

AMENDMENT NO. 2
TO AMENDED AND RESTATED
UNIT POWER SALES AGREEMENT
BETWEEN
FLORIDA POWER & LIGHT COMPANY
AND
ALABAMA POWER COMPANY, GEORGIA POWER COMPANY,
GULF POWER COMPANY, MISSISSIPPI POWER COMPANY AND
SOUTHERN COMPANY SERVICES, INC.

THIS AMENDMENT, made and entered into as of the 30th day of October, 1987, by and between FLORIDA POWER & LIGHT COMPANY ("FPL") and ALABAMA POWER COMPANY, GEORGIA POWER COMPANY, GULF POWER COMPANY and MISSISSIPPI POWER COMPANY ("Southern Companies") and SOUTHERN COMPANY SERVICES, INC. ("SCS"), being Amendment No. 2 to the Amended and Restated Unit Power Sales Agreement (the "Agreement") by and between FPL, Southern Companies and SCS dated February 18, 1982, as amended on May 18, 1982.

W I T N E S S E T H:

WHEREAS, FPL, Southern Companies and SCS entered into the Agreement on February 18, 1982, pursuant to which Southern Companies undertook to sell to FPL and FPL undertook to purchase from Southern Companies capacity and energy from units as specified in the Agreement; and

WHEREAS, on May 18, 1982, the parties entered into Amendment No. 1 to the Agreement to effectuate various mutually agreeable changes; and

WHEREAS, the Agreement incorporates various formula rates whereby Southern Companies recover their cost of providing capacity, energy and other services to FPL, which costs include a return on common equity; and

WHEREAS, the parties desire to amend the Agreement to reduce the return on common equity incorporated therein and to implement certain other mutually agreeable changes.

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

1. For unit power and transmission capacity charges associated with unit power sales made on or after January 1, 1987, Section 6.0 of the Unit Power Sales Manual is amended by striking the phrase "sixteen percent (16.0%)" from lines 4 and 5 of that section and substituting in its place "thirteen and three quarters percent (13.75%)". Capacity payments for capacity sold on or after January 1, 1987 which are in excess (or deficient) of amounts which would have been due based upon the adjusted return on common equity shall be credited (or debited) to FPL, together with interest thereon from the date each such capacity payment was due to the date payment is due on the invoice that includes such credit (or debit). Interest on the excess or deficiency arising as a consequence of this change in the return on common equity shall be accrued at one hundred percent (100%) of the prime rate quoted by Manufacturers Hanover Trust Company on the date each such capacity payment was due. Said prime rate shall be

applicable until the next succeeding capacity payment date, at which time interest shall accrue at one hundred percent (100%) of the prime rate quoted by Manufacturers Hanover Trust Company on the date such next succeeding capacity payment was due. This interest accrual procedure shall be repeated monthly until such time as the excess (or deficient) amounts are credited (or debited) to FPL.

2. As of the effective date described below, the Agreement and the Unit Power Sale Manual are amended as follows:

(1) Article V of the Unit Power Sale Manual will be stricken in its entirety and the following substituted therefor:

ARTICLE V

DERIVATION OF FIXED OPERATION
AND MAINTENANCE AND VARIABLE
OPERATION AND MAINTENANCE
EXPENSES FOR ELECTRIC
GENERATING UNITS

This article of the Unit Power Sale Manual establishes the formula method for deriving fixed operation and maintenance and variable operation and maintenance expenses for the computation of charges for services under the Agreement.

Section 5.0 Fixed Operation and Maintenance Expenses: The fixed operation and maintenance expense (dollars) for a unit for the Contract Year is based upon the following components budgeted for the unit: (i) all operation supervision and engineering charged to FERC Account 500, (ii) the in-plant fuel handling expenses charged to FERC Account 501, (iii) operational labor (including overtime labor) charged to FERC Accounts 502 and 505, (iv) all miscellaneous steam power expenses charged to FERC Account 506, (v) rent charged to Account 507, (vi) all maintenance supervision and engineering

charged to Account 510, (vii) all maintenance expenses charged to Account 511, (viii) maintenance labor (including overtime labor) charged to Accounts 512 and 513, and (ix) all maintenance of miscellaneous steam plant charged to FERC Account 514.

Section 5.1 Variable Operation and Maintenance Expenses: The variable operation and maintenance expenses (\$/MWh) for a unit for the Contract Year shall be based upon the following components budgeted for the unit: (i) all operating material and non-labor expenses charged to Accounts 502 and 505, and (ii) all maintenance material and non-labor expenses charged to Accounts 512 and 513. The variable operation and maintenance expenses for the unit for the Contract Year shall be the sum of the components listed above (in dollars) divided by the budgeted net electrical output of the unit (in MWhs).

Section 5.2 Data to be Provided: The data used in the determination of the fixed and variable operation and maintenance expenses for each unit each Contract Year will be provided to the purchasers of unit power in accordance with Article VIII.

(2) Section 6.3 of the Agreement will be stricken in its entirety and the following substituted therefor:

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

- (a) Fuel Cost for each unit, which is defined in Article IV of the Unit Power Sale Manual, together with the procedure for determining this component of the energy charge.
- (b) The variable operation and maintenance expenses for the unit. The procedure for determining this component of the energy charge is described in Article V

of the Unit Power Sale Manual.

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

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

(3) Section 6.6 of the Agreement will be stricken in its entirety and the following substituted therefor:

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

- (a) Normalized Fuel Cost for the unit, which is defined in Article IV of the Unit Power Sale Manual.
- (b) The variable operation and maintenance expenses for the unit as described in Article V of the Unit Power Sale Manual.
- (c) Compensation for transmission losses, based on the average transmission loss percentage (%L_e) set forth in Article VII of the Unit Power Sale Manual.

Using (a) and (b) above,

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

(4) Section 6.4, Section 6.5 and Section 6.8 of the Agreement will be amended by striking the phrase "in-plant fuel handling expenses," in the last sentence of each such section.

(5) Section 0.0 of the Unit Power Sale Manual will be amended by striking the title for Article V in its entirety and substituting the following:

- Derivation of Fixed Operation and Maintenance and Variable Operation and Maintenance Expenses for Electric Generating Units

(6) Section 2.2.9 of the Unit Power Sale Manual will be amended by striking the phrase "excluding 501" from the end of the first sentence of such section.

(7) Section 9.2 of the Unit Power Sale Manual will be amended by striking the phrase "and the in-plant fuel handling expenses" from the first and second sentences of such section.

The foregoing amendments pertaining to the treatment of operation and maintenance and in-plant fuel handling expenses shall not become effective except upon mutual agreement of the parties hereto, which agreement shall be submitted to the Federal Energy Regulatory Commission at least thirty (30) days in advance of the proposed effective date. It is the intent of the parties that such submittal will be treated as an informational filing only, and not as a change in rates within the meaning of Section 205 of the Federal Power Act. It is presently anticipated that the foregoing amendments will become effective concurrent with the implementation of a new Intercompany Interchange Contract of the Southern Companies incorporating the same methodology for the treatment of such operation and maintenance and in-plant fuel

handling expenses.

3. Section 7.1 of the Agreement is hereby amended by adding to that section the following:

Payments of capacity charges associated with sales made on or after January 1, 1988 which are in excess (or deficient) of amounts which would have been due based upon actual true up costs shall be credited (or debited) to FPL together with interest thereon from the date payment was due on the budgeted amount to the date payment is made for such credit (or debit) resulting from the true up. Interest on the excess or deficient amount shall be accrued at one hundred percent (100%) of the prime rate quoted by Manufacturers Hanover Trust Company on the date payment of the budgeted amount was due. Said prime rate shall be applicable until the next succeeding payment date, at which time interest shall accrue at one hundred percent (100%) of the prime rate quoted by Manufacturers Hanover Trust Company on the date such next succeeding payment was due. This interest accrual procedure shall be repeated monthly until such time as the excess (or deficient) amounts are credited (or debited) to FPL.

The foregoing amendment to Section 7.1 shall become effective with respect to capacity sales made on or after January 1, 1988.

4. Section 7.2 of the Agreement is hereby amended by striking the last sentence of that Section and substituting the following sentence:

An adjusted invoice, if required to reflect the actual charges due for energy sales made on or after January 1, 1988, shall be included in the monthly invoice immediately following the initial invoice, together with accrued interest on overpayments (or underpayments) at one hundred percent (100%) of the prime rate as provided for in Section 7.1.

The foregoing amendment to Section 7.2 shall become effective with respect to energy sales made on or after January 1, 1988.

5. Section 9.1 of the Unit Power Sale Manual is hereby stricken in its entirety and the following is substituted therefor:

Section 9.1 Capacity Cost for Transmission Service: The transmission capacity cost computed under Article III for the Contract Year will be recalculated using actual cost and load data and the formulae specified in Section 3.2 of Article III. Southern Companies shall make this adjustment on a periodic basis, but not less frequently than annually as soon as practicable following the end of Contract Year.

The foregoing amendment pertaining to the recalculation of transmission capacity cost shall become effective with respect to capacity sales made on or after January 1, 1988.

[The next page is the signature page, p. 9.]

IN WITNESS WHEREOF, the parties hereto have caused the foregoing document to be executed by their duly authorized officers effective as of the date first set forth above.

FLORIDA POWER & LIGHT COMPANY

Attest:

Nancy Henry
Assistant Secretary

By J. S. Woodall
J. S. Woodall
Vice President

Attest:

Secretary

SOUTHERN COMPANY SERVICES, INC.

By _____
Vice President

Attest:

Secretary

ALABAMA POWER COMPANY

By _____
Vice President

Attest:

Secretary

GEORGIA POWER COMPANY

By _____
Vice President

Attest:

Secretary

GULF POWER COMPANY

By _____
Vice President

Attest:

Secretary

MISSISSIPPI POWER COMPANY

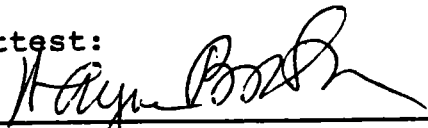
By _____
Vice President

IN WITNESS WHEREOF, the parties hereto have caused the foregoing document to be executed by their duly authorized officers effective as of the date first set forth above.

Attest:


By _____

Attest:




Asst. Secretary

SOUTHERN COMPANY SERVICES, INC.

By 

Vice President

Attest:



Asst. Secretary

ALABAMA POWER COMPANY

By 

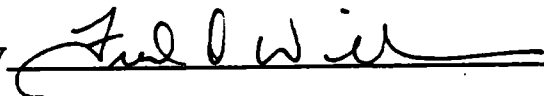
Vice President

Attest:



Asst. Secretary

GEORGIA POWER COMPANY

By 

Vice President

Attest:



Asst. Secretary

GULF POWER COMPANY

By 

Vice President

Attest:



Asst. Secretary

MISSISSIPPI POWER COMPANY

By 

Vice President