interest, if any, in Scherer Unit No. 3 (if such unit shall have become a Coal Stockpile Unit) multiplied by the nominal rating of such unit, plus (iii) such Participant's or Additional Unit Participant's percentage undivided ownership interest, if any, in Scherer Unit No. 4 (if such unit shall have become a Coal Stockpile Unit) multiplied by the nominal rating of such unit, by (y) the aggregate nominal rating of all Coal Stockpile Units.

(iv) Except as provided in clauses (i) and (ii) of this Section 6(p), in the event that Scherer Unit No. 3, Scherer Unit No. 4, or both, should become Coal Stockpile Units, immediately upon the first of such units to become a Coal Stockpile Unit and thereafter, all Fuel Costs and all Additional Unit Fuel Costs incurred in connection with the Plant Scherer Coal Stockpile shall be allocated among such of the Plant Scherer generating units which are Coal Stockpile Units at the time such Fuel Costs or Additional Unit Fuel Costs are incurred in the respective proportions that the respective nominal ratings of each of such Coal Stockpile Units bear to the aggregate nominal ratings of all of the Coal Stockpile Units at that particular time and, subject to the provisions of Section 3(d) of the Operating Agreement and Sections 3(b) and (d) of the Units Operating Agreement, the Additional Unit Fuel Costs and the Fuel Costs shall be paid as provided in Sections 6(f) and 6(n) hereof and in Sections 5(f) and 5(n) of the Units Ownership Agreement; provided, however, that at the end of each calendar month, Georgia shall cause an adjustment to be made among the Participants and the Additional Unit Participants in the Coal Stockpile Units in accordance with the amount of coal actually consumed by each of the

Coal Stockpile Units, all in accordance with Georgia's standard accounting practices.

(v) All discrepancies between the book inventory and the physical inventory of the Plant Scherer Coal Stockpile shall be charged or credited, as appropriate, to the respective accounts of the owners of each of the Coal Stockpile Units pro rata in accordance with the amount of coal actually consumed by each of such units during the physical inventory period to which such discrepancy relates, all as determined in accordance with Georgia's standard accounting practices; provided, however, that unrecoverable base coal shall be treated as a Cost of Construction as provided in Sections 3(c) and 6(n) hereof.

(vi) In the event Georgia should be removed as agent for the Participants with respect to the Units, the Plant Scherer Common Facilities or both, the Additional Unit Participants shall have the right at any time thereafter, by vote of Additional Unit Participants owning in the aggregate more than 50% undivided ownership interests in the Additional Units, not to utilize the Plant Scherer Coal Stockpile and, in such event, none of the other provisions contained in this Section 6(p) or in Section 5(p) of the Units Ownership Agreement shall thereafter apply to the Additional Units or the Additional Unit Participants.



7. Certain Additional Agreements Among the Additional Unit Participants. The Additional Unit Participants hereby mutually covenant and agree as follows:

(a) No Adverse Distinction. Notwithstanding any other provision of this Agreement, in discharging their respective responsibilities pursuant to this Agreement, neither Georgia, as agent (including as agent for the Plant Scherer Common Facilities whether or not it is also then agent for the Additional Units) or as an Additional Unit Participant, nor any other Additional Unit Participant shall make any adverse distinction between the Additional Units, the Plant Scherer Common Facilities or both, on the one hand, and any other generating unit or common facilities in which it has an interest, on the other hand, because of its co-ownership of the Additional Units with the other Additional Unit Participants and the Plant Scherer Common Facilities with the other Additional Unit Participants and the Participants.

(b) Cooperation. The Additional Unit Participants will cooperate with each other in all activities relating to the Additional Units and the Plant Scherer Common Facilities, including, without limitation, the execution and filing of applications for authorizations, permits and licenses and the execution of such other documents as may be reasonably necessary to carry out the provisions

of this Agreement. Without Georgia's written consent, no other Additional Unit Participant shall incur any obligation in connection with the Additional Units or the Plant Scherer Common Facilities which would or could obligate Georgia to any third party.

(c) Approvals. The Additional Unit Participants shall use their best efforts to obtain seasonably all requisite judicial, governmental, regulatory and vendor approvals of the consummation of the transactions contemplated hereby. The obligation of any Additional Unit Participant (and any Participant) to consummate any transaction contemplated by Section 10 of the Units Ownership Agreement and Sections 3 and 4 hereof is subject to the receipt of all requisite judicial, governmental and regulatory (including the Securities and Exchange Commission) approvals.

(d) Preservation of Ecology. The Additional Unit Participants acknowledge and agree that Georgia shall acquire, construct and complete the Units and the Plant Scherer Common Facilities, pursuant to the Units Ownership Agreement, in such a manner as to maximize preservation of beauty, conservation of natural resources and minimize marring and scarring of the landscape and silting of streams. Georgia in the performance of such work shall use its reasonable best efforts not to deposit trash in

streams or waterways, and not to deposit herbicides or other chemicals or their containers in or near streams or waterways or pastures. Similarly, in performing its duties and obligations as agent under the Units Ownership Agreement, Georgia shall use its reasonable best efforts to comply with the representations set forth in the Final Environmental Impact Statement prepared by the Rural Electrification Administration with respect to Plant Scherer.

(e) Safety. The Additional Unit Participants acknowledge and agree that in the acquisition, construction and completion of the Units and the Plant Scherer Common Facilities, pursuant to the Units Ownership Agreement, Georgia shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes, including without limitation, all regulations of the Occupational Safety and Health Administration.

(f) Buy America. The Additional Unit Participants acknowledge and agree that Georgia is required, upon request of OPC or the Administrator of the Rural Electrification Administration, to provide OPC and the Administrator with such information, documents and certificates as may be requested with respect to any articles, material and supplies acquired or to be acquired in connection with

construction of the Units and the Plant Scherer Common Facilities. The Additional Unit Participants agree that in the acquisition, construction and completion of the Units and the Plant Scherer Common Facilities, Georgia shall take all actions which OPC or the Administrator shall require with respect to the use of only such unmanufactured articles, materials and supplies as have been mined or produced in the United States, and only such manufactured articles, materials and supplies as have been manufactured in the United States substantially all from articles, materials or supplies mined, produced or manufactured, as the case may be, in the United States.

Georgia agrees to provide the other Additional Unit Participants with so much of the benefit of the indemnity agreement made by OPC pursuant to Section 6(g) of the Units Ownership Agreement as OPC may owe to such other Additional Unit Participants pursuant to such Section in respect of the Plant Scherer Common Facilities.

(g) "Kick-Backs". The Additional Unit Participants acknowledge and agree that in the acquisition, construction and completion of the Units and the Plant Scherer Common Facilities, pursuant to the Units Ownership Agreement, Georgia is required to comply with all applicable statutes, ordinances, rules and regulations pertaining to the work, and that Georgia has acknowledged that it is

familiar with the Rural Electrification Act of 1936, as amended, the so-called "Kick-Back" Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. 287, 1001, as amended.

(h) Equal Opportunity and No Segregation. The Additional Unit Participants acknowledge and agree that Georgia, during the performance of the Units Ownership Agreement, is obligated pursuant to certain equal opportunity and "no segregation" provisions contained in Sections 6(i) and 6(j) thereof and in accordance with the terms thereof.

(i) Priority of the Units Ownership Agreement and the Units Operating Agreement. In the event of any conflict between the provisions of this Agreement and the Operating Agreement on the one hand and the provisions of the Units Ownership Agreement and the Units Operating Agreement on the other hand with respect to the respective rights and obligations of the Additional Unit Participants on the one hand and the respective rights and obligations of the Participants on the other hand pertaining to the Plant Scherer Common Facilities, the Plant Scherer Coal Stockpile, the procurement and payment for fuel, or all of the foregoing, the applicable provisions of the Units Ownership Agreement, the Units Operating Agreement, or

both, shall control. Gulf hereby acknowledges the receipt of a copy of the Units Ownership Agreement and the Units Operating Agreement.

Each of Georgia and Gulf, in its respective capacity as an Additional Unit Participant, hereby makes OPC, MEAG and Dalton third party beneficiaries of Georgia's and Gulf's respective obligations under this Agreement and the Operating Agreement with respect to the Plant Scherer Common Facilities and the Plant Scherer Coal Stockpile to the extent, and only to the extent, that each of Georgia and Gulf, as an Additional Unit Participant, is a third party beneficiary of OPC's, MEAG's and Dalton's respective obligations under the Units Ownership Agreement and the Units Operating Agreement with respect to the Plant Scherer Common Facilities and the Plant Scherer Coal Stockpile pursuant to Section 9(i), Section 9(w) or both of the Units Ownership Agreement and Section 6(g) of the Units Operating Agreement, except that neither Georgia or Gulf, in its respective capacity as an Additional Unit Participant, shall be deemed a Participant within the meaning of the Units Ownership Agreement and the Units Operating Agreement.

8. Conditions Precedent to Closing.

(a) Georgia's Conditions. All obligations of Georgia under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following

conditions (or the waiver in writing of such conditions by Georgia):

(i) Georgia shall not have discovered any material error, misstatement or omission in the representations and warranties made by Gulf in this Agreement.

(ii) Gulf's representations and warranties contained in this Agreement shall be deemed to have been made again at and as of the time of the Closing and shall then be true in all material respects; Gulf shall have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Georgia shall have been furnished with a certificate of the President of Gulf, dated the date of the Closing, certifying in such detail as Georgia may request to the fulfillment of the foregoing conditions.

(iii) Gulf shall have delivered to Georgia a certificate executed by the President of Gulf that, as of the time of the Closing, such officer of Gulf has no personal knowledge of actual or threatened litigation against Gulf which might materially adversely affect the rights of Georgia as a tenant in common in the Additional Units and the Plant Scherer Common Facilities, other than such litigation, actual or

threatened, of which Georgia is otherwise aware or has occasion to be aware.

(iv) Georgia shall have been furnished with an opinion of Messrs. Beggs & Lane, counsel for Gulf, dated the date of the Closing, to the effect that:

(a) Gulf is a corporation duly organized, validly existing and in good standing under laws of the State of Maine and has the requisite power and authority to own a 25% undivided ownership interest in the Additional Units and such percentage undivided ownership interests in the Plant Scherer Common Facilities as Gulf is required to own from time to time pursuant to the terms of this Agreement, to execute and deliver this Agreement and the Operating Agreement and to perform its obligations hereunder and thereunder, and to conduct its business as it is then being conducted; (b) the execution, delivery and performance of this Agreement and the Operating Agreement by Gulf have been duly and effectively authorized by all requisite corporate action; and (c) Gulf had full power and authority to execute this Agreement and the Operating Agreement and this Agreement and the Operating Agreement have been duly executed and delivered by Gulf and are the legal, valid and binding obligations of Gulf enforceable against it in accordance with their terms (except as



the provisions hereof or thereof may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights and by other laws of general application affecting the rights and remedies of creditors, except that the availability of the remedy of specific enforcement or of injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought, and except that no opinion shall be expressed as to the validity and enforceability of the restrictions on alienation set forth in Section 6(j) hereof).

(b) Gulf's Conditions. All obligations of Gulf under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions (or the waiver in writing of such conditions by Gulf):

(i) Gulf shall not have discovered any material error, misstatement or omission in the representations and warranties made by Georgia in this Agreement.

(ii) Georgia's representations and warranties contained in this Agreement shall be deemed to have been made again at and as of the time of the Closing and shall then be true in all material respects; Georgia shall have performed and complied with

all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Gulf shall have been furnished with a certificate of the President or a Vice President of Georgia, dated the date of the Closing, certifying in such detail as Gulf may request to the fulfillment of the foregoing conditions.

(iii) Georgia shall have delivered to Gulf a certificate executed by the President of Georgia that, as of the time of the Closing, such officer of Georgia has no personal knowledge of actual or threatened litigation against Georgia which might materially adversely affect the rights of Gulf as a tenant in common in the Additional Units and the Plant Scherer Common Facilities, other than such litigation, actual or threatened, of which Gulf is otherwise aware or has occasion to be aware.

(iv) Gulf shall have been furnished with an opinion of Messrs. Troutman, Sanders, Lockerman & Ashmore, counsel for Georgia, dated the date of the Closing, to the effect that: (a) Georgia is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia and has the requisite power and authority to own a 75% undivided ownership interest in the Additional Units

and such percentage undivided ownership interest in the Plant Scherer Common Facilities as Georgia now owns and is required to own from time to time pursuant to the provisions of this Agreement, to execute and deliver this Agreement and the Operating Agreement and to perform its obligations hereunder and thereunder, and to conduct its business as it is then being conducted; (b) the execution, delivery and performance of this Agreement and the Operating Agreement by Georgia have been duly and effectively authorized by all requisite corporate action; and (c) Georgia had full power and authority to execute this Agreement and the Operating Agreement and this Agreement and the Operating Agreement have been duly executed and delivered by Georgia and are the legal, valid and binding obligations of Georgia enforceable against it in accordance with their terms (except as the provisions hereof or thereof may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights and by other laws of general application affecting the rights and remedies of creditors, except that the availability of the remedy of specific enforcement or of injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought, and except that no opinion

shall be expressed as to the validity and enforceability of the restrictions on alienation set forth in Section 6(j) hereof).

(v) Gulf shall have received such assurance as is satisfactory to it from The Chase Manhattan Bank (National Association) (the "Trustee"), Trustee under Gulf's Indenture, dated as of September 1, 1941 ("Gulf's Indenture"), that the Trustee will not oppose the use of Gulf's 25% undivided ownership interest in the Additional Units as property additions under Gulf's Indenture solely because of any question the Trustee may have concerning the validity and enforceability against the parties hereto of such parties' covenants to waive partition and an equitable accounting associated with a partition.

(c) Mutual conditions. The respective obligations of Georgia and Gulf to consummate the purchase and sale contemplated in Section 3(a) of this Agreement are subject to the fulfillment, prior to or at the Closing (unless waived in writing by Georgia and Gulf prior to or at the Closing), of the further conditions that all requisite governmental, regulatory (including without limitation the Securities and Exchange Commission) and vendor approvals of the execution, delivery and performance of the Operating Agreement and of this Agreement and the consummation of the transactions contemplated hereby by Georgia and

Gulf (other than the transactions provided for in Section 4 hereof), and the release by Chemical Bank as Trustee under Georgia's First Mortgage Indenture dated as of March 1, 1941, of the undivided ownership interest in the Additional Units to be conveyed to Gulf hereunder from the lien of such Indenture, shall have been received.

9. Survival. The agreements, covenants, representations and warranties contained in Section 1, 2, 3, 4, 5, 6, 7, 9 and 10 of this Agreement shall survive the Closing.

10. Miscellaneous.

(a) No Delay. No disagreement or dispute of any kind between or among any of the Participants, the Additional Unit Participants or both concerning any matter, including without limitation the amount of any payment due hereunder or the correctness of any charge made hereunder, shall permit any Additional Unit Participant to delay or withhold any payment pursuant to this Agreement.

(b) Further Assurances. From time to time after the Closing, the Additional Unit Participants will execute and deliver such instruments of conveyance and other documents, upon the request of another Additional Unit Participant (or any Participant in the case of any purchase or sale made pursuant to Section 4 hereof), as may be necessary or appropriate to carry out the intent of this Agreement.

(c) Governing Law. The validity, interpretation, and performance of this Agreement and each of its provisions shall be governed by the Laws of the State of Georgia.

(d) Notice. Except as otherwise provided in Sections 6(d) and 6(g) hereof, any notice, request, consent or other communication permitted or required by this Agreement (including, without limitation, any offer or acceptance pursuant to Section 6(j) hereof) shall be in writing and shall be deemed given when deposited in the United States Mail, first-class postage prepaid, and if given to Georgia shall be addressed to:

Georgia Power Company  
P.O. Box 4545  
Atlanta, Georgia 30302  
Attention: President

and if given to Gulf shall be addressed to :

Gulf Power Company  
P.O. Box 1151  
Pensacola, Florida 32520  
Attention: President

and if given to OPC shall be addressed to:

Oglethorpe Power Corporation  
2888 Woodcock Boulevard, Tulane Building  
P.O. Box 105033  
Atlanta, Georgia 30348  
Attention: General Manager

and if given to MEAG shall be addressed to:

Municipal Electric Authority of Georgia  
1470 Riveredge Parkway, N.W.  
Atlanta, Georgia 30328  
Attention: Chairman

and if given to Dalton shall be addressed to:

The City of Dalton, Georgia  
P.O. Box 869  
Dalton, Georgia 30720  
Attention: Chairman, Utilities Commission

unless a different officer or address shall have been designated by the respective Additional Unit Participant or Participant by notice in writing.

(e) Section Headings Not to Affect Meaning. The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions hereof.

(f) No Partnership. Notwithstanding any provision of this Agreement, the Additional Unit Participants do not intend to create hereby any joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit, either among themselves or with any one or more of the Participants.

(g) Time of Essence. Time is of the essence of this Agreement.

(h) Amendments. This Agreement may be amended by and only by a written instrument duly executed by each of the Additional Unit Participants.

(i) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon each of the Additional Unit Participants, and their respective

successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies hereunder, except that any transferee of an undivided ownership interest in the Additional Units and the Plant Scherer Common Facilities, or any portion or portions of any undivided ownership interest therein, from any Additional Unit Participant in accordance with this Agreement and pursuant to an agreement under which the other Additional Unit Participants have been made third party beneficiaries of such transferee's obligations thereunder shall be a third party beneficiary of such other Additional Unit Participants' respective obligations hereunder and shall be deemed an Additional Unit Participant for all purposes of this Agreement.

(j) Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(k) "AS IS" SALE. THE ADDITIONAL UNITS AND THE PLANT SCHERER COMMON FACILITIES ARE TO BE SOLD "AS IS" AND "WHERE IS." GEORGIA MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER IN THIS AGREEMENT, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO THE VALUE, QUANTITY, CONDITION, SALEABILITY, OBSOLESCENCE, MERCHANTABILITY,



FITNESS OR SUITABILITY FOR USE OR WORKING ORDER OF THE ADDITIONAL UNITS AND THE PLANT SCHERER COMMON FACILITIES OR ANY PART THEREOF, NOR DOES GEORGIA REPRESENT OR WARRANT THAT THE USE OR OPERATION OF THE ADDITIONAL UNITS AND THE PLANT SCHERER COMMON FACILITIES WILL NOT VIOLATE PATENT, TRADEMARK OR SERVICEMARK RIGHTS OF ANY THIRD PARTIES. GULF IS WILLING TO PURCHASE THE ADDITIONAL UNITS AND THE PLANT SCHERER COMMON FACILITIES "AS IS" AND "WHERE IS" AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT. Notwithstanding the foregoing, Gulf shall have the benefit, in proportion to its respective undivided ownership interests in the Additional Units and the Plant Scherer Common Facilities, of all manufacturers' and vendors' warranties and all patent, trademark and servicemark rights running to Georgia in connection with the Additional Units and the Plant Scherer Common Facilities.

(1) Computation of Percentage Undivided Ownership Interest. Notwithstanding any other provision of this Agreement, whenever, pursuant to any provision of this Agreement, any action is required to be agreed to or taken by Additional Unit Participants hereunder, (i) only those Additional Unit Participants not in default in the payment of any amounts (together with interest, if appropriate) required under or contemplated by any provisions of this

Agreement or the Operating Agreement at the time such action is to be agreed to or taken shall have the right to participate in such agreement or the taking of such action; and (ii) the computation of the aggregate percentage undivided ownership interests in the Additional Units and the Plant Scherer Common Facilities owned by Additional Unit Participants agreeing to or taking any such action shall be based solely upon the undivided ownership interests in the Additional Units and the Plant Scherer Common Facilities, as the case may be, owned by Additional Unit Participants not so in default.

(m) Successor Agent. In the event that Georgia (or any successor agent) is removed as agent for the Additional Unit Participants hereunder or under the Operating Agreement, any successor agent for the Additional Unit Participants as contemplated hereby shall exercise all of the rights and powers and shall be subject to all of the duties and obligations of Georgia as agent hereunder or under the Operating Agreement and shall be liable to and subject to removal by the Additional Unit Participants in the same manner as Georgia, and Georgia shall take all action and execute (and file where appropriate) all documents and instruments which shall be reasonably requested by the successor agent to effect the transfer to such successor agent of such rights, powers, duties and obligations.

(n) The Units. In the event that at any time the same party shall not serve as agent with respect to the Units and the Additional Units, the Additional Unit Participants mutually agree, if any or more than one of them is an agent with respect to the Units or the Additional Units (and to exercise their reasonable best efforts to cause any other agent), to exercise the rights, powers, duties and obligations of an agent hereunder and under the Operating Agreement with respect to the Additional Units and, with respect to the Units, to exercise the rights, powers, duties and obligations of an agent under the Units Ownership Agreement and the Units Operating Agreement, in such a manner as will not unreasonably interfere with the rights of any Additional Unit Participant under this Agreement or the Operating Agreement or the rights of any Participant under the Units Ownership Agreement and the Units Operating Agreement, and to exercise the rights, powers, duties and obligations of such an agent with respect to the Plant Scherer Common Facilities to the mutual benefit of the Participants and the Additional Unit Participants and in such manner as will not unreasonably interfere with the rights of any Participant or Additional Unit Participant.

(o) Inspection Prior to Closing. Prior to the Closing, Gulf shall have the right to inspect the Additional Units and the Plant Scherer Common Facilities and

take pictures thereof for the purpose of determining the inventory of personal property located at the Plant Scherer site as of the Closing and for such other purposes as may be reasonably requested by Gulf in connection with the Closing and the consummation of the transactions contemplated hereby.

(p) Several Agreements. The agreements and obligations of the Additional Unit Participants set forth in this Agreement shall be the several, and not joint, agreements and obligations of the Additional Unit Participants.

(q) Special Provisions Relating to Plant Scherer Common Facilities.

(i) The Plant Scherer Common Facilities shall be used for the mutual benefit and enjoyment of the Participants and the Additional Unit Participants and in such a manner as will not unreasonably interfere with the use, benefit and enjoyment of any Participant or Additional Unit Participant. No area of the Plant Scherer Common Facilities may be used exclusively by less than all the Participants and all the Additional Unit Participants without the approval of Participants and Additional Unit Participants as follows:

(1) Prior to any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units

Ownership Agreement, without the approval of all the Participants;

(2) From and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to one but not both of the Additional Units, without the approval of Participants and Additional Unit Participants owning at least an aggregate 68% undivided ownership interest in the Plant Scherer Common Facilities;

(3) From and after any sales of undivided ownership interests in the Plant Scherer Common Facilities pursuant to Section 10(a) of the Units Ownership Agreement with respect to both Additional Units, without the approval of Participants and Additional Unit Participants owning at least an aggregate 76% undivided ownership interest in the Plant Scherer Common Facilities; provided, however, that in the case of both clauses (2) and (3) above, the approval of MEAG shall be required so long as MEAG owns at least a 15.1% undivided ownership interest in the Plant Scherer Common Facilities; and provided further, in the case of each of clauses (1), (2) and (3) above, that if

such use is essential to the operation of the Units, Scherer Unit No. 3 or Scherer Unit No. 4, such approval will not be unreasonably withheld.

(ii) For purposes of the various provisions of this Agreement and of the Operating Agreement permitting or requiring the vote, consent, concurrence or approval of the Participants and Additional Unit Participants owning a designated percentage undivided ownership interest in the Plant Scherer Common Facilities, a Participant's or Additional Unit Participant's percentage undivided ownership interest in the Plant Scherer Common Facilities at any particular time shall be deemed to be equivalent to that Participant's or Additional Unit Participant's percentage undivided ownership interest at such time in the land described on Exhibit B hereto.

(iii) Notwithstanding any other provision of this Agreement, including Section 5(c)(i) hereof, the parties agree that the Additional Unit Participants shall be entitled (x) to sue for and obtain injunctive relief to prevent conduct which violates the intent of the foregoing provisions, (y) to obtain specific performance to enforce the foregoing and other provisions of this Agreement requiring cooperation with respect to the Plant Scherer Common Facilities and the Additional Units, or (z) both (x) and (y).

(r) Certain Provisions Applicable During Buy-Back Period. Notwithstanding any provision of Sections 6(b) or 6(e) hereof, or of Sections 5(b) or 5(e) of the Units Ownership Agreement, the Budgeting Participants shall not be entitled to make any change to a construction budget estimate or to a capital budget estimate or revised capital budget estimate proposed by Georgia pursuant to any of such sections (i) which reduces the amount budgeted for any budget item with respect to Scherer Unit No. 1 or the Plant Scherer Common Facilities hereafter through the end of any period when Georgia's entitlement to capacity from Scherer Unit No. 1 (taking into account its entitlement to capacity from such unit pursuant to Section 5(a) of the Units Ownership Agreement and Sections 3(g) and 3(h) of the Units Operating Agreement) exceeds 25% of the capacity of such unit, or (ii) which reduces the amount budgeted for any budget item with respect to Scherer Unit No. 2 or the Plant Scherer Common Facilities hereafter through the end of any period when Georgia's entitlement to capacity from Scherer Unit No. 2 (taking into account its entitlement to capacity from such unit pursuant to Section 5(a) of the Units Ownership Agreement and Sections 3(g) and 3(h) of the Operating Agreement) exceeds 25% of the capacity of such unit. If during the period described in clause (i) of the preceding sentence the Budgeting Participants make any change to any

such budget estimate which increases the amount budgeted for any budget item with respect to Scherer Unit No. 1 or the Plant Scherer Common Facilities or during the period described in clause (ii) of the preceding sentence the Budgeting Participants make any change to any such budget estimate which increases the amount budgeted for any budget item with respect to Scherer Unit No. 2 or the Plant Scherer Common Facilities, then the Budgeting Participants shall indemnify Georgia from any additional Costs of Construction, additional Fuel Costs and additional Operating Costs (as defined in the Operating Agreement and in the Units Operating Agreement) resulting from such increase and from any increase in any amount to be paid by Georgia in respect of its entitlement to the capacity and energy of OPC, MEAG or both pursuant to Sections 3(g) and 3(h) of the Units Operating Agreement; provided, however, that nothing contained in this Section 10(r) shall relieve Georgia from any obligations imposed elsewhere in this Agreement or in the Operating Agreement relating to the standards of conduct applicable to Georgia as agent for the other Additional Unit Participants and as an Additional Unit Participant itself, including without limitation the obligations set forth in Sections 5(c)(i) and 7(a) hereof and Sections 1 and 4(a) of the Operating Agreement.

(s) Construction of "Including". Wherever the term "including" is used in this Agreement, such term shall



not be construed as limiting the generality of any statement, clause, phrase or term and shall not be deemed to exclude any person or thing otherwise within the meaning of the statement, clause, phrase or term which it modifies.

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this Agreement under seal as of the date first above written.

Signed, sealed and delivered  
in the presence of:

John Mercer  
John C. Linsley  
Notary Public

GEORGIA POWER COMPANY

By: R. W. Archer

Attest: C. L. Ratterree  
ASSISTANT SECRETARY  
(CORPORATE SEAL)

Signed, sealed and delivered  
in the presence of:

E. B. Parsons Jr.  
Carrie W. Sidney  
Notary Public

GULF POWER COMPANY

By: E. R. Addison

Attest: Louise L. Sprinkle  
(CORPORATE SEAL)