

**Enclosure 2**

Municipal Electric Authority of Georgia letter dated March 14, 2005



March 14, 2005

Docket Nos.: 50-321  
50-366

U. S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, D.C. 20555

Edwin I. Hatch Nuclear Plant  
Financial Assurance Requirements for Decommissioning  
Nuclear Power Reactors (10 CFR 50.75(f)(1))

Dear Ladies and Gentlemen:

Pursuant to 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC the status of its decommissioning funding for each reactor or part of each reactor it owns on a calendar year basis, beginning on March 31, 1999, and every two years thereafter. The Municipal Electric Authority of Georgia (MEAG) hereby submits the enclosed information in accordance with 10 CFR 50.75(f)(1) for operating licenses DPR-7 and NPF-5 issued for Edwin I. Hatch Nuclear Plant Unit 1 and 2, respectively. Southern Nuclear Operating Company, as the operating licensee and as an agent for the owners of the Edwin I Hatch Nuclear Plant, is providing this information to the NRC on behalf of MEAG.

Based on the information presented herein, there is reasonable assurance that the funding necessary for decommissioning the Edwin I. Hatch Nuclear Plant, consistent with the NRC prescribed minimum set forth in 10 CFR 50.75(c), will be available on the expiration date of operating licenses DPR-7 and NPF-5.

Please advise if you have any questions or comments regarding the information provided herein.

Respectfully submitted,

THE MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA, by,

A handwritten signature in cursive script that reads "James E. Fuller".

James E. Fuller  
Senior Vice President & Chief Financial Officer

/TWS

Enclosure

Municipal Electric Authority of Georgia  
1470 Riveredge Parkway NW  
Atlanta, Georgia 30328-4686

1-800-333-MEAG 770-563-0300

cc: Southern Nuclear Operating Company  
Mr. H. L. Sumner, Vice President – Hatch

U. S. Nuclear Regulatory Commission  
Mr. C. Gratton, NRR Licensing Project Manager – Hatch  
Dr. W. D. Travers, Regional Administrator  
Mr. D. S. Simpkins, Senior Resident Inspector – Hatch

**Enclosure**

**Edwin I. Hatch Nuclear Plant Financial  
Assurance Requirements for Decommissioning  
Nuclear Power Reactors – 2005 Submittal**

## Enclosure

### Edwin I. Hatch Nuclear Plant

#### The Municipal Electric Authority of Georgia Ownership Percentage – 17.7%

	10 CFR 50.75(f)(1) Requirement	Unit 1	Unit 2
1	The NRC minimum decommissioning estimate, pursuant to 10 CFR 50.75(b) and (c). <sup>1</sup>	\$ 75,700,000 <sup>2</sup>	\$ 75,700,000 <sup>2</sup>
2	The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(b) and (c).	\$ 59,087,000	\$ 57,924,000
3	A schedule of the annual amounts remaining to be collected; for items in 10 CFR 50.75(b) and (c).	See Schedule in Attachment 1	See Schedule in Attachment 1
4	The assumptions used regarding: (a) rates of escalation in decommissioning costs; (b) rates of earnings on decommissioning funds; (c) real rate of return; and (d) rates of other factors used in funding projections.	4.60%  6.60%  2.00%  None	4.60%  6.60%  2.00%  None
5	Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).	Attachment 2	Attachment 2
6	Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report.	None	None
7	Any material changes to trust agreements.	Attachment 3	Attachment 3

**NOTES:**

<sup>1</sup> The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on-site until transfer to DOE are not included in the cost formulas.

<sup>2</sup> This number is based on NUREG-1307, Rev. 10, for the burial factor (Option 2) and the December 2003 values for labor and energy factors.

**Attachment 1**

**Schedule of the Annual Amounts Remaining to be Collected**

**MEAG POWER**  
**Decommissioning Funding Plan**  
**Nuclear Decommissioning Fund - Hatch 1**  
*(Dollars in thousands)*

Calendar Year	Balance at Beg. of Year	Contributions (1)	Interest Earnings	Less: Fees	Balance at End of Year
(A)	(B)	(C)	(D)	(E)	
2004					59,087
2005	59,087	-	3,782	(94)	62,774
2006	62,774	-	4,143	(100)	66,818
2007	66,818	-	4,410	(106)	71,122
2008	71,122	-	4,694	(112)	75,704
2009	75,704	-	4,996	(119)	80,581
2010	80,581	-	5,318	(127)	85,772
2011	85,772	-	5,661	(135)	91,298
2012	91,298	-	6,026	(143)	97,181
2013	97,181	-	6,414	(153)	103,442
2014	103,442	-	6,827	(162)	110,107
2015	110,107	-	7,267	(172)	117,201
2016	117,201	-	7,735	(183)	124,753
2017	124,753	-	8,234	(195)	132,792
2018	132,792	-	8,764	(207)	141,349
2019	141,349	-	9,329	(221)	150,458
2020	150,458	-	9,930	(235)	160,153
2021	160,153	-	10,570	(249)	170,474
2022	170,474	-	11,251	(265)	181,460
2023	181,460	-	11,976	(282)	193,154
2024	193,154	-	12,748	(300)	205,602
2025	205,602	-	13,570	(319)	218,853
2026	218,853	-	14,444	(340)	232,957
2027	232,957	-	15,375	(361)	247,971
2028	247,971	-	16,366	(384)	263,953
2029	263,953	-	17,421	(414)	280,960
2030	280,960	-	18,543	(441)	299,063
2031	299,063	-	19,738	(481)	318,320
2032	318,320	-	21,009	(511)	338,817
2033	338,817	-	22,362	(544)	360,636
2034	360,636	-	15,868	(385)	376,118
Total			<u>324,774</u>	<u>(7,742)</u>	

**Footnotes:**

(1) - Based on the current funding levels and decommissioning forecast, the decommissioning contributions for Hatch Unit One are being suspended.

**MEAG POWER**  
**Decommissioning Funding Plan**  
**Nuclear Decommissioning Fund - Hatch 2**  
*(Dollars in thousands)*

Calendar Year	Balance at Beg. of Year	Contributions (1)	Interest Earnings	Less: Fees	Balance at End of Year
(A)	(B)	(C)	(D)	(E)	
2004					57,924
2005	57,924	-	3,707	(92)	61,539
2006	61,539	-	4,062	(98)	65,503
2007	65,503	-	4,323	(104)	69,723
2008	69,723	-	4,602	(110)	74,214
2009	74,214	-	4,898	(117)	78,995
2010	78,995	-	5,214	(124)	84,085
2011	84,085	-	5,550	(132)	89,502
2012	89,502	-	5,907	(141)	95,268
2013	95,268	-	6,288	(150)	101,407
2014	101,407	-	6,693	(159)	107,940
2015	107,940	-	7,124	(169)	114,895
2016	114,895	-	7,583	(180)	122,299
2017	122,299	-	8,072	(191)	130,179
2018	130,179	-	8,592	(203)	138,568
2019	138,568	-	9,145	(216)	147,497
2020	147,497	-	9,735	(230)	157,002
2021	157,002	-	10,362	(245)	167,120
2022	167,120	-	11,030	(260)	177,889
2023	177,889	-	11,741	(277)	189,354
2024	189,354	-	12,497	(294)	201,557
2025	201,557	-	13,303	(313)	214,546
2026	214,546	-	14,160	(333)	228,374
2027	228,374	-	15,073	(354)	243,092
2028	243,092	-	16,044	(377)	258,759
2029	258,759	-	17,078	(406)	275,432
2030	275,432	-	18,178	(432)	293,178
2031	293,178	-	19,350	(472)	312,056
2032	312,056	-	20,596	(501)	332,151
2033	332,151	-	21,922	(533)	353,540
2034	353,540	-	23,334	(567)	376,306
2035	376,306	-	24,836	(603)	400,540
2036	400,540	-	26,436	(681)	426,294
2037	426,294	-	28,135	(724)	453,705
2038	453,705	-	14,972	(384)	468,293
Total			<u>420,541</u>	<u>(10,171)</u>	

**Footnotes:**

(1) - Based on the current funding levels and decommissioning forecast, the decommissioning contributions for Hatch Unit Two are being suspended.

**Attachment 2**

**Edwin I. Hatch Nuclear Plant Financial Assurance  
Requirements for Decommissioning Nuclear Power  
Reactors – 2005 Submittal**

**Project One Power Sales Agreement**

# POWER SALES CONTRACT

Between

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

and

CITY OF

This Contract, made and entered into as of October 1, 1975, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia hereinafter sometimes designated as the Authority, created by the provisions of I Ga. L. 1975, p. 107, as amended, and

CITY OF

a political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant,

WITNESSETH

THAT:

WHEREAS, the Participant has need for an economical, reliable source of electric power and energy to meet the growing demands of its customers and has determined to purchase such electric power and energy from resources owned, controlled, or purchased by the Authority, and

WHEREAS, the Authority will take or cause to be taken all steps necessary to secure such governmental permits, licenses, and approvals as are necessary for, and will then proceed as appropriate with final design, financing and acquisition or construction of those facilities herein described and designated as the Project for the supply of electric power and energy to the Participant and to all other political subdivisions contracting with the Authority therefor, and will sell the output and services of such facilities pursuant to this Contract and to contracts substantially identical to this Contract with other political subdivisions, designated together with the Participant as the Participants, and

WHEREAS, in addition to the sale to the Participants of the output and services of the Project, the Authority will also obtain for and provide to the Participants the Participants' Supplemental Bulk Power Supply, as hereinafter defined, and

WHEREAS, in order to enable the Authority to issue its revenue bonds to pay the costs of acquiring and constructing the Project, it is necessary for the Authority to have binding contracts with such political subdivisions of the State of Georgia as may determine, pursuant to authority of I Ga. L. 1975, p. 107, as amended, to contract with the Authority, and all payments required to be made in accordance with the provisions of Article III of such contracts, including payments required to be made under Article III of this Contract, and all other payments attributable to the Project or to the Annual Project Costs, as hereinafter defined, to be made in accordance with or pursuant to any other provision of this Contract and such other contracts shall be pledged as security for the payment of such Bonds;

NOW THEREFORE:

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, and in order to pay the Authority for its costs of providing (i) the Participant's Entitlement Share, as hereinafter defined, of the output and services of each facility of the Project and (ii) the Participant's Supplemental Bulk Power Supply, it is agreed by and between the parties hereto as follows:

ARTICLE I

TERM OF CONTRACT, DEFINITIONS

Section 101. Term.

The term of this Contract shall begin and this Contract shall constitute a binding obligation of the parties hereto from and after its execution by the last party to execute the same. The obligation of the Authority to provide electric power and energy under the provisions of this Contract shall begin with the first issuance and delivery by said Authority of any of its Bonds which are authorized to be issued by the provisions of I Ga. L. 1975, p. 107, as amended, or, in the event notes of the Authority are issued in anticipation of the issuance of Bonds, such obligation shall begin with the issuance and delivery of such bond anticipation notes. The term of this Contract shall continue in full force and effect until such time, not exceeding fifty years, as all of the Authority's Bonds as hereinafter defined or notes issued in anticipation of the issuance of Bonds and the interest thereon have been paid or provision for payment shall have been made in accordance with the provisions of the Bond Resolution or until such time as the Project shall be retired from service, decommissioned, or disposed of by the Authority, whichever is later.

Section 102. Definitions and Explanation of Terms.

As used herein:

(a) "Act" shall mean that certain Act of the 1975 session of the General Assembly of the State of Georgia compiled and published in I Ga. L. 1975, p. 107, as the same has been heretofore or may be hereafter amended.

(b) "Annual Project Costs" shall mean, with respect to a Power Supply Year, to the extent not paid as a part of the Costs of Acquisition and Construction, all costs and expenses of the Authority paid by the Authority for each of the generating facilities and the transmission system facilities comprising the Project during such Power Supply Year allocable to the Project including, but not limited to, those items of cost and expense referred to in Section 306(b) and (c), hereof, as Annual Project Generation Fixed Charges, Other Annual Project Generation Costs, Annual Project Transmission Fixed Charges, and Other Annual Project Transmission Costs.

(c) "Annual Supplemental Costs" shall mean those costs and expenses of the Authority allocable to the purchasing or furnishing of Supplemental Bulk Power Supply to the Participants.

(d) "Annual System Budget" shall mean, with respect to a Power Supply Year, the budget adopted by the Authority not less than thirty days prior to the beginning of such Power Supply Year which budget shall itemize estimates of Annual Project Costs and Annual Supplemental Costs and all revenues, income, or other funds to be applied to such Costs, respectively, for and applicable to such Power Supply Year or, in the case of an amended such Budget, for and applicable to such Year for the remainder of such Power Supply Year.

(e) "Billing Statement" shall mean the written statement prepared or caused to be prepared monthly by the Authority that shall be based upon the Annual System Budget or upon the amended Annual System Budget adopted by the Authority pursuant to Section 202 hereof, and that shall show the monthly amount to be paid to the Authority by the Participant in accordance with the provisions of Sections 307 and 403 hereof.

(f) "Bonds" shall mean the bonds issued by the Authority pursuant to the provisions of the Bond Resolution to finance or refinance the Cost of Acquisition and Construction of the Project, whether or not any issue of such bonds shall be subordinated as to payment to any other issue of such bonds, and shall include additional Bonds issued pursuant to the provisions of Section 501 hereof and refunding Bonds issued pursuant to the provisions of Section 502 hereof.

(g) "Bond Resolution" shall mean the Power Revenue Bond Resolution and any Supplemental Power Revenue Bond Resolution to be adopted by the Authority and accepted by the Trustee and the Co-Trustee (if any) thereunder for the benefit of the owners of the Bonds which shall provide for the issuance of such Bonds, a copy of which Power Revenue Bond Resolution and First Supplemental Power Revenue Bond Resolution in substantially the form to be adopted by the Authority shall be on file in the records of the Participant.

(h) "Bulk Power Supply" shall mean, with respect to a Participant, all electric power and energy required by such Participant in excess of that amount (i) supplied by any generation and transmission resources owned by such Participant on the effective date of this Contract, (ii) received by such Participant from the Southeastern Power Administration (SEPA), and (iii) procured by such Participant from alternate bulk power supply resources in accordance with the provisions of Section 404, hereof.

(i) "Commercial Operation Date" shall mean, with respect to each facility of the Project, the beginning of the day on which such facility of the Project is, in the opinion of the Authority, producing and delivering electric power and energy for commercial use, provided, however, in the event any such facility is producing and delivering electric power and energy for commercial use on the date of acquisition of the Authority's interest therein, the Authority may establish a Commercial Operation Date for such facility which date shall be within a reasonable time of the effective date of such acquisition.

(j) "Consulting Engineer" shall mean an engineer or engineering firm of national reputation having demonstrated expertise in the field of electric power generation, transmission, power supply, electric utility operations, rates, and feasibility.

(k) "Contract" and "Power Sales Contracts" shall mean, respectively, this Contract with the Participant and all Power Sales Contracts, including this Contract, substantially identical hereto entered into by the Authority and a Participant, in each case as the same may be amended from time to time.

(l) "Cost of Acquisition and Construction" shall mean, to the extent not included in Annual Project Costs, all costs of and expenses of planning, designing, acquiring, constructing, installing, and financing the Project, placing the Project in operation, decommissioning, or disposal of the Project, and obtaining governmental approvals, certificates, permits and licenses with respect thereto heretofore or hereafter paid or incurred by the Authority and may include, in addition and without limitation, the following:

(1) working capital and reserves in such amounts as may be established pursuant to the Bond Resolution.

(2) interest accruing in whole or in part on Bonds prior to and during construction and for such additional period as the Authority may reasonably determine to be necessary

for the placing of the Project or any facility thereof in operation in accordance with the provisions of the Bond Resolution,

(3) acquisition of initial fuel for each generation facility of the Project and working capital and reserves therefor and working capital and reserves for reload fuel,

(4) the deposit or deposits from the proceeds of Bonds issued to finance such costs in any fund or account established pursuant to the Bond Resolution to meet Debt Service reserve requirements for Bonds,

(5) the deposit or deposits from the proceeds of Bonds issued to finance such costs in any funds or accounts established pursuant to the Bond Resolution as reserves for renewals and replacements, retirement from service, decommissioning or disposal of any generating facility of the Project or contingencies,

(6) training and testing costs incurred by the Authority,

(7) preliminary investigation and development costs, engineering fees, contractors' fees, costs of labor, materials, equipment, utility services and supplies and legal and financing costs,

(8) all costs of insurance applicable to the period of construction, and

(9) all other costs incurred by the Authority and properly allocable to the acquisition and construction of the Project, including all costs financed by the issuance of additional Bonds pursuant to Section 501, hereof.

(m) "Debt Service" shall mean, with respect to any period, the aggregate of the amounts required by the Bond Resolution to be paid during said period into any fund or funds created by the Bond Resolution for the sole purpose of paying the principal (including sinking fund installments) of and premium, if any, and interest on all the Bonds from time to time outstanding as the same shall become due, provided, however, that Debt Service shall not include any acceleration of the maturity of the Bonds.

(n) "Entitlement Share" shall mean, with respect to a Participant and any Power Supply Year and with respect to the generating facilities (including related transmission facilities) and the transmission system facilities of the Project, (i) that percentage of the output and services of such generating facilities set forth in the Schedule of Output Entitlement Shares attached hereto for such Participant in such Power Supply Year, as the same may hereafter be increased in accordance with the provisions of the Power Sales Contract with such Participant, and (ii) that percentage of transmission services which shall be determined by the Authority during each Power Supply Year to be allocable to such Participant in accordance with the provisions of Section 308 hereof.

(o) "Fuel Costs" shall mean all costs incurred by the Authority during any Power Supply Year that are allocable to the acquisition, processing, fabrication, transportation, delivering, reprocessing, storage, and disposal of nuclear materials required for the generation facilities of the Project, including transfers to reserves established by the Authority for such costs related to future Power Supply Years, less credits related to such costs applied as appropriate in the discretion of the Authority.

(p) "Participant" shall mean the political subdivision, which is a party to this Contract. "Participants" shall mean all political subdivisions in the State of Georgia which own and operate electric distribution systems to serve their citizens, inhabitants and customers by providing them with electric power and energy and which are parties to contracts with the Authority substantially identical to this Contract. The term "Participants" shall include the "Participant," and the terms "a Participant" or "each Participant" shall mean any one of the Participants or each of the Participants, as the case may be. "Participant" shall include any commission or agency of such political subdivision which operates or conducts or exercises jurisdiction over any essential function of the Participant's electric distribution system.

(q) "Power Supply Year" shall mean the calendar year, except that the first Power Supply Year shall begin on the date the Authority has an obligation to provide electric power and energy as determined in accordance with the provisions of Section 101, hereof.

(r) "Proportionate Share" shall mean, with respect to a Participant and a Power Supply Year, that percentage of the kilowatts or kilowatt hours, as the case may be, of each type of service included in Supplemental Bulk Power Supply which such Participant is entitled to receive and for which such Participant is obligated to pay in each month of a Power Supply Year. With respect to kilowatts, such percentage shall be obtained for each month by dividing the maximum one-hour integrated coincident system demand of such Participant's Supplemental Bulk Power Supply provided by the Authority during the particular month by the maximum one-hour integrated coincident system demands of Supplemental Bulk Power Supply provided by the Authority to all the Participants during that month. With respect to kilowatt hours, such percentage for each month shall be obtained by dividing the kilowatt hours of Supplemental Bulk Power Supply delivered by the Authority to such Participant during the particular month by the total kilowatt hours of Supplemental Bulk Power Supply delivered by the Authority to all of the Participants during that month.

(s) "Project" shall mean those electric generation and related transmission facilities which are identified in the Description of Project and those transmission system facilities to which reference is made in the Description of Project to be acquired and constructed by the Authority during the time prior to the Commercial Operation Date of the last of the generating facilities of the Project to be completed in order to meet the Authority's investment responsibility during such time in connection with any agreement for an integrated transmission system to which the Authority may be a party in accordance with the provisions of Section 302 hereof, together with (i) any major renewals, replacements, repairs, additions, betterments and improvements necessary, in the opinion of the Consulting Engineer, to keep the Project in good operating condition or to prevent a loss of revenues therefrom, (ii) any major additions, improvements, repairs and modifications to the Project and any decommissionings or disposals of the Project, required by any governmental agency having jurisdiction over the Project or for which the Authority shall be responsible by virtue of any obligation of the Authority arising out of any contract to which the Authority may be a party relating to ownership of the Project or any facility thereof, (iii) those transmission system facilities to which reference is made in the Description of Project and which are required, in the opinion of the Consulting Engineer, to be acquired and constructed by the Authority on or after the Commercial Operation Date of the last of the generation facilities of the Project to be completed in order to meet the Authority's investment responsibility after such Commercial Operation Date in connection with any agreement for an integrated transmission system to which the Authority shall be a party in accordance with the provisions of Section 302 hereof, and (iv) working capital required by the Authority during construction of the Project and for the placing of the Project in operation for providing Bulk Power Supply, including Supplemental Bulk Power Supply, to the Participant.

(t) "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 manufacturers' warranties and the requirements of governmental agencies of competent

jurisdiction. In evaluating whether any act or proposal conforms to Prudent Utility Practice, the parties shall take into account the objective to achieve optimum utilization of the Authority's resources.

(u) "Supplemental Bulk Power Supply" shall mean, with respect to a Participant, that portion of Bulk Power Supply required by such Participant in excess of that supplied from the Project and, unless otherwise provided, from any future projects owned or controlled by the Authority from which the Participant contracts with the Authority to purchase electric power and energy and in excess of the generating capacity reserve service, transmission service, scheduled, emergency, or economy interchange service, and such other service associated with the Project as shall be supplied by the Authority in accordance with the provisions of Section 303, hereof.

(v) "Uncontrollable Forces" means any cause beyond the control of the Authority which by the exercise of due diligence the Authority is unable to prevent or overcome, including but not limited to, failure or refusal of any other person or entity to comply with then existing contracts with the Authority or with a Participant, an act of God, fire, flood, explosion, strike, sabotage, pestilence, an act of the public enemy, civil and military authority including court orders, injunctions, and orders of governmental agencies with proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment, or inability of the Authority or any Contractors engaged in work on the Project to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers, or inability of the Authority to sell or issue its bonds or notes.

(w) "Uniform System of Accounts" means the Uniform System of Accounts for Class A and B Public Utilities and Licensees as prescribed and, from time to time, as amended or modified or substitution therefor made by the Federal Power Commission or its successor.

## ARTICLE II

### CERTAIN OBLIGATIONS OF THE AUTHORITY AND THE PARTICIPANT

#### Section 201. Bulk Power Supply.

The Authority shall provide or cause to be provided and the Participant shall take from the Authority the Bulk Power Supply of the Participant. The Authority will be responsible for planning, negotiating, designing, financing, acquiring or constructing, contracting for, administering, operating, and maintaining all generation and transmission arrangements and facilities necessary to effect the delivery and sale of such Bulk Power Supply to the Participant, provided, however, that the Participant may procure alternate bulk power supply resources pursuant to the terms of Section 404, hereof.

#### ✓ Section 202. Annual System Budget.

The Authority will prepare and submit to the Participant an Annual System Budget at least ninety days prior to the beginning of each Power Supply Year. The Participant may then submit to the Authority, at any time until such budget is adopted, any matters or suggestions relating to the Budget which the Participant may care to present. The Authority shall then proceed with the consideration and adoption of such Budget not less than thirty nor more than forty-five days prior to the beginning of such Power Supply Year and shall cause copies of such adopted Budget to be delivered to the Participant, provided, however, the Budget for the first Power Supply Year shall be prepared, considered, adopted and delivered in

the most practicable manner available in the discretion of the Authority. As required from time to time during any Power Supply Year after thirty days notice to the Participant, the Authority may adopt an amended Annual System Budget for and applicable to such Year for the remainder of such Year.

#### Section 203. Reports.

The Authority will prepare and issue to the Participants the following reports each month of the Power Supply Year:

- (1) Financial and Operating Statement relating to the Project and to the Supplemental Bulk Power Supply,
- (2) Status of Annual System Budget,
- (3) Status of construction budget of the Project during construction,
- (4) Analysis of operations relating to the Project and to the Supplemental Bulk Power Supply.

#### Section 204. Records and Accounts.

The Authority will keep accurate records and accounts of each of the facilities comprising the Project and of the transactions relating to the Supplemental Bulk Power Supply as well as of the operations of the Authority in accordance with the Uniform System of Accounts. Said accounts shall be subject to an annual audit by a firm of independent certified public accountants experienced in electric utility accounting and of national reputation to be submitted to the Authority within sixty days after the close of any Power Supply Year. All transactions of the Authority relating to the Project and to the Supplemental Bulk Power Supply with respect to each Power Supply Year shall be subject to such an audit.

#### Section 205. Consulting Engineer.

(a) The Authority will retain a consulting engineer to assist, advise and make recommendations to the Authority on matters relating to electric power generation, transmission, power supply, electric utility operations, rates and charges, feasibility and budgets and shall cause such consulting engineer to prepare within one hundred and twenty days following the close of each Power Supply Year an annual comprehensive engineering report with respect to the Project and to the Supplemental Bulk Power Supply for the immediately preceding Power Supply Year which shall contain a copy of the annual audit and which shall include:

- (1) A report on the operations of the Authority;
- (2) A report on the management of the Project;
- (3) A report on the sufficiency of rates and charges for services;
- (4) A report on requirements for future bulk power supply;
- (5) Recommendations as to changes in operation and the making of repairs, renewals, replacements, extensions, betterments and improvements; and
- (6) A projection of the Authority's costs of providing the Bulk Power Supply to all Participants for the ensuing five year period.

(b) The Authority shall cause a copy of said engineering report to be delivered to each Participant.

#### Section 206. Power Supply Planning.

The Participant will keep the Authority advised on all matters relating to the Participant's power supply planning including but not limited to load forecasts, proposed transmission and generation additions and new delivery points.

#### Section 207. Diligence.

The Participant will exercise diligence in the operation of its electric system with the view of securing efficiency in keeping with Prudent Utility Practice, will construct its facilities in accordance with specifications at least equal to those prescribed by the National Electric Safety Code of the U. S. Bureau of Standards, will maintain its lines at all times in a safe operating condition, and will operate said lines in such manner as not to interfere unduly with the operations of others. The Participant will use electric service equally from the three phases as nearly as possible and will maintain a power factor of 89.4% lagging or such greater power factor as may be agreed upon by the Participant in the light of any other contract between the Authority and any other party, and such agreement by the Participant shall not be unreasonably withheld.

#### Section 208. Access.

Participant will give all necessary permission to enable the agents of the Authority to carry out this Contract and will otherwise be subject to applicable terms and conditions set forth in those tariffs which affect the Participant and which are filed with the Federal Power Commission. The Authority and the Participant each will give the other the right to enter the premises of the other at all reasonable times for the purpose of repairing or removing facilities, reading meters and performing work incidental to delivery and receipt of Bulk Power Supply.

#### Section 209. Adjustment of Billing.

At the end of each Power Supply Year the Authority shall determine if the aggregate amount paid by the Participant under Sections 307 and 403, hereof, to provide recovery of all the Authority's costs during such Power Supply Year was in the proper amount, and, upon the making of such determination, any amount found to have been paid by the Participant in excess of the amount which should have been paid by the Participant shall be credited on the Billing Statements to the Participant for the remaining month or months of the Power Supply Year next succeeding the Power Supply Year for which such adjustment was determined to have been necessary. Ten percent of the amount of any deficiency shall be added to each of the next ten Billing Statements. In the event that the failure of a Participant to pay its Entitlement Share of Annual Project Costs in accordance with its Power Sales Contract shall have resulted in the application of amounts in any reserve or working fund under the Bond Resolution to the payment of costs payable from such reserve or working fund and the other Participants shall have made up the deficiency created by such application or paid additional amounts into such reserve or working fund, amounts thereafter paid to the Authority by such nonpaying Participant for application to such past due payments shall be credited on the Billing Statements of such other Participants in the next month or months as shall be appropriate.

#### Section 210. Disputed Monthly Billing Statement.

In case any portion of any monthly Billing Statement received by the Participant from the Authority, shall be in bona fide dispute, the Participant shall pay the Authority the full amount of such monthly Billing Statement, and, upon determination of the correct amount,

the difference between such correct amount and such full amount, if any, will be credited to the Participant by the Authority after such determination. In the event such monthly Billing Statement is in dispute, the Authority will give consideration to such dispute and will advise the Participant with regard to the Authority's position relative thereto within thirty days following written notification by the Participant of such dispute.

#### Section 211. Sources of Participant's Payments.

The obligations of the Participant to make the payments to the Authority under this Contract shall constitute general obligations of the Participant for the payment of which the full faith and credit of the Participant shall be and the same hereby is pledged to provide the funds required to fulfill all obligations arising under this Contract. Unless such payments or provisions for such payments shall have been made from the revenues of the electric system of the Participant or from other funds thereof, the Participant will annually in each and every fiscal year during the term of this Contract include in its general revenue or appropriation measure, whether or not any other items are included, sums sufficient to satisfy the payments required to be made in each year by this Contract until all payments required under this Contract have been paid in full. In the event for any reason any such provision or appropriation is not made for a fiscal year of a Participant, then the chief fiscal officer of the Participant shall, in accordance with the provisions of the Act in effect as of the date of this Contract, set up as an appropriation on the accounts of the Participant in each fiscal year the amounts required to pay the obligations called for under this Contract. The amount of the appropriation in such fiscal year to meet the obligations of this Contract shall be due and payable and shall be expended for the purpose of paying and meeting the obligations provided under the terms and conditions of this Contract, and such appropriation shall have the same legal status as if the Participant had included the amount of the appropriation in its general revenue or appropriation measure.

#### Section 212. Rate Covenant.

The Participant will establish, maintain and collect rates and charges for the electric service of its electric system so as to provide revenues sufficient, together with available electric system reserves, to enable the Participant to pay to the Authority all amounts payable under this Contract and to pay all other amounts payable from and all lawful charges against or liens on the revenues of its electric system.

### ARTICLE III

#### ELECTRIC POWER AND ENERGY FROM THE PROJECT

#### Section 301. Ownership of Project.

The Authority will issue the Bonds in series from time to time under the Bond Resolution to finance and shall own the Project consisting of the Authority's ownership interest in the generation and transmission facilities described in the Description of Project attached to this Contract and will cause to be delivered to the Participant during each month of each Power Supply Year its Entitlement Share of the output and services of each facility of the Project for the useful life of each such facility of the Project.

#### Section 302. Costs of Generation and Transmission Facilities Comprising the Project.

(a) Those generation and transmission facilities comprising the Project will, for purposes

of accounting for the Authority's costs and charges to the Participants, be separated into (i) generation and related transmission facilities, and (ii) transmission system facilities;

(b) The Authority's costs of providing to the Participants their Entitlement Shares of such generation and related transmission facilities as are included in the Project will be accounted for as described in Section 306 (b) hereof, and

(c) The Authority's costs of providing to the Participants their Entitlement Shares of such transmission system facilities as are included in the Project will be accounted for as described in Section 306(c) hereof, and will be determined as follows:

(1) Such transmission system facilities as are included in the Project will be acquired by the Authority from time to time for the term of this Contract through participation in an integrated transmission system agreement with other utilities. The Authority's investment responsibility in such transmission system facilities for any Power Supply Year will be that percentage of the total investment in the combined transmission system facilities of the Authority and such other utilities obtained by dividing the demand of total Bulk Power Supply provided by the Authority to all the Participants during such Power Supply Year by the combined demands of the Authority and such other utilities during such Power Supply Year and expressing the result as a percentage. The Authority's responsibility for annual capital costs relating to renewals, replacements, repairs, additions, betterments and improvements to and for annual operating costs of such transmission system facilities for any Power Supply Year will be the annual capital and operating costs incurred by the Authority for such facilities.

(2) In the event the Authority assumes responsibility for transmission of the Participants' allotments of SEPA power pursuant to arrangements for which provision is made in Sections 803 and 804 hereof, the Authority's responsibility for investment in, and annual capital and operating costs of, such transmission system facilities acquired by the Authority from time to time through participation in such integrated transmission system agreement may be increased. The Authority's investment responsibility in such increased transmission system facilities for any Power Supply Year will be that percentage of the total investment in the combined transmission facilities of the Authority and such other utilities obtained by dividing the demand of such SEPA power plus the demand of total Bulk Power Supply provided by the Authority to all the Participants during such Power Supply Year by the combined demands of the Authority and such other utilities during such Power Supply Year and expressing the result as a percentage. The Authority's responsibility for annual capital costs relating to renewals, replacements, repairs, additions, betterments and improvements to and for annual operating costs of such increased transmission system facilities for any Power Supply Year will be the annual capital and operating costs incurred by the Authority for such facilities.

### Section 303. Interconnection Arrangements.

The Authority will purchase or provide such generating capacity reserve service, transmission service, maintenance service, emergency service, economy interchange service and other interchange service associated with the Project as may be necessary for the reliable and economical supply of the output and services of the Project and will cause to be delivered to the Participant during each month of the Power Supply Year its Entitlement Share of such output and services. The Authority may use electric energy from the Project which is surplus to the requirements of the Participants, as such surplus may be available from time to time, for the purpose of economy interchange service or other interchange services with others, and any net revenues received by the Authority for any such services shall be credited to the Participants by the Authority in proportion to their Entitlement Shares.

Section 304. Operation and Maintenance.

The Authority covenants and agrees that it will operate, maintain and manage the Project or cause the same to be operated, maintained and managed in an efficient and economical manner, consistent with Prudent Utility Practice.

Section 305. Insurance.

The Authority shall maintain or cause to be maintained, in force for the benefit of the parties hereto, as their interest shall appear, as Costs of Acquisition and Construction or Annual Project Costs, such insurance with respect to the Project as shall be available and as is usually carried by utilities constructing and operating generating facilities but, in the case of nuclear generating facilities, not less than will satisfy the requirements of Federal and state law and the Nuclear Regulatory Commission regulations and such other insurance as is usually carried by electric utilities in conformity with Prudent Utility Practice.

Section 306. Charges and Billings for the Project.

(a) The Authority will establish fair and nondiscriminatory charges for all output and service provided by the Authority to the Participants relating to each facility of the Project designed to recover all of the Authority's costs allocable to such facility commencing with the Commercial Operation Date of such facility or the date to which interest has been capitalized on Bonds allocable to such facility, whichever is the earlier, as set forth in the Annual System Budget, or the amended Annual System Budget adopted by the Authority pursuant to Section 202 hereof, and such costs shall include Annual Project Costs.

(b) The Annual Project Costs allocable to the generation and related transmission facilities of the Project shall include at least the following items of costs and expense:

(1) "Annual Project Generation Fixed Charges," which means:

(A) the amount which the Authority is required under the Bond Resolution to pay or deposit into any fund or account established by the Bond Resolution for the payment of Debt Service and any reserve requirements for Bonds which are allocable to (i) the generation and related transmission facilities of the Project and (ii) the working capital which is required by the Authority for providing Bulk Power Supply, including Supplemental Bulk Power Supply to the Participants and which is allocable to the generation and related transmission facilities of the Project;

(B) the amount (not otherwise included under any item in this Section 306(b)) allocable to the generation and related transmission facilities of the Project which the Authority is required under the Bond Resolution to pay or deposit during such Power Supply Year into any other fund or account established by the Bond Resolution, and shall include, without limitation, any such amounts required to make up any deficiency in any reserve fund or working fund required or permitted by the Bond Resolution resulting from a default in payments by any Participant or Participants of amounts due under its or their Power Sales Contracts with the Authority;

(C) amounts which the Authority is required under the provisions of the Bond Resolution to pay or deposit into a reserve for renewals and replacements;

(D) amounts which must be realized by the Authority for coverage of Debt Service as may be required by the Bond Resolution;

(E) amounts which must be set aside by the Authority for the retirement from

service, decommissioning, or disposal of the generation facilities of the Project as may be required by the Bond Resolution;

(F) amounts which must be paid by the Authority for the purchase of generating capacity reserves for the Project; and

(G) amounts which must be paid by the Authority for the purchase of transmission service for the Project; and

(2) "Other Annual Project Generation Costs," which means:

(A) all costs of producing and delivering electric power and energy from the Project and providing the Participants' Entitlement Shares including, but not limited to, (i) Fuel Costs and other ordinary operation and maintenance costs and provisions for reserves therefor, administrative and general costs, insurance, overhead and any charges payable by the Authority in connection with the output of the Project, (ii) net costs of scheduled, emergency, economy or other interchange service incurred by the Authority in connection with the Project, and (iii) all operation and maintenance costs related to the operating and conducting of the business of the Authority including salaries, fees for legal, engineering, and other services and all other expenses properly related to the conduct of the affairs of the Authority; and

(B) amounts required of the Authority by the provisions of the Bond Resolution to pay the cost of or to provide reserves for (i) extraordinary operating and maintenance costs including the costs of scheduled, emergency, or other interchange service and the prevention or correction of any unusual loss or damage to keep the generating facilities of the Project in good operating condition or to prevent a loss of revenue therefrom, (ii) any major renewals, replacements, repairs, additions, betterments and improvements necessary, in the opinion of the Consulting Engineer, to keep the generating facilities of the Project in good operating condition or to prevent a loss of revenues therefrom and (iii) any major additions, improvements, repairs or modifications to any such generating facility, or any decommissionings or disposals of any such generating facility, required by any governmental agency having jurisdiction over the Project or for which the Authority shall be responsible by virtue of any obligation of the Authority arising out of any contract to which the Authority may be a party relating to ownership of the Project or any facility thereof to the extent that the Authority is not reimbursed therefor from the proceeds of insurance or funds for such payment are not available to the Authority therefor from any funds or accounts established under the Bond Resolution, or funds for such payment are not provided or to be provided by the issuance of additional Bonds pursuant to Article V of this Contract.

(c) The Annual Project Costs allocable to the transmission system facilities of the Project shall include at least the following items of costs and expense:

(1) "Annual Project Transmission Fixed Charges," which means:

(A) the amount which the Authority is required under the Bond Resolution to pay or deposit into any fund or account established by the Bond Resolution for the payment of Debt Service and any reserve requirements for Bonds which are allocable to (i) the transmission system facilities of the Project and (ii) the working capital which is required by the Authority for providing Bulk Power Supply, including Supplemental Bulk Power Supply, to the Participants and which is allocable to the transmission system facilities of the Project;

(B) the amount (not otherwise included under any item of this Section 306 (c)) allocable to the transmission system facilities of the Project which the Authority is required under the Bond Resolution to pay or deposit during such Power Supply Year into any other fund or account established by the Bond Resolution, and shall include, without limitation, any such amounts required to make up any deficiency in any reserve fund or working fund required or permitted by the Bond Resolution resulting from a default in payments by any Participant or Participants of amounts due under its or their Power Sales Contracts with the Authority;

(C) the amount which the Authority is required under the provisions of the Bond Resolution to pay or deposit into a reserve for renewals and replacements; and

(D) amounts which must be realized by the Authority for coverage of Debt Service as may be required by the Bond Resolution; and

(2) "Other Annual Project Transmission Costs," which means:

(A) amounts for ordinary operation and maintenance costs, administrative and general costs, insurance, overhead, and any other charges payable by the Authority in connection with such transmission system facilities, including all credits due to Participants with respect to delivery point transmission facilities; and

(B) amounts required of the Authority by the provisions of the Bond Resolution to pay the costs of or to provide reserves for (i) extraordinary operation and maintenance costs, including the prevention or correction of any unusual loss or damage to keep the transmission system facilities of the Project in good operating condition, or to prevent a loss of revenues therefrom, (ii) any major renewals, replacements, repairs, additions, betterments and improvements necessary, in the opinion of the Consulting Engineer, to keep the transmission system facilities of the Project in good operating condition or to prevent a loss of revenues therefrom and (iii) any major additions, improvements, repairs or modifications to any such transmission facility required by any governmental agency having jurisdiction over the Project or for which the Authority shall be responsible by virtue of any obligation of the Authority arising out of any contract to which the Authority may be a party relating to ownership of the Project or any facility thereof to the extent that the Authority is not reimbursed therefor from the proceeds of insurance or funds for such payment are not available to the Authority therefor from any funds or accounts established under the Bond Resolution, or funds for such payment are not provided by the issuance of additional Bonds pursuant to Article V of this Contract.

(d) The Authority shall bill the Participant each month during each Power Supply Year by providing the Participant with a Billing Statement for such month in accordance with the charges established pursuant to the provisions of this Section 306. Such Billing Statement shall set forth, among other things, the sum to be paid for such month by the Participant for its Entitlement Share of the Project output and services, and such sum shall equal the Participant's Entitlement Share of that amount of Annual Project Costs, as estimated in the then current Annual System Budget, which the Authority is required pursuant to the Bond Resolution to accrue, pay or set aside during each month. Such monthly Billing Statement shall include a credit for such delivery point transmission facilities as are owned, financed, or operated by the Participant, and such Billing Statement shall be paid by the Participant on or before the tenth day from the date of such bill. Amounts due and not paid by the Participant on or before said day shall bear an additional charge of one and one-half percent per month until the amount due is paid in full. At the end of each Power Supply Year, adjustments of billing shall be made in accordance with Section 209 hereof. If the Participant pays

less than the full amount due with respect to a Billing Statement, the partial payment so received shall be applied first in discharge of the Participant's obligation to pay its Entitlement Share of the Annual Project Costs as provided in this Article III before any funds from such partial payment are applied to the discharge of the Participant's obligations under the provisions of Article IV hereof.

(e) At such times as the Authority issues additional Bonds in accordance with the provisions of Article V, hereof, the Authority will increase such elements of Annual Project Costs as are necessary and the Participant shall pay its Entitlement Share of such increased charges pursuant to the provisions of Section 307 hereof.

#### Section 307. Project Entitlement and Payment Obligations.

(a) The Participant shall be entitled to receive its Entitlement Share of the output and transmission services of the Project and of all services provided by the Authority in accordance with the provisions of Section 303 hereof, as may be available for the useful life of the Project.

(b) The Participant shall pay its Entitlement Share of Annual Project Costs set forth in the monthly Billing Statements submitted by the Authority to the Participant in accordance with the provisions of Section 306 hereof, whether or not the Project or any part thereof has been completed, is operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatever.

#### Section 308. Determination of Participant's Entitlement Shares of Transmission System Facilities Included in the Project.

(a) With respect to transmission system facilities included in the Project, the Entitlement Share for each Participant to be determined by the Authority for each Power Supply Year shall be the percentage allocable to the Participant of the transmission services provided by the Authority and of the costs incurred by the Authority relating to such transmission system facilities as are acquired by the Authority from time to time for the term of this Contract through participation in an integrated transmission system agreement with other utilities. Such percentage shall be determined by the Authority by dividing the average of the one-hour integrated coincident system demands for Bulk Power Supply provided by the Authority to such Participant during each month of such Power Supply Year by the average of the one-hour integrated coincident system demands of total Bulk Power Supply provided by the Authority to all of the Participants during each month of such Power Supply Year and expressing the result as a percentage so that, when all of such Entitlement Shares so computed by the Authority are added together, their sum shall be one hundred. For the purposes of such computation, the one-hour interval shall be the hour during which there shall occur the maximum one-hour integrated coincident system demands of total Bulk Power Supply provided by the Authority to all of the Participants.

(b) In the event the Authority assumes responsibility for transmission of the Participants' allotments of SEPA power pursuant to arrangements for which provision is made in Sections 803 and 804 hereof, and such responsibility results in an increase in the investment in and annual operating costs of such transmission system facilities, the Entitlement Share for each Participant to be determined by the Authority for each Power Supply Year shall be the percentage allocable to the Participant of the transmission services provided by the Au-

thority and of the costs incurred by the Authority relating to such increased responsibility. Such percentage shall be determined by the Authority by dividing the average of the one-hour integrated coincident system demands of such SEPA power plus the demands of Bulk Power Supply provided by the Authority to such Participant during each month of such Power Supply Year by the average one-hour integrated coincident system demands of SEPA power and demands of total Bulk Power Supply provided by the Authority to all of the Participants during the same one-hour interval of each month of such Power Supply Year and expressing the result as a percentage so that, when all of such Entitlement Shares so computed by the Authority are added together, their sum shall be one hundred. For the purposes of such computation, the one-hour interval shall be the hour during which there shall occur the maximum one-hour integrated coincident system demands of SEPA power and demands of total Bulk Power Supply provided by the Authority to all of the Participants.

(c) Such Entitlement Shares of transmission system facilities included in the Project shall be estimated by the Authority prior to the beginning of any Power Supply Year and such estimates shall be set forth in the Annual System Budget. Revisions of such estimated Entitlement Shares shall be made by the Authority at the end of such Power Supply Year based upon such system demands as actually experienced and the billings for such Power Supply Year shall be adjusted by the Authority accordingly.

#### Section 309. Pledge of Payments.

All payments required to be made by the Participant pursuant to the provisions of this Article III, and all other payments attributable to the Project or to the Annual Project Costs to be made in accordance with or pursuant to any other provision of this Contract, shall be pledged to secure the payment of the Authority's Bonds.

#### Section 310. Payment as Operating Expense.

So long as electric power and energy shall actually be received by a Participant from any facility or facilities of the Project, the Participant's Entitlement Share of Annual Project Costs shall be paid by the Participant as a cost of purchased electric power and energy for Participant's electric system and as an expense of operation and maintenance thereof.

#### Section 311. Credits to Annual Project Cost.

The Authority may, pursuant to the Schedule of Entitlement Shares and participation in an integrated transmission system agreement with others, for which provision is made in Section 302(c), hereof, sell the output and services of facilities included in the Project to other utilities. The anticipated proceeds from such sale shall be estimated in the Annual System Budget, and any net revenues actually received by the Authority as the result of such sales to other utilities during any month of the Power Supply Year shall be credited to the Participants in proportion to their Entitlement Shares in the monthly Billing Statement for the following month.

#### Section 312. Sale of Excess Participant's Entitlement Share.

In the event the Participant shall determine that all or any part of the Participant's Entitlement Share of the output and services of the generating facilities of the Project are in excess of the requirements of the Participant, the Authority may sell and transfer for any period of time all or any part of such excess output and services to such other Participants as shall agree to take such excess output and services, provided, however, that in the event the other Participants do not agree to take the entire amount of such excess, the Authority

shall have the right to dispose of such excess to other utilities. If all or any portion of such excess of the Participant's Entitlement Share of output and services is sold pursuant to this section, the Participant's Entitlement Share shall not be reduced, and the Participant shall remain liable to the Authority to pay the full amount of its Billing Statement as if such sale had not been made; except that such liability shall be discharged to the extent that the Authority shall receive payment for such excess output and services from the purchaser or purchasers thereof.

#### ARTICLE IV

##### SUPPLEMENTAL BULK POWER SUPPLY ARRANGEMENTS

###### Section 401. Supplemental Bulk Power Supply Provided by the Authority.

The Authority will provide or cause to be provided to the Participant its Supplemental Bulk Power Supply during each month of each Power Supply Year. Such Supplemental Bulk Power Supply may include, but shall not be limited to, partial and full requirements firm power purchases, and unit power service, firm and nonfirm capacity and energy service, transmission service and other interchange service made available as a result of transactions with other utilities. The costs to the Authority of electric power and energy purchased by the Authority from other utilities based upon tariffs filed by such other utilities with the Federal Power Commission will be directly reflected in the monthly Billing Statement to the Participant. Such monthly Billing Statement will include a credit for such delivery point transmission facilities as are owned, financed, or operated by the Participant.

###### Section 402. Charges for Supplemental Bulk Power Supply.

(a) The Authority will establish fair and nondiscriminatory charges for all services provided by the Authority to the Participants relating to the Supplemental Bulk Power Supply of the Participants designed to recover all of the Authority's costs of acquiring, financing, operating and maintaining such Supplemental Bulk Power Supply as such costs are set forth in the Annual System Budget or any amended Annual System Budget adopted by the Authority pursuant to Section 202 hereof, and such costs shall include Annual Supplemental Costs as defined in Section 102 (c), hereof; and

(b) The Authority shall bill the Participant each month during each Power Supply Year by providing the Participant with a Billing Statement according to the charges established pursuant to the provisions of this Section 402, for the services supplied to the Participant by the Authority as set forth in Section 403 hereof, and for the costs incurred by the Authority as set forth in this Section 402, and such bill shall be paid by the Participant on or before the tenth day from the date thereof. Amounts due and not paid by the Participant on or before said day shall bear an additional charge of one and one-half percent per month until the amount due is paid in full. At the end of each Power Supply Year, adjustments of billings shall be made in accordance with the provisions of Section 209 hereof.

###### Section 403. Supplemental Bulk Power Supply Taken by the Participant.

The Participant shall take all of its Supplemental Bulk Power Supply from the Authority and shall pay to the Authority the Participant's Proportionate Share of Annual Supplemental Costs set forth in the monthly Billing Statement submitted by the Authority to the Participant.

Section 404. Alternate Supplemental Bulk Power Supply Resources.

If the Participant desires to procure an alternate source of supplemental bulk power supply other than that provided by the Authority, the Participant may do so under the following terms and conditions:

(a) In no event will the Participant's Entitlement Share of the Project be reduced, and the Participant will continue to be obligated to pay its Entitlement Share of Annual Project Costs;

(b) The Participant will enter into an interconnection agreement with the Authority for reserves, emergency, economy, scheduled and other interchange service, the terms and conditions of which will be similar to those contained in interconnection arrangements between the Authority and others; and

(c) The Participant will give notice to the Authority of its intention to procure such alternate source which will relieve the Authority from its obligation to provide service equivalent to such alternate source. Such notice will be at least the following:

(1) Two years if such alternate source equals 20% or less of Participant's total peak demand less SEPA power and Participant's Entitlement Share of the output and services of the generating facilities of the Project;

(2) Three years if such alternate sources equals more than 20% but not greater than 30% of Participant's total peak demand less SEPA power and Participant's Entitlement Share of the output and services of the generating facilities included in the Project;

(3) Five years if such alternate source equals more than 30% but not greater than 40% of Participant's total peak demand less SEPA power and Participant's Entitlement Share of the output and services of the generating facilities of the Project;

(4) Seven years if such alternate source equals more than 40% but not greater than 60% of Participant's total peak demand less SEPA power and Participant's Entitlement Share of the output and services of the generating facilities of the Project;

(5) Nine years if such alternate source equals more than 60% of Participant's total peak demand less SEPA power and Participant's Entitlement Share of the output and services of the generating facilities of the Project;

Provided, however, that the Authority and the Participant may mutually agree to a notice shorter than any of those provided above if no burden or cost would be imposed upon the Authority as the result of such shorter notice.

Section 405. Interconnection Arrangements.

The Authority and the Participant may mutually agree to enter into interconnection arrangements for reserves, emergency, economy, scheduled and other interchange service for generation and transmission facilities owned by the Participant on the effective date of this Contract, the terms and conditions of which arrangements shall not be inconsistent with the provisions of this Contract.

ARTICLE V

ADDITIONAL BONDS

Section 501. Issuance of Additional Bonds.

(a) Additional Bonds may be sold and issued by the Authority in accordance with the provisions of the Bond Resolution at any time and from time to time in the event, for any

reason, the proceeds derived from the sale of the Bonds first validated pursuant to the provisions of the Act and of this Contract shall be insufficient for the purpose of completing the initial facilities of the Project and placing each facility thereof in Commercial Operation including the completion of those transmission system facilities to be acquired and constructed by the Authority prior to the Commercial Operation Date of the last of the generating facilities of the Project to be completed in order to meet the Authority's investment responsibility during such period in connection with any agreement for an integrated transmission system to which the Authority may be a party in accordance with the provisions of Section 302 hereof.

(b) Additional Bonds may be sold and issued by the Authority in accordance with the provisions of the Bond Resolution at any time and from time to time in the event funds are required to pay the cost of (i) any major renewals, replacements, repairs, additions, betterments, or improvements, to the Project necessary, in the opinion of the Consulting Engineer, to keep the Project in good operating condition or to prevent a loss of revenues therefrom, (ii) any major additions, improvements, repairs, or modifications to the Project, or any decommissionings or disposals of the Project, required by any governmental agency having jurisdiction over the Project or for which the Authority shall be responsible by virtue of any obligation of the Authority arising out of any contract to which the Authority may be a party relating to ownership of the Project or any facility thereof, or (iii) reload fuel for each generation facility of the Project in any Power Supply Year to the extent that sufficient funds are not available in any reserves established by the Authority for Fuel Costs; provided however, that no such additional Bonds may be issued for the purpose of adding additional generating units to the Project.

(c) At such time as funds may be required to provide funds in excess of those provided from the sale of the Bonds first validated pursuant to the Act and this Contract to meet the Authority's investment responsibility in connection with the agreement to which the Authority may be a party providing for an integrated transmission system, in accordance with the provisions of Section 302, hereof, the Authority may provide such funds as may be necessary therefor by the issuance of additional Bonds.

(d) Any such additional Bonds shall be secured by assignment of the payments to be made by the Participants pursuant to the provisions of Article III of the Power Sales Contracts, including payments required to be made under Article III of this Contract, and all other payments attributable to the Project or to the Annual Project Costs to be made in accordance with or pursuant to any other provision of this Contract, and such other Power Sales Contracts, as such payments may be increased and extended by reason of the issuance of such additional Bonds, and such additional Bonds may be issued in amounts sufficient to pay the full amount of such costs and sufficient to provide such reserves as may be reasonably determined by the Authority to be desirable. Any such additional Bonds issued in accordance with the provisions of this Section 501 and secured by assignment of payments to be made in accordance with the provisions of this Section, may rank pari passu as to the security afforded by the provisions of this Contract and of all other Power Sales Contracts between the Authority and the Participants relating to the Project and to the issuance of Bonds therefor with all Bonds theretofore issued pursuant to and secured in accordance with the provisions of this Contract.

#### Section 502. Issuance of Refunding Bonds.

In the event the Annual Project Costs to the Participants of electric power and energy from the Project may be reduced by the refunding of any of the Bonds then outstanding or in the event it shall otherwise be advantageous, in the opinion of the Authority, to refund any Bonds, the Authority may issue and sell refunding Bonds to be secured by assignment of the payments

to be made by the Participants pursuant to the provisions of Article III of the Power Sales Contracts, including payments required to be made under Article III of this Contract, and all other payments attributable to the Project or to the Annual Project Costs to be made in accordance with or pursuant to any other provision of this Contract and such other Power Sales Contracts. Any such refunding Bonds issued in accordance with the provisions of this Section and secured by assignment of such payments may rank pari passu as to the security afforded by the provisions of this Contract and of all other Power Sales Contracts between the Authority and the Participants relating to the Project and to the issuance of Bonds therefor with all bonds theretofore issued pursuant to and secured in accordance with the provisions of this Contract.

#### Section 503. Adjustment of Annual Project Costs.

In the event the proceeds derived from the sale of any Bonds issued pursuant to the provisions of this Contract, the payment of which is secured by assignment of payments made pursuant to the provisions of this Contract and of all other Power Sales Contracts between the Authority and the Participants relating to the Project and to the issuance of Bonds therefor, exceed the aggregate amount required for the purposes for which such Bonds were issued, the amount of such excess shall be used to make up any deficiency then existing in any fund or account under the Bond Resolution in the manner therein provided, and any balance shall be used to retire, by purchase or call and redemption, Bonds in advance of maturity, and in such event the Authority will reduce such elements of Annual Project Costs as are necessary and appropriate to reflect such accelerated retirement.

### ARTICLE VI

#### DEFAULT

#### Section 601. Event of Default.

Failure of the Participant to make to the Authority any of the payments for which provision is made in this Contract shall constitute a default on the part of the Participant.

#### Section 602. Continuing Obligation, Right to Discontinue Service.

In the event of any such default, the Participant shall not be relieved of its liability for payment of the amounts in default, and the Authority shall have the right to recover from the Participant any amount in default. In enforcement of any such right of recovery, the Authority may bring any suit, action, or proceeding in law or in equity, including mandamus and action for specific performance as may be necessary or appropriate to enforce any covenant, agreement or obligation to make any payment for which provision is made in this Contract against the Participant, and the Authority may, upon sixty days written notice to the Participant, cease and discontinue providing all or any portion of the Participant's Bulk Power Supply.

#### Section 603. Levy of Tax for Payment.

In the event of such default by the Participant, the Participant shall provide for the assessment and collection of an annual tax sufficient in amount to provide funds annually to make all payments due under the provisions of this Contract in each year over the remainder of the life of this Contract and the Authority shall have the right to bring any suit, action, or proceeding in law or in equity, including mandamus and action for specific performance, to enforce the assessment and collection of a continuing direct annual tax upon all the taxable property within the boundaries of such Participant sufficient in amount to provide such funds annually in each year of the remainder of the life of this Contract.

Section 604. Transfer of Power and Energy Pursuant to Default.

In the event of a default by a Participant, the Authority shall transfer, on a pro rata basis to all other Participants which are not in default, the defaulting Participant's Entitlement Share of the output and services of the Project which shall have been discontinued by reason of such default, and the pro rata portion of such Entitlement Share of the defaulting Participant so transferred shall become a part of and shall be added to the Entitlement Share of each such transferee Participant, and the transferee Participant shall be obligated to pay for its Entitlement Share, increased as aforesaid, as if the Entitlement Share of the transferee Participant, increased as aforesaid, had been stated originally as the Entitlement Share of the transferee Participant in its Power Sales Contract with the Authority, provided, however, that in no event shall any transfer of any part of a defaulting Participant's Entitlement Share result in an obligation of a transferee Participant to buy output and services of the Project from the Authority in excess of fifty percent of the most recently established maximum annual hourly peak demand of such transferee Participant and provided, further, that the obligation of the defaulting Participant to pay the Authority shall be reduced to the extent that payments shall be received by the Authority for that portion of the defaulting Participant's Entitlement Share which may be transferred as aforesaid.

Section 605. Other Default by Participant.

In the event of a failure of the Participant to establish, maintain, or collect rates or charges adequate to provide revenue sufficient to enable the Participant to pay all amounts due to the Authority under this Contract or in the event of a failure of the Participant to take from the Authority its Bulk Power Supply in accordance with the provisions of this Contract, or in the event of any default by the Participant under any other covenant, agreement or obligation of this Contract, the Authority may bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Contract against the Participant.

Section 606. Default by Authority.

In the event of any default by the Authority under any covenant, agreement or obligation of this Contract, the Participant may bring any suit, action, or proceeding in law or in equity, including mandamus, injunction, and action for specific performance as may be necessary or appropriate to enforce any covenant, agreement, or obligation of this Contract against the Authority.

Section 607. Abandonment of Remedy.

In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceedings shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers, and duties of the Authority and the Participant shall continue as though no such proceedings had been taken.

## ARTICLE VII

### MISCELLANEOUS GENERAL PROVISIONS

Section 701. Character and Continuity of Service.

(a) The Authority may temporarily interrupt or reduce deliveries of electric energy to the Participant if the Authority determines that such interruption or reduction is necessary in case of emergencies or in order to install equipment in or make repairs to or replacements,

investigations, and inspections of or to perform other maintenance work on its generation or transmission facilities and related apparatuses. After informing the Participant regarding any such planned interruption or reduction, giving the reason therefor, and stating the probable duration thereof, the Authority will to the best of its ability schedule such interruption or reduction at a time which will cause the least interference with the operations of the Participants.

(b) The Authority shall not be required to provide, or be liable for failure to provide, service under this Contract when such failure or the cessation or curtailment of or interference with the service is caused by Uncontrollable Forces or, with respect to the services to be provided for Supplemental Bulk Power Supply, is caused by the failure or refusal of any other bulk power supplier to enter into reasonable contracts with the Authority or by the inability of the Authority to obtain any required governmental approvals to enable the Authority to acquire or construct any facilities.

#### Section 702. Metering.

(a) The Authority reserves the right to provide for installation of meters and will provide or cause to be provided all necessary metering equipment for determining the quantity and conditions of the supply of electric power and energy delivered by the Authority under this Contract; provided however that the Participant may at its own cost install additional metering equipment to provide a check on that of the Authority. The Participant shall supply without cost to the Authority a suitable place for installing the Authority's metering equipment.

(b) If any meter used for billing fails to register or is found to be inaccurate, the Authority shall repair or replace such meter or cause it to be repaired or replaced, and an appropriate billing shall be made to the Participant by the Authority based upon the best information available for the period, not exceeding sixty days, during which no metering occurred. Any meter tested and found to be not more than two percent above or below normal shall be considered accurate insofar as correction of billings is concerned. If, as a result of any test, a meter is found to register in excess of two percent above or below normal, then the reading of such meter previously taken for billing purposes shall be corrected for the period during which it is established the meter was inaccurate, but no correction shall be made for any period beyond sixty days prior to the date on which an inaccuracy is discovered by such test.

(c) In addition to such tests as are deemed necessary by the Authority, the Authority shall have any meter tested at any time upon written request of the Participant and, if such meter proves accurate within two percent above or below normal, the expense of such test shall be borne by the Participant.

(d) The Authority shall notify the Participant in advance of the time of any meter test so that a representative of the Participant may be present.

#### Section 703. Power Deliveries.

Power and energy furnished to the Participant under this Contract shall be in the form of three phase current, alternating at a frequency of approximately 60 Hertz.

#### Section 704. Liability of Parties.

The Authority and the Participant shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall indemnify and save harmless the other from all liability and expense on account of any and all damages, claims,

or actions, including injury to or death of persons arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party and not caused in whole or in part by the negligence of the other party; provided that any liability which is incurred by the Authority through the operation and maintenance of the Project and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of the Authority, and any payments made by the Authority to satisfy such liability shall become part of the Annual System Budget.

#### Section 705. Other Terms and Conditions.

Service hereunder shall be in accordance with such other terms and conditions as are established as part of the Authority's service rules and regulations, which shall not be inconsistent with the provisions of this Contract.

#### Section 706. Assignment of Contract.

(a) This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; provided, however, that except as provided in the event of a default, and, except for the assignment by the Authority authorized hereby, neither this Contract nor any interest herein shall be transferred or assigned by either party hereto except with the consent in writing of the other party hereto, provided, however, that such consent shall not be withheld unreasonably. No assignment or transfer of this Contract shall relieve the parties of any obligation hereunder.

(b) The Participant acknowledges and agrees that the Authority may assign and pledge to the Trustee and Co-Trustee designated in the Bond Resolution all its right, title, and interest in and to all payments to be made to the Authority under the provisions of Article III of this Contract and all payments attributable to the Project or to the Annual Project Costs to be made in accordance with or pursuant to any other provision of this Contract as security for the payment of the principal (including sinking fund installments) of, and premium, if any, and interest on all the Bonds, and, upon the execution of such assignment and pledge, such Trustee shall have all rights and remedies herein provided to the Authority, and any reference herein to the Authority shall be deemed, with the necessary changes in detail, to include such Trustee which shall be a third party beneficiary of the covenants and agreements of the Participant herein contained.

#### Section 707. Termination or Amendment of Contract.

(a) This Contract shall not be terminated by either party under any circumstances, whether based upon the default of the other party under this Contract or any other instrument or otherwise except as specifically provided in this Contract.

(b) This Contract shall not be amended, modified, or otherwise altered in any manner that will adversely affect the security for the Bonds afforded by the provisions of this Contract covering the purchase and sale of power hereunder upon which the owners from time to time of the Bonds shall have relied as an inducement to purchase and hold the Bonds. So long as any of the Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Bond Resolution, this Contract shall not be amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Bonds or extend the time of such payments provided herein or which will in any manner impair or adversely affect the rights of the owners from time to time of the Bonds.

(c) None of the Power Sale Contracts may be amended as to any one or more Participants

so as to provide terms and conditions different from those herein contained except upon written notice to and written consent or waiver by each of the other Participants, and upon similar amendment being made to the Power Sales Contract of any other Participant requesting such amendment after receipt by such Participant of notice of such amendment.

## ARTICLE VIII

### FUTURE PROJECTS UNDERTAKEN BY THE AUTHORITY

#### Section 801. Future Projects.

The Authority may from time to time conduct studies and negotiations with respect to planning, designing, financing, constructing, administering, operating, and maintaining or otherwise acquiring future generation and transmission facilities or rights to the output thereof in addition to those contemplated for the Project, and may make recommendations to the Participant that such future facilities be undertaken by the Authority. If the Participant wishes to participate in and the Authority wishes to undertake any such future facilities, the Participant shall execute a contract therefor with the Authority.

#### Section 802. Future Participants.

It is expressly understood that nothing herein shall preclude other future participants from contracting with the Authority for planning, procuring, and providing such other future participants' bulk power supply, including participation in other projects undertaken by the Authority.

#### Section 803. Changes in Existing SEPA Arrangements.

The Authority may negotiate bulk power supply arrangements with the Southeastern Power Administration and the Georgia Power Company for changes in the currently existing contracts between the Participants and Southeastern Power Administration and between Georgia Power Company and Southeastern Power Administration which changes are for the expressed purpose of lowering the Participants' overall bulk power supply costs by acquisition by the Participants of their full lawful allotments of Southeastern Power Administration power. If such expressed purpose is achieved and the Authority wishes to undertake such arrangements, the Participant may execute a contract therefor with the Authority in which the Participant may assign its allotment of Southeastern Power Administration power to the Authority for delivery by the Authority to the Participant.

#### Section 804. Other SEPA Arrangements.

The Authority may negotiate other bulk power supply arrangements with the Southeastern Power Administration relating to other projects of the Southeastern Power Administration not now included in the currently existing contracts between the Participants and the Southeastern Power Administration for acquisition by the Participants of their full lawful allotment of such other projects. The Participant may assign its allotment of such other projects to the Authority for delivery by the Authority to the Participant.

#### Section 805. Allocation of Costs.

Until the Authority shall undertake a future project or until the provisions of Sections 803 or 804 hereof relating to SEPA arrangements are implemented, all operating and maintenance costs related to the operating and conducting of the business of the Authority shall be treated as Annual Project Costs and, upon the undertaking by the Authority of a future project or upon implementation of the provisions of Sections 803 or 804 hereof, the Authori-

ty shall allocate an appropriate share of its administrative and general expense to such future project and such arrangements under Section 803 and 804.

ARTICLE IX

SEVERABILITY

In case any one or more of the provisions of this Contract shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Contract shall be construed and enforced as if such illegal or invalid provision had not been contained herein, and this Contract shall be construed to adopt, but not to enlarge upon, all the applicable provisions of said Act, and all the applicable provisions of the Constitution and general laws of Georgia, and, if any provisions hereof conflict with any applicable provision of said Constitution or laws, the latter as adopted by the legislature and as interpreted by the courts of this state shall prevail in lieu of any provision hereof in conflict or not in harmony therewith.

IN WITNESS WHEREOF, the Municipal Electric Authority of Georgia has caused this Contract to be executed in its corporate name by its duly authorized officers and, by the execution hereof it is acknowledged that payments made under this Contract may be assigned, as provided in Section 706(b) hereof, by the Authority to the Trustee and Co-Trustee to be designated in any Supplemental Bond Resolution as security for the payment of all Bonds of the Authority, as set forth in said Section 706(b) hereof, and the Authority has caused its corporate seal to be hereunto impressed and attested; the Participant has caused this Contract to be executed in its corporate name by its duly authorized officers and its corporate seal to be hereunto impressed and attested, and delivery hereof by the Authority to the Participant is hereby acknowledged, all as of the day and year first above written.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

BY: .....  
CHAIRMAN

ATT: .....  
SECRETARY-TREASURER

BY: .....  
MAYOR

ATT: .....  
CLERK

## DESCRIPTION OF PROJECT

### Initial Facilities.

The initial facilities of the Project shall be the following:

#### I. Initial Electric Generation and Related Transmission Facilities Included In The Project.

##### (a) Plant Hatch.

A seventeen and seven-tenths percent undivided interest in the two 807 MWe nominally rated nuclear generating units to be known as the Edwin I. Hatch Nuclear Units, Numbers One and Two, (individually designated as Hatch Unit No. 1 and Hatch Unit No. 2 and collectively designated as Plant Hatch) to be located near Baxley in Appling County, Georgia, including for such units (i) land delineated and described in the records of the Clerk of the Superior Court of Appling County, Georgia, in Plat Book 8, page 35, and in the records of the Clerk of the Superior Court of Toombs County, Georgia, in Plat Book 11, page 84, and all land rights pertaining thereto, (ii) the nuclear power reactors, the turbine-generators, the buildings housing the same, the associated auxiliaries and equipment, and the related transmission facilities all as more particularly described in the Application, and amendments thereto, by the Georgia Power Company before the Atomic Energy Commission in Docket Nos. 50-321 and 50-366 and the Preliminary Safety Analysis Report, and amendments thereto, which constitute a part of such Application, (iii) inventories of materials, supplies, fuel, tools and equipment for use in connection with Plant Hatch, and (iv) the Plant Hatch Railroad delineated and described in the records of the Clerk of the Superior Court of Appling County in Plat Book 8, pages 36, 37, and 38.

##### (b) Plant Vogtle.

A thirty percent undivided interest in the two 1150 MWe maximum rated nuclear generating units to be known as the Alvin W. Vogtle Nuclear Units, Numbers One and Two (individually designated as Vogtle Unit No. 1 and Vogtle Unit No. 2 and collectively designated as Plant Vogtle) to be located near Waynesboro in Burke County, Georgia; including for such units (i) land delineated and described in Georgia Power Company Map File M-8-3, to be recorded in the records of the Clerk of the Superior Court of Burke County, Georgia and all land rights pertaining thereto, (ii) the nuclear power reactors, the turbine-generators, the buildings housing the same, the associated auxiliaries and equipment, and the related transmission facilities all as more particularly described in the Application, and amendments thereto, by the Georgia Power Company before the Atomic Energy Commission in Docket Nos. 50-424 and 50-425 and the Preliminary Safety Analysis Report, and amendments thereto, which constitutes a part of such Application, and (iii) inventories of materials, supplies, fuel, tools and equipments for use in connection with Plant Vogtle, provided, however, in the event for any reason Bonds are not issued for that portion of the Project designated as Plant Vogtle, the facilities described in this subparagraph (b) shall not be a part of the Project.

##### (c) Working Capital.

Working Capital required by the Authority during construction of the Project and for the placing of the Project in operation for providing Bulk Power Supply, including Supplemental Bulk Power Supply, to all the Participants.

## II. Initial Transmission Facilities Included In The Project.

Those transmission facilities to be acquired and constructed by the Authority during the time prior to the Commercial Operation Date of the last of the generating facilities of the Project to be completed in order to meet its investment responsibility during such time in connection with any agreement for an integrated transmission system to which the Authority may be a party in accordance with the provisions of Section 302 of the Contract.

### Additional Facilities.

The additional facilities of the Project shall be those additions and improvements to the electric generation and related transmission facilities and to the transmission system facilities of the Project provided for in clauses (i), (ii) and (iii) of Section 102(s) of the Contract.

## SCHEDULE OF ENTITLEMENT SHARES.

### I. PARTICIPANTS' ENTITLEMENT SHARES OF THE OUTPUT AND SERVICES OF THE GENERATING FACILITIES (INCLUDING RELATED TRANSMISSION FACILITIES) INCLUDED IN THE PROJECT

The Participants' Entitlement Shares of the output and services of the generating facilities (including related transmission facilities) of the Project, which Project includes a seven-tenths and seven-tenths percent undivided interest in Plant Hatch and a thirty percent undivided interest in Plant Vogtle both of which are more particularly described in the Description of Project, and of the services provided by the Authority in accordance with the provisions of Section 303 of the Contract, shall for each Participant be those Entitlement Shares set forth in the following schedule:

<u>Participant</u>	<u>Initial Entitlement Share</u> %	<u>Entitlement Share After First Adjustment</u> %	<u>Entitlement Share After Second Adjustment</u> %	<u>Entitlement Share After Third Adjustment</u> %
ACWORTH	0.610	0.644	0.618	0.614
ADEL	1.413	1.220	1.162	1.157
ALBANY	14.151	12.468	10.412	10.043
BARNESVILLE	0.558	0.469	0.422	0.413
BLAKELY	0.931	0.969	0.836	0.809
TOWN OF BRINSON	0.035	0.035	0.033	0.033
BUFORD	0.574	0.551	0.560	0.566
CAIRO	1.318	1.680	1.807	1.772
CALHOUN	2.256	2.638	2.757	2.793
CAMILLA	1.149	1.202	1.104	1.086
CARTERSVILLE	5.277	5.376	5.197	5.173
COLLEGE PARK	5.304	6.373	7.409	7.659
COMMERCE	0.760	0.692	0.645	0.637
COVINGTON	2.595	2.658	2.667	2.677
CRISP COUNTY	2.643	3.155	3.369	3.410
DOERUN	0.129	0.126	0.119	0.118
DOUGLAS	2.305	2.640	2.607	2.609
EAST POINT	7.662	6.652	7.101	6.976
ELBERTON	1.545	1.351	1.347	1.350

ELLAVILLE	0.247	0.268	0.298	0.306
FAIRBURN	0.544	0.526	0.556	0.564
FITZGERALD	2.329	2.769	2.895	2.932
FORSYTH	0.932	0.879	0.967	0.988
FORT VALLEY	1.647	1.616	1.562	1.554
GRANTVILLE	0.090	0.089	0.083	0.082
GRIFFIN	3.600	3.080	2.954	2.932
HOGANSVILLE	0.331	0.308	0.296	0.294
JACKSON	0.542	0.517	0.499	0.496
LAFAYETTE	1.639	1.618	1.604	1.605
LA GRANGE	4.330	3.839	3.302	3.193
LAWRENCEVILLE	1.527	1.809	2.082	2.148
MANSFIELD	0.051	0.036	0.028	0.027
MARIETTA	10.551	11.519	12.448	12.683
MONROE	1.508	1.422	1.444	1.453
MONTICELLO	0.367	0.384	0.398	0.402
MOULTRIE	2.989	2.985	3.031	3.051
NEWNAN	1.609	1.545	1.583	1.596
NORCROSS	0.583	0.733	0.820	0.841
PALMETTO	0.282	0.297	0.323	0.329
QUITMAN	0.747	0.765	0.652	0.630
SANDERSVILLE	0.887	0.813	0.778	0.775
SYLVANIA	1.757	2.639	3.042	3.099
SYLVESTER	0.944	0.837	0.954	0.973
THOMASTON	1.299	1.217	1.216	1.220
THOMASVILLE	5.788	4.894	4.409	4.332
WASHINGTON	1.018	0.994	1.039	1.052
WEST POINT	0.561	0.544	0.444	0.424
WHIGHAM	0.086	0.109	0.121	0.124
TOTAL	100.000	100.000	100.000	100.000

The Initial Entitlement Share set forth above shall be the Entitlement Share for the period commencing with the Commercial Operation Date of Hatch Unit No. 1 and ending with the Commercial Operation Date of Hatch Unit No. 2 or December 31, 1978, whichever is the earlier.

The Entitlement Share After First Adjustment shall be the Entitlement Share for the period commencing with the Commercial Operation Date of Hatch Unit No. 2 or January 1, 1979, whichever is the earlier, and ending with the Commercial Operation Date of Vogtle Unit No. 1 or December 31, 1982, whichever is the earlier.

The Entitlement Share After Second Adjustment shall be the Entitlement Share for the period commencing with the Commercial Operation Date of Vogtle Unit No. 1 or January 1, 1983, whichever is the earlier, and ending with the Commercial Operation Date of Vogtle Unit No. 2 or December 31, 1983, whichever is the earlier.

The Entitlement Share After Third Adjustment shall be the Entitlement Share for the period commencing with the Commercial Operation Date of Vogtle Unit No. 2 or January 1, 1984, whichever is the earlier, and ending with the last day of the term of the Contract;

provided however, that in the event Plant Vogtle is not constructed, the Entitlement Share After Second Adjustment and the Entitlement Share After Third Adjustment shall not be applicable, and the Entitlement Share After First Adjustment shall apply for the period commencing with the Commercial Operation Date of Hatch Unit No. 2 or January 1, 1979, whichever is the earlier, and ending with the last day of the term of the Contract; and provided further that the Authority, in accordance with the provisions of Section 311 of the Contract, will sell the output and services of such undivided interests in Plant Hatch and Plant Vogtle to Georgia Power Company in accordance with the following schedules:

(a) Hatch Unit No. 1 and Hatch Unit No. 2.

<u>Power Supply Year</u>	<u>Percentage of Output and Services To be Sold to Ga. Power Co.</u>
That Portion of the Power Supply Year Remaining After the Commercial Operation Date of a Unit of the Project	50.0%
First Full Power Supply Year Following Commercial Operation Date	50.0%
Second Full Power Supply Year Following Commercial Operation Date	37.5%
Third Full Power Supply Year Following Commercial Operation Date	37.5%
Fourth Full Power Supply Year Following Commercial Operation Date	25.0%
Fifth Full Power Supply Year Following Commercial Operation Date	25.0%
Sixth Full Power Supply Year Following Commercial Operation Date	12.5%
Seventh Full Power Supply Year Following Commercial Operation Date	12.5%

(b) Vogtle Unit No. 1 and Vogtle Unit No. 2.

<u>Power Supply Year</u>	<u>Percentage of Output and Services To be Sold to Ga. Power Co.</u>
That Portion of the Power Supply Year Remaining After the Commercial Operation Date of a Unit of the Project	50.0%
First Full Power Supply Year Following Commercial Operation Date	50.0%
Second Full Power Supply Year Following Commercial Operation Date	37.5%
Third Full Power Supply Year Following Commercial Operation Date	37.5%
Fourth Full Power Supply Year Following Commercial Operation Date	25.0%
Fifth Full Power Supply Year Following Commercial Operation Date	25.0%
Sixth Full Power Supply Year Following Commercial Operation Date	12.5%
Seventh Full Power Supply Year Following Commercial Operation Date	12.5%

Provided, however that for the purpose of determining the percentage of output and services to be sold to Georgia Power Company, the First Full Power Supply Year Following Commercial Operation Date, with respect to Vogtle Unit No. 1 shall be no later than the calendar year 1984 and with respect to Vogtle Unit No. 2 shall be no later than the calendar year 1985, and the percentage of output and services to be sold (when such output and services are available for such sale) shall be taken from the foregoing schedule for the appropriate year based upon the conclusive presumption that the Commercial Operation Date of Vogtle Unit No. 1 is no later than the year 1983 and that the Commercial Operation Date of Vogtle Unit No. 2 is no later than the year 1984, and provided, further, that the amount of such capacity sold to Georgia Power Company shall not exceed 25% of the Authority's ownership share of the capacity of Vogtle Units Nos. 1 and 2 over the useful life of such units.

It is understood that there shall not be any reduction in Entitlement Shares of the Participants as a result of such sales of output and services to Georgia Power Company and each Participant shall remain liable for its full Entitlement Share except such liability shall be discharged to the extent the Authority receives payment from Georgia Power Company.

**II. PARTICIPANTS' ENTITLEMENT SHARES OF SERVICES OF TRANSMISSION  
SYSTEM FACILITIES INCLUDED IN THE PROJECT.**

The Participants' Entitlement Shares of Services of Transmission System Facilities included in the Project shall be determined by the Authority during each Power Supply Year in accordance with the provisions of Section 308 of the Contract.

AMENDMENT  
POWER SALES CONTRACT

Between  
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

and

THE UNDERSIGNED PARTICIPANT

This Amendment of Contract, made and entered into as of March 1, 1976, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia, hereinafter sometimes designated as the Authority, created by the provisions of I Ga. L. 1975, p. 107, as amended, and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant.

WITNESSETH

T H A T :

BE it remembered that a Power Sales Contract dated as of October 1, 1975, has been previously executed by and between the Authority and the Participant, and

WHEREAS, the parties desire to amend said Contract in certain respects,

NOW THEREFORE:

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, it is agreed by and between the parties hereto as follows:

Section 1. Said Power Sales Contract shall be dated as of March 1, 1976.

Section 2. Section 102 (l) (3) of said Contract is deleted in its entirety and the following new Section 102 (l) (3) is substituted in lieu thereof:

"(3) acquisition of initial fuel or fuel inventory for any generation facility of the Project and working capital and reserves therefor and working capital and reserves for reload fuel and additional fuel inventories."

Section 3. Section 102 (n) of said Contract is amended by deleting the word "Output" in the fourth line thereof.

Section 4. Section 102 (o) of said Contract is deleted in its entirety and the following new Section 102 (o) is substituted in lieu thereof:

"(o) 'Fuel Costs' shall mean all costs incurred by the Authority during any Power Supply Year that are allocable to the acquisition, processing, fabrication, transportation, delivering, reprocessing, storage, and disposal of nuclear materials and of fossil materials required for any of the generation facilities of the Project, including transfers to reserves established by the Authority."

ty for such costs related to future Power Supply Years, less credits related to such costs applied as appropriate in the discretion of the Authority.

Section 5. Section 102 (s) of said Contract is deleted in its entirety and the following new Section 102 (s) is substituted in lieu thereof:

"(s) 'Project' shall mean those electric generation and related transmission facilities which are identified in the Description of Project and those transmission system facilities to which reference is made in the Description of Project to be acquired and constructed by the Authority during the time prior to the Commercial Operation Date of the last of the generating facilities of the Project to be completed in order to meet the Authority's investment responsibility during such time in connection with any agreement for an integrated transmission system to which the Authority may be a party in accordance with the provisions of Section 302 hereof, together with (i) any major renewals, replacements, repairs, additions, betterments and improvements necessary, in the opinion of the Consulting Engineer, to keep the Project in good operating condition or to prevent a loss of revenue therefrom, (ii) any major additions, improvements, repairs and modifications to the Project and any decommissionings or disposals of the Project, required by any governmental agency having jurisdiction over the Project or for which the Authority shall be responsible by virtue of any obligation of the Authority arising out of any contract to which the Authority may be a party relating to ownership of the Project or any facility thereof, and (iii) working capital required by the Authority during construction of the Project and for the placing of the Project in operation for providing Bulk Power Supply, including Supplemental Bulk Power Supply, to the Participant."

Section 6. Section 401 of said Contract is deleted in its entirety and the following new Section 401 is substituted in lieu thereof:

"Section 401. The Authority will provide or cause to be provided to the Participant its Supplemental Bulk Power Supply during each month of each Power Supply Year. Such Supplemental Bulk Power Supply may include, but shall not be limited to, partial and full requirements power purchases and unit power service, generating capacity reserve service, firm and nonfirm capacity and energy service, transmission service (including transmission service purchased by the Authority to supplement the Participant's Entitlement Share of transmission services provided by the Authority from those transmission systems facilities included in the Project) and other interchange service made available as a result of transactions with other utilities. The costs to the Authority of electric power and energy purchased by the Authority from other utilities based upon tariffs filed by such other utilities with the Federal Power Commission will be directly reflected in the monthly Billing Statement to the Participant. Such monthly Billing Statement will include a credit for such delivery point transmission facilities as are owned, financed, or operated by the Participant."

Section 7. Section 501 (b) of said Contract is deleted in its entirety and the following new Section 501 (b) is substituted in lieu thereof:

"(b) Additional Bonds may be sold and issued by the Authority in accordance with the provisions of the Bond Resolution at any time and from time to time in the event funds are required to pay the cost of (i) any major renewals, replacements, repairs, additions, betterments, or improvements, to the Project necessary, in the opinion of the Consulting Engineer, to keep the Project in good operating condition or to prevent a loss of revenues therefrom, (ii) any major additions, improvements, repairs, or modifications to the Project, or any decommissionings or disposals of the Project, required by any governmental agency having jurisdiction over the Project

or for which the Authority shall be responsible by virtue of any obligation of the Authority arising out of any contract to which the Authority may be a party relating to ownership of the Project or any facility thereof, or (iii) reload fuel or additional fuel inventory for any generation facility of the Project in any Power Supply Year to the extent that sufficient funds are not available in any reserve established by the Authority for Fuel Costs; provided however, that no such additional Bonds may be issued for the purpose of adding additional generating units to the Project.

Section 8. Section 501 (c) is deleted in the its entirety, and Section 501 (d) is renumbered Section 501 (c).

Section 9. The attachment to said Contract entitled "Description of Project" and "Schedule of Entitlement Shares" consisting of five pages is deleted in its entirety and the Description of Project and Schedule of Entitlement Shares attached hereto is substituted in lieu thereof.

Section 10. Said Contract shall remain in full force and effect except as herein amended.

IN WITNESS WHEREOF, The Municipal Electric Authority of Georgia and the Participant have caused this Amendment of Contract to be executed in their corporate names by their duly authorized officers and their corporate seals to be hereunto impressed and attested, all as of the day and year first above written.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

BY: *W. B. Clayton*.....  
CHAIRMAN

ATT: *[Signature]*.....  
SECRETARY-TREASURER

CITY OF ADEL

BY: *[Signature]*.....  
MAYOR

ATT: *[Signature]*.....  
CLERK

*W. F. Binn*  
CITY MANAGER

THIS PAGE INTENTIONALLY LEFT BLANK.

## DESCRIPTION OF PROJECT

### Initial Facilities.

The initial facilities of the Project shall be the following:

- I. Initial Electric Generation and Related Transmission Facilities Included In The Project.
  - (a) Plant Hatch.

A seventeen and seven-tenths percent undivided interest in the two 807 MWe nominally rated nuclear generating units to be known as the Edwin I. Hatch Nuclear Units, Numbers One and Two, (individually designated as Hatch Unit No. 1 and Hatch Unit No. 2 and collectively designated as Plant Hatch) to be located near Baxley in Appling County, Georgia, including for such units (i) land delineated and described in the records of the Clerk of the Superior Court of Appling County, Georgia, in Plat Book 8, page 35, and in the records of the Clerk of the Superior Court of Toombs County, Georgia, in Plat Book 11, page 84, and all land rights pertaining thereto, (ii) the nuclear power reactors, the turbine-generators, the buildings housing the same, the associated auxiliaries and equipment, and the related transmission facilities all as more particularly described in the Application, and amendments thereto, by the Georgia Power Company before the Atomic Energy Commission in Docket Nos. 50-321 and 50-366 and the Preliminary Safety Analysis Report, and amendments thereto, which constitute a part of such Application, (iii) inventories of materials, supplies, fuel, tools and equipment for use in connection with Plant Hatch, and (iv) the Plant Hatch Railroad delineated and described in the records of the Clerk of the Superior Court of Appling County in Plat Book 8, pages 36, 37, and 38; provided, however, the Authority shall have the right and power to sell to any one or more of the political subdivisions listed in the following Schedule of Entitlement Shares which shall not execute a Power Sales Contract with the Authority such portion of its undivided interest in Plant Hatch as the Authority shall be lawfully obligated by virtue of any contractual obligation of the Authority to sell to such political subdivisions to satisfy the license conditions pertaining to Plant Hatch.

- (b) Plant Vogtle.

A seventeen and seven-tenths percent undivided interest in the two 1150 MWe maximum rated nuclear generating units to be known as the Alvin W. Vogtle Nuclear Units, Numbers One and Two, (individually designated as Vogtle Unit No. 1 and Vogtle Unit No. 2 and collectively designated as Plant Vogtle) to be located near Waynesboro in Burke County, Georgia, including for such units (i) land delineated and described in Georgia Power Company Map File M-8-15 dated March 15, 1976, to be recorded in the records of the Clerk of the Superior Court of Burke County, Georgia and all land rights pertaining thereto, (ii) the nuclear power reactors, the turbine-generators, the buildings housing the same, the associated auxiliaries and equipment, and the related transmission facilities all as more particularly described in the Application, and amendments thereto, by the Georgia Power Company before the Atomic Energy Commission in Docket Nos. 50-424 and 50-428 and the Preliminary Safety Analysis Report, and amendments thereto, which constitutes a part of such Application, and (iii) inventories of materials, supplies, fuel, tools and equipments for use in connection with Plant Vogtle, provided, however, in the event for any reason Bonds are not issued for that portion of the Project designated as Plant Vogtle, the facilities described in this subparagraph (b) shall not be a part of the Project.

- (c) Plant Wansley.

A ten percent undivided interest in the two 865 MW nominally rated coal-fired generating

units to be known as the Hal Wansley Steam Plant Units, Numbers One and Two, (individually designated as Wansley Unit No. 1 and Wansley Unit No. 2 and collectively designated as Plant Wansley) to be located near Centralhatchee in Heard and Carroll Counties, Georgia, including for such units (i) land delineated and described in Georgia Power Company Map File K-8-1 dated June 5, 1972, to be recorded in the records of the Clerks of Superior Courts of Heard and Carroll Counties, Georgia, and all land rights pertaining thereto, (ii) the turbine-generators, the boilers, the buildings housing the same, the stack, the cooling facilities, the associated auxiliaries and equipment, and the related transmission facilities all as more particularly described in the environmental impact statement relating to Plant Wansley, and (iii) inventories of materials, supplies, fuel, tools and equipment for use in connection with Plant Wansley, provided, however, in the event for any reason Bonds are not issued for that portion of the Project designated as Plant Wansley, the facilities described in this subparagraph (c) shall not be a part of the Project.

(d) Plant Scherer.

A ten percent undivided interest in the four 810 MW nominally rated coal-fired generating units to be known as the Robert W. Scherer Steam Plant Units, Numbers One, Two, Three, and Four, (individually designated as Scherer Unit No. 1, Scherer Unit No. 2, Scherer Unit No. 3, and Scherer Unit No. 4 and collectively designated as Plant Scherer) to be located near Forsyth in Monroe County, Georgia, including for such units (i) land delineated and described in Georgia Power Company Map File N-85-9 dated December 19, 1974, containing approximately twenty-seven hundred acres, together with such additional land of approximately ten thousand acres acquired or to be acquired for use in connection with Plant Scherer, to be recorded in the records of the Clerk of Superior Court of Monroe County, Georgia and all land rights pertaining thereto, (ii) the turbine-generators, the boilers, the buildings housing the same, the stacks, the cooling facilities, the associated auxiliaries and equipment, and the related transmission facilities all as more particularly described in the environmental impact statement relating to Plant Scherer, and (iii) inventories of materials, supplies, fuel, tools and equipment for use in connection with Plant Scherer, provided, however, in the event for any reason Bonds are not issued for that portion of the Project designated as Plant Scherer, the facilities described in this subparagraph (d) shall not be a part of the Project.

(e) Working Capital.

Working Capital required by the Authority during construction of the Project and for the placing of the Project in operation for providing Bulk Power Supply, including Supplemental Bulk Power Supply, to all the Participants.

## II. Initial Transmission Facilities Included In The Project.

Those transmission facilities to be acquired and constructed by the Authority during the time prior to the Commercial Operation Date of the last of the generating facilities of the Project to be completed in order to meet its investment responsibility during such time in connection with any agreement for an integrated transmission system to which the Authority may be a party in accordance with the provisions of Section 302 of the Contract.

### Additional facilities.

The additional facilities of the Project shall be those additions and improvements to the electric generation and related transmission facilities and to the transmission system facilities of the Project provided for in clauses (i), and (ii) of Section 102(s) of the Contract.

SCHEDULE OF ENTITLEMENT SHARES.

I. PARTICIPANTS' ENTITLEMENT SHARES OF THE OUTPUT AND SERVICES OF THE GENERATING FACILITIES (INCLUDING RELATED TRANSMISSION FACILITIES) INCLUDED IN THE PROJECT

The Participants' Entitlement Shares of the output and services of the generating facilities (including related transmission facilities) of the Project, and of the services provided by the Authority in accordance with the provisions of Section 303 of the Contract, shall for each Participant be those Entitlement Shares set forth in the following schedule; provided, however, that in no event shall the Entitlement share of any Participant be less than that set forth in the following schedule and provided, further, that in the event any one or more of the political subdivisions listed in the following schedule shall not execute a Power Sales Contract with the Authority, the Entitlement Shares of the remaining Participants, as such Entitlement Shares are set forth in each column of the following schedule, may be increased pro rata by an amount not exceeding fifteen percent of such Entitlement Shares in order that the sum of the remaining Entitlement Shares in each of the following columns when so adjusted shall total 100.000%:

<u>Participant</u>	<u>Initial Entitlement Share</u> %	<u>Entitlement Share After First Adjustment</u> %	<u>Entitlement Share After Second Adjustment</u> %	<u>Entitlement Share After Third Adjustment</u> %
ACWORTH	0.610	0.644	0.618	0.614
ADEL	1.418	1.220	1.162	1.157
ALBANY	14.151	12.468	10.412	10.043
BARNESVILLE	0.558	0.469	0.422	0.413
BLAKELY	0.931	0.969	0.836	0.809
TOWN OF BRINSON	0.035	0.035	0.033	0.033
BUFORD	0.574	0.551	0.560	0.566
CAIRO	1.318	1.680	1.807	1.772
CALHOUN	2.256	2.638	2.757	2.793
CAMILLA	1.149	1.202	1.104	1.086
CARTERSVILLE	5.277	5.376	5.197	5.173
COLLEGE PARK	5.304	6.373	7.409	7.659
COMMERCE	0.760	0.692	0.645	0.637
COVINGTON	2.595	2.658	2.667	2.677
CRISP COUNTY	2.643	3.155	3.369	3.410
DOERUN	0.129	0.126	0.119	0.118
DOUGLAS	2.305	2.640	2.607	2.609
EAST POINT	7.662	6.652	7.101	6.976
ELBERTON	1.545	1.351	1.347	1.350
ELLAVILLE	0.247	0.268	0.298	0.306
FAIRBURN	0.544	0.526	0.556	0.564
FITZGERALD	2.329	2.769	2.895	2.932
FORSYTH	0.932	0.879	0.967	0.988
FORT VALLEY	1.647	1.616	1.562	1.554
GRANTVILLE	0.090	0.089	0.083	0.082
GRIFFIN	3.600	3.080	2.954	2.932
HOGANSVILLE	0.331	0.308	0.296	0.294

JACKSON	0.542	0.517	0.499	0.496
LAFAYETTE	1.639	1.618	1.604	1.605
LA GRANGE	4.330	3.839	3.302	3.193
LAWRENCEVILLE	1.527	1.809	2.082	2.148
MANSFIELD	0.051	0.036	0.028	0.027
MARIETTA	10.551	11.519	12.448	12.683
MONROE	1.508	1.422	1.444	1.453
MONTICELLO	0.367	0.384	0.398	0.402
MOULTRIE	2.989	2.985	3.031	3.051
NEWNAN	1.609	1.545	1.583	1.596
NORCROSS	0.583	0.733	0.820	0.841
PALMETTO	0.282	0.297	0.323	0.329
QUITMAN	0.747	0.765	0.652	0.630
SANDERSVILLE	0.887	0.813	0.778	0.775
SYLVANIA	1.757	2.639	3.042	3.099
SYLVESTER	0.944	0.887	0.954	0.973
THOMASTON	1.299	1.217	1.216	1.220
THOMASVILLE	5.788	4.894	4.409	4.332
WASHINGTON	1.018	0.994	1.039	1.052
WEST POINT	0.561	0.544	0.444	0.424
WHIGHAM	0.086	0.109	0.121	0.124
TOTAL	100.000	100.000	100.000	100.000

The Initial Entitlement Share set forth above shall be the Entitlement Share for the period commencing with the Commercial Operation Date of Hatch Unit No. 1 and ending December 31, 1978.

The Entitlement Share After First Adjustment shall be the Entitlement Share for the period commencing January 1, 1979, and ending December 31, 1982.

The Entitlement Share After Second Adjustment shall be the Entitlement Share for the period commencing January 1, 1983, and ending December 31, 1983.

The Entitlement Share After Third Adjustment shall be the Entitlement Share for the period commencing January 1, 1984, and ending with the last day of the term of the Contract.

The Authority, in accordance with the provisions of Section 311 of the Contract, will sell a portion of the output and services of such undivided interests in Plant Hatch, Plant Vogtle, Plant Wansley, and Plant Scherer to Georgia Power Company in accordance with the following schedule:

<u>Power Supply Year</u>	<u>Percentage of Output and Services To be Sold to Ga. Power Co.</u>
That Portion of the Power Supply Year Remaining After the Commercial Operation Date of a Unit of the Project	50.0%
First Full Power Supply Year Following Commercial Operation Date	50.0%
Second Full Power Supply Year Following Commercial Operation Date	37.5%
Third Full Power Supply Year Following Commercial Operation Date	37.5%
Fourth Full Power Supply Year Following Commercial Operation Date	25.0%
Fifth Full Power Supply Year Following Commercial Operation Date	25.0%
Sixth Full Power Supply Year Following Commercial Operation Date	12.5%
Seventh Full Power Supply Year Following Commercial Operation Date	12.5%

There shall not be any reduction in Entitlement Shares of the Participants as a result of such sales of output and services to Georgia Power Company and each Participant shall remain liable for its full Entitlement Share except such liability shall be discharged to the extent the Authority receives payment from Georgia Power Company.

## II. PARTICIPANTS' ENTITLEMENT SHARES OF SERVICES OF TRANSMISSION SYSTEM FACILITIES INCLUDED IN THE PROJECT.

The Participants' Entitlement Shares of Service of Transmission System Facilities included in the Project shall be determined by the Authority during each Power Supply Year in accordance with the provisions of Section 308 of the Contract.

SECOND AMENDMENT  
POWER SALES CONTRACT

Between

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

and

THE UNDERSIGNED PARTICIPANT

This Second Amendment of Contract, made and entered into as of May 25, 1977, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia, hereinafter sometimes designated as the Authority, created by the provisions of I Ga. L. 1975, p. 107, as amended, and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant.

WITNESSETH:

THAT:

BE it remembered that a Power Sales Contract and an Amendment, both dated as of March 1, 1976, have been previously executed by and between the Authority and the Participant, and

WHEREAS, the parties desire to amend said Contract in certain respects.

NOW THEREFORE:

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged, it is agreed by and between the parties hereto as follows:

Section 1. Subsection 102(r) of said Power Sales Contract wherein "Proportionate Share" is defined is hereby deleted in its entirety.

Section 2. Section 403 of said Contract is hereby deleted in its entirety and the following new Section 403 is substituted in lieu thereof:

"Section 403. Supplemental Bulk Power Supply Taken By Participant. The Participant shall take all of its Supplemental Bulk Power Supply from the Authority and shall pay to the Authority its share of Annual Supplemental Costs set forth in the Participant's monthly Billing Statement as determined in accordance with the foregoing provisions of this Article IV and submitted by the Authority to the Participant."

Section 3. Said Amendment shall be effective for each Participant as of the time of the May, 1977, meter readings. The Authority is, however, authorized to make adjustments from working capital for the period from February 7, 1977, to the effective date of this Amendment to off-set the amount by which the total of any Participant's actual billings during such period exceeded what the total of such billings would have been under the WR-9 rate, said adjustments to be a cost of power supply development.

Section 4. Said Contract shall remain in full force and effect as herein amended.

IN WITNESS WHEREOF, The Municipal Electric Authority of Georgia and the Participant have caused this Second Amendment of Contract to be executed in their corporate names by their duly authorized officers and their corporate seals to be hereunto impressed and attested, all of the day and year first above written.

MUNICIPAL ELECTRIC AUTHORITY OF  
GEORGIA

BY:

*W. R. Clayton*  
\_\_\_\_\_  
CHAIRMAN

ATT:

*W. B. Linn*  
\_\_\_\_\_  
SECRETARY-TREASURER  
CITY OF ADEL, GEORGIA

*W. F. Breen*  
CITY MANAGER

BY:

*Alley Thompson Jr.*  
\_\_\_\_\_  
MAYOR

ATT:

*John H. Hughes*  
\_\_\_\_\_  
CLERK

THIRD AMENDMENT  
POWER SALES CONTRACT  
BETWEEN  
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA  
AND  
THE UNDERSIGNED PARTICIPANT

This Third Amendment of Contract, made and entered into as of February 1, 1978, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia, hereinafter sometimes designated as the Authority, created by the provisions of I Ga. L. 1975, p. 107, as amended, and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant.

WITNESSETH:

THAT:

BE it remembered that a Power Sales Contract and an Amendment, both dated as of March 1, 1976, and a Second Amendment dated as of May 25, 1977, had been previously executed by and between the Authority and the Participant, and

WHEREAS, said Contract contemplates that additional projects may be undertaken by the Authority to provide a portion of the Participant's bulk power requirements, and it is now deemed feasible and desirable by the Participant and the Authority that the Authority acquire additional generating capacity to provide a portion of said requirements, and

WHEREAS, the Participant has determined to enter into a Project Two Power Sales Contract of even date herewith with the Authority in order to enable the Authority to issue its revenue bonds to pay the costs of acquiring and constructing Project Two referred to below and to enable Participant to receive output and related services from Project Two, and

WHEREAS, it is necessary and desirable to amend the said Power Sales Contract, consistent with the Bond Resolution, to enable the Authority to establish rates and charges, if desirable, to recover costs on a combined basis for Supplemental Bulk Power Supply and the output supplied from Project Two and any future projects for which Participant may execute a contract; and to enable the Authority to make additional transactions with respect to the output and services of the Project thereunder.

NOW THEREFORE:

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged, it is agreed by and between the parties hereto as follows:

Section 1. The Power Sales Contract, as amended, is hereby further amended by adding at the end of Section 102 the following definitions:

(x) "Project Two" shall mean the Authority's second project consisting of additional undivided interests in Plants Wansley and Scherer acquired pursuant to an option agreement with Georgia Power Company dated as of August 27, 1976, as amended, which project is described in Section 102(s) of the Project Two Power Sales Contract.

(y) "Project Two Power Sales Contract" shall mean that certain Contract dated as of the date hereof between the Authority and the Participant as the same may be amended from time to time, relating to the provision of output and related services from Project Two to the Participant.

Section 2. The Power Sales Contract, as amended, is hereby further amended by deleting Section 401 in its entirety and substituting in lieu thereof the following new Section 401:

"Section 401. Supplemental Bulk Power Supply Provided by the Authority.

The Authority will provide or cause to be provided to the Participant its Supplemental Bulk Power Supply during each month of each Power Supply Year. Such Supplemental Bulk Power Supply may include, but shall not be limited to, partial and full requirements firm power purchases, and unit power service, firm and non-firm capacity and energy service, transmission service (including transmission service purchased by the Authority to supplement the Participant's Entitlement Share of transmission services provided by the Authority from those transmission system facilities included in the Project) and other interchange service made available as a result of transactions with other utilities.

Section 3. The Power Sales Contract, as amended, is hereby further amended by deleting Section 402 in its entirety and substituting in lieu thereof the following new Section 402:

"Section 402. Rates and Charges for Supplemental Bulk Power Supply.

(a) The Authority may combine the Annual Supplemental Costs with the annual costs of any future project undertaken by the Authority, including Project Two, for which the Participant has executed a contract for the output and related services thereof, for the purpose of establishing rates and charges, or the Authority may establish for any of such costs, or combination thereof, separate rates and charges, at the discretion of the Authority, in either case in accordance with the provisions of Section 402 (b) hereof.

(b) The Authority will establish and maintain fair and nondiscriminatory rates and charges which will provide revenues that are sufficient, but only sufficient, to pay the Annual Supplemental Costs, whether or not such Costs are combined with the annual costs of any future projects undertaken by the Authority, including Project Two, for output and services of which the Participant has executed a contract.

(c) The Authority shall bill the Participant each month during each Power Supply Year by providing the Participant with a Billing Statement for such month in accordance with the rates and charges established pursuant to the foregoing provisions of this Section 402 for its Supplemental Bulk Power Supply. Such monthly Billing Statement will include a credit for such delivery point transmission facilities as are owned, financed or operated by the Participant. Such Billing Statement shall be paid by the Participant on or before the tenth day from the date of such bill. Amounts due and not paid by the Participant on or before said date shall bear an additional charge of one and one-half (1-1/2%) percent per month for each month, or fraction thereof, until the amount due is paid in full. At the end of each Power Supply Year, adjustments of billings shall be made in accordance with the provisions of Section 209 hereof.

(d) In the event that the Authority establishes rates and charges pursuant to Section 402 (a) hereof to recover, on a combined basis, Annual Supplemental Costs and annual costs of any future projects undertaken by the Authority, including Project Two, for the output and services of which the Participant has executed a contract, the Authority will identify on the Billing Statement submitted by the Authority to the Participant pursuant to Section 402 (c) hereof that amount of the revenues to be received by the Authority from the Participant pursuant to such rates and charges that is allocable to the payment of monthly Annual Supplemental Costs. Such amount shall be the revenues to be received by

the Authority from the Participant not allocated by the Authority to the payment of costs of any such future projects pursuant to the contracts relating to such projects.

Section 4. The Power Sales Contract, as amended, is hereby further amended by renumbering present Section 1 to Section 311(a), and adding a new Section 311(b) to read as follows:

"(b) The Authority may also utilize, sell, and exchange electric capacity and energy from the Participant's Entitlement Share of Project One, whenever, in its discretion, any such transaction can reasonably be expected to result in a more reliable or economical overall Bulk Power Supply to the Participants. The anticipated proceeds from such sales or transactions shall, to the extent practicable, be estimated in the Annual System Budget and any net revenues actually received by the Authority as a result of such transactions shall be credited to the Participant's Entitlement Share of Annual Project Costs under the Power Sales Contract."

Section 5. Said Contract shall remain in full force and effect as herein amended.

IN WITNESS WHEREOF, The Municipal Electric Authority of Georgia and the Participant have caused this 3rd Amendment of Contract to be executed in their corporate names by their duly authorized officers and their corporate seals to be hereunto impressed and attested, all of the day and year first above written.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

BY: W. P. Clayton  
Chairman  
ATT: [Signature]  
Secretary-Treasurer

CITY OF ADEL

BY: W. F. Beaman  
Mayor  
ATT: John H. DeLoe  
Clerk  
CITY MANAGER

FOURTH AMENDMENT  
POWER SALES CONTRACT  
BETWEEN  
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA  
AND  
THE UNDERSIGNED PARTICIPANT

This Fourth Amendment of Contract, made and entered into as of May 1, 1980, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia, hereinafter sometimes designated as the Authority, created by the provisions of I Ga. L. 1975, p. 107, as amended, and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant.

WITNESSETH:

THAT:

BE it remembered that a Power Sales Contract and an Amendment, both dated as of March 1, 1976, a Second Amendment dated as of May 25, 1977, and a Third Amendment dated February 1, 1978, have been previously executed by and between the Authority and the Participant, and

WHEREAS, the Participant and the Authority have determined that it is in their best interests to sell the Authority's interests in Scherer Units Three and Four in each of Project One and Project Two and to acquire additional generating capacity substantially equal to the interests so sold in accordance with the provisions of the Project Three Power Sales Contract entered into by the Participant and the Authority as of the date of this Amendment; and

WHEREAS, it is necessary and desirable to amend the said Power Sales Contract, consistent with the Bond Resolution, to (i) redefine the Project so as to exclude the interests in Scherer Units Three and Four which are to be disposed of by the Authority, and (ii) to revise the schedule of sales of output and services from Scherer Units One and Two.

NOW THEREFORE:

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged, it is agreed by and between the parties hereto as follows:

Section 1. The attachment to the Power Sales Contract entitled "DESCRIPTION OF PROJECT", as amended, is hereby further amended by deleting section I(d) in its entirety and substituting in lieu thereof the following section I(d):

"(d) Plant Scherer.

A ten percent undivided interest in the two 810 MW nominally rated coal-fired generating units to be known as the Robert W. Scherer Steam Plant Units, Numbers One and Two (individually designated as Scherer Unit No. One and Scherer Unit No. Two) to be located near Forsyth in Monroe County, Georgia, including for such units (i) land delineated and described in Georgia Power Company Map File N-85-9 dated December 19, 1974, containing

approximately twenty-seven hundred acres, together with such additional land of approximately ten thousand acres acquired or to be acquired for use in connection with Plant Scherer, to be recorded in the records of the Clerk of Superior Court of Monroe County, Georgia and all land rights pertaining thereto, (ii) the turbine-generators, the boilers, the buildings housing the same, the stacks, the cooling facilities, the associated auxiliaries and equipment, and the related transmission facilities all as more particularly described in the environmental impact statement relating to Plant Scherer, (iii) inventories of materials, supplies, fuel, tools and equipment for use in connection with Plant Scherer, and (iv) an amount equal to 5.0 percent of the common facilities of Plant Scherer."

Section 2. The attachment to the Power Sales Contract entitled "SCHEDULE OF ENTITLEMENT SHARES", as amended, is hereby further amended by deleting Plant Scherer from the schedule of sales of output and services to Georgia Power Company, and adding a new schedule of sales of output and services to Georgia Power Company from Scherer Units One and Two as follows:

"The Authority, in accordance with the provisions of Section 311 of the Contract, intends to sell a portion of the output and services of the Project to Georgia Power Company in accordance with the following schedule:

<u>Power Supply Year</u>	<u>Percentage of Output and Services To be Sold to Georgia Power Company</u>
That Portion of the Power Supply Year Remaining After the Commercial Operation Date of Scherer Units One or Two	100.0%
First Full Power Supply Year Following Commercial Operation Date	90.0%
Second Full Power Supply Year Following Commercial Operation Date	80.0%
Third Full Power Supply Year Following Commercial Operation Date	70.0%
Fourth Full Power Supply Year Following Commercial Operation Date	60.0%
Fifth Full Power Supply Year Following Commercial Operation Date	50.0%
Sixth Full Power Supply Year Following Commercial Operation Date	40.0%
Seventh Full Power Supply Year Following Commercial Operation Date	30.0%
Eighth Full Power Supply Year Following Commercial Operation Date	20.0%
Ninth Full Power Supply Year Following Commercial Option Date	10.0%

The Authority may, in its discretion, establish conclusive commercial operation dates for units of the Project for the purpose of the foregoing schedule and such dates may be different from those Commercial Operation Dates established in accordance with Section 102(i) of the Contract. The establishment of the foregoing schedule is not intended to limit the power of the Authority granted in Section 311 to sell and exchange power and energy from the Project."

IN WITNESS WHEREOF, The Municipal Electric Authority of Georgia and the Participant have caused this Fourth Amendment of Contract to be executed in their corporate names by their duly authorized officers and their corporate seals to be hereunto impressed and attested, all of the day and year first above written.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

BY: Bormanley  
Chairman

ATT: W B L...  
Secretary-Treasurer

BY: Don W. Boyer  
Mayor

ATT: Joseph Bermenter  
Clerk

FIFTH AMENDMENT  
POWER SALES CONTRACT  
BETWEEN  
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA  
AND  
THE UNDERSIGNED PARTICIPANT

This Fifth Amendment of Contract, made and entered into as of November 16, 1983, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia, hereinafter sometimes designated as the Authority, created by the provisions of I Ga. L. 1975, p. 107, as amended (Title 46-3-110 O.C.G.A.), and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant.

WITNESSETH:

BE it remembered that a Power Sales Contract and an Amendment, both dated as of March 1, 1976, a Second Amendment dated as of May 25, 1977, a Third Amendment dated February 1, 1978, and a Fourth Amendment dated May 1, 1980, have been previously executed by and between the Authority and the Participant; and

WHEREAS, the Participant and the Authority have determined that it is in their best interests that the Authority undertake a fourth project in accordance with the provisions of the Project Four Power Sales Contract entered into by the Participant and the Authority as of the date of this Amendment, which is reasonably expected to result in a more economical overall Bulk Power Supply to the Participant and other political subdivisions contracting with the Authority therefore by making the output and related services of Project Four available to the Participant, and by enabling the Authority to rearrange certain sales of the output of the Project and Project Four to other utilities which is intended to improve substantially the matching of the output of both the Project and Project Four to the Participant's Bulk Power Supply requirements; and

WHEREAS, it is necessary and desirable to amend the said Power Sales Contract, consistent with the Bond Resolution, so as to revise the schedule of sales of output and services from Vogtle Unit No. 1 and Vogtle Unit No. 2.

NOW THEREFORE

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged, it is agreed by and between the parties hereto that said Contract is further amended as follows:

Section 1. The attachment to the Power Sales Contract entitled "SCHEDULE OF ENTITLEMENT SHARES", as amended, is hereby further amended by deleting the reference to Plant Vogtle from the schedule of sales of output and services to Georgia Power Company; and adding a new schedule of sales of output and services to Georgia Power Company from Plant Vogtle as follows:

"The Authority, in accordance with the provisions of Section 311 of the Power Sales Contract, as amended, and subject to the provisions of the Alvin W. Vogtle Nuclear Units Numbers One and Two Purchase, Amendment, Assignment and Assumption Agreement, dated as of November 16, 1983, between Georgia Power Company and the Authority, intends to sell a portion of the output and services of its Project One ownership entitlement in Vogtle Units Numbers One and Two to Georgia Power Company in accordance with the following schedule:

"A. As to 77.966% of the output associated with the Authority's Project One ownership entitlement in Vogtle Units Numbers One and Two, such sales shall be as follows:

<u>Power Supply Year</u>	<u>Percentage of Output and Services To Be Sold To Georgia Power Company</u>
That Portion of the Power Supply Year Remaining After the Commercial Operation Date of a Unit of Plant Vogtle	50.0%
First Full Power Supply Year Following Commercial Operation Date	50.0%
Second Full Power Supply Year Following Commercial Operation Date	37.5%
Third Full Power Supply Year Following Commercial Operation Date	37.5%
Fourth Full Power Supply Year Following Commercial Operation Date	25.0%
Fifth Full Power Supply Year Following Commercial Operation Date	25.0%
Sixth Full Power Supply Year Following Commercial Operation Date	12.5%
Seventh Full Power Supply Year Following Commercial Operation Date	12.5%

"B. As to 7.345% of the output associated with the Authority's Project One ownership entitlement in Vogtle Units Numbers One and Two, such sales to Georgia Power Company shall be equal to 100% of the output and services beginning with the Commercial Operation date of a Unit of Plant Vogtle and continuing until the end of the fourteenth full Power Supply Year following the Power Supply Year in which the Commercial Operation of such Unit occurs.

"C. As to 14.689% of the output associated with the Authority's Project One ownership entitlement in Vogtle Units Numbers One and Two, such sales to Georgia Power Company shall be equal to 100% of the output and services beginning with the Commercial Operation date of a Unit of Plant Vogtle and shall continue until the later to occur of (i) retirement of such Unit, or (ii) the first to occur of the latest date stated for the payment of the principal of Bonds or of provision being made for such payment in accordance with Section 1201 of the Bond Resolution.

"D. The establishment of the foregoing schedule is not intended to limit the power of the Authority granted in Section 311 to sell and exchange power and energy from Project One."

Section 2. The following new section to be known as "Section 213" is hereby added:

"Section 213. Resale Covenant.

The Participant agrees that it will not, without the express written consent of the Authority, enter into any contract pursuant to which a nonexempt person agrees to take, or to take or pay for, power purchased from Project One. For purposes of the preceding sentence, "nonexempt person" shall mean any entity which is not a state, territory, or possession of the United States, the District of Columbia, or any political subdivision thereof, and which is not exempt from taxation under Section 501 of the Internal Revenue code of 1954, as amended."

IN WITNESS WHEREOF, the Municipal Electric Authority of Georgia and the Participant have caused this Fifth Amendment of Contract to be executed in their corporate names by their duly authorized officers and their corporate seals to be hereunto impressed and attested, all of the date and year first above written.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

Approved As To Form

L. Clifford Adams, Jr.  
General Counsel

BY: B. M. ...  
Chairman

ATT: B. B. ...  
Secretary-Treasurer

City of Adel

Approved As To Form

Howard E. McClain  
Participant Attorney  
by Herold W. Bowling  
his attorney in fact

BY: Dr. W. F. ...  
Mayor

ATT: ...  
Clerk

SIXTH AMENDMENT

POWER SALES CONTRACT

BETWEEN

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

AND

THE UNDERSIGNED PARTICIPANT

This Sixth Amendment of Contract, made and entered into as of January 1, 1986, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia, hereinafter sometimes referred to as the Authority, created by the provisions of I Ga. L. 1975, p. 107, as amended (Title 46-3-110 O.C.G.A.), and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant.

W I T N E S S E T H:

BE it remembered that a Power Sales Contract and an Amendment, both dated as of March 1, 1976, a Second Amendment dated as of May 25, 1977, a Third Amendment dated February 1, 1978, a Fourth Amendment dated May 1, 1980, and a Fifth Amendment dated as of November 16, 1983, have all been executed previously by and between the Authority and the Participant; and

WHEREAS, the City of Oxford ("Oxford") which has previously received its wholesale power supply from the City of Covington has requested to become a Participant; and

WHEREAS, it is in the best interests of the Authority, the Participants and Oxford for Oxford to become a Participant upon the execution of a Power Sales Contract.

NOW THEREFORE

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged, it is agreed by and between the parties hereto that said Contract is further amended as follows:

Section 1. The Authority is hereby authorized to enter into a Power Sales Contract with Oxford in substantially the form of this Power Sales Contract, as amended, with such changes as may be required to make such contract applicable to Oxford, and to provide Oxford with an Entitlement Share of 0.191%, and an appropriate Transmission Entitlement Share calculated in accordance with Section 308 of the Power Sales Contract.

Section 2. The Authority is authorized to provide a portion of Oxford's Entitlement Share from this Participant's Entitlement Share pro rata with the other Participants approving this Sixth Amendment.

Section 3. This Participant agrees to continue obligated for its full Entitlement Share without deduction for the pro rata portion assigned by the Authority to Oxford: Provided however, that the Authority hereby agrees that it will take all necessary action to enforce the payment of all sums due by Oxford for its Entitlement Share, and this Participant shall receive credit for its pro rata share of such payments.

Section 4. This Sixth Amendment shall become effective when such amendment has been approved by Participants whose 1985 Transmission Entitlement Shares represent, in the aggregate, not less than 75% of the total Participants' Transmission Entitlement Shares for 1985:

Provided, however, that the Authority may make service to Oxford retroactive to January 1, 1986.

IN WITNESS WHEREOF, the Municipal Electric Authority of Georgia and the Participant have caused this Sixth Amendment of Contract to be executed in their corporate names by their duly authorized officers and their corporate seals to be hereunto impressed and attested, all as of the date and year first above written.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

Approved As to Form

L. Conrad Adams, Jr.  
General Counsel

BY: D. M. M. M. M.  
Chairman

ATT: C. Allen Gorman  
Asst. - Secretary-Treasurer

CITY OF ADEL

Approved As to Form

[Signature]  
Participant Attorney

BY: D. W. F. Bejerman  
Mayor

ATT: [Signature]  
Clerk

SEVENTH AMENDMENT  
POWER SALES CONTRACT

BETWEEN

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

AND

THE UNDERSIGNED PARTICIPANT

This Seventh Amendment of Contract, made and entered into as of May 31, 1989, by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia, hereinafter sometimes referred to as the Authority, created by the provisions of 1975 Ga. Laws 107, as amended (O.C.G.A. § 46-3-110, et seq.), and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant.

W I T N E S S E T H :

BE it remembered that a Power Sales Contract and an Amendment, both dated as of March 1, 1976, a Second Amendment dated as of May 25, 1977, a Third Amendment dated as of February 1, 1978, a Fourth Amendment dated as of May 1, 1980, a Fifth Amendment dated as of November 16, 1983, and a Sixth Amendment dated as of January 1, 1986, have all been executed previously by and between the Authority and the Participant; and

WHEREAS, the Participant and the Authority have determined that the financing of transmission system facilities after the commercial operation of Vogtle Unit No. Two is to be continued as a part of Project One; and

WHEREAS, a contract with the Southeastern Power Administration (SEPA) permits the Authority to wheel SEPA allocations for municipal preference customers within the State of Georgia.

NOW, THEREFORE

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged, it is agreed by and between the parties hereto that said Contract is further amended as follows:

PROPOSED AMENDMENTS TO  
POWER SALES CONTRACTS

Section 1. The Power Sales Contract, as amended, is hereby further amended by deleting subsection 102(s) in its entirety and substituting a new subsection 102(s) to read as follows:

"(s) 'Project' shall mean those electric generation and related transmission facilities which are identified in the Description of Project and those transmission system facilities to which reference is made in the Description of Project, together with (i) any major renewals, replacements, repairs, additions, betterments and improvements necessary, in the opinion of the Consulting Engineer, to keep the Project in good operating condition or to prevent a loss of revenue therefrom, (ii) any major additions, improvements, repairs and modifications to the Project and any decommissioning or disposals of the Project, required by any governmental agency having jurisdiction over the Project or for which the

Authority shall be responsible by virtue of any obligation of the Authority arising out of any contract to which the Authority may be a party relating to ownership of the Project or any facility thereof, and (iii) working capital required by the Authority during construction of the Project and for the placing of the Project in operation for providing Bulk Power Supply and SEPA power to the Participant."

Section 2. The Power Sales Contract, as amended, is hereby further amended by deleting subsection 302(c)(2) in its entirety

Section 3. The Power Sales Contract, as amended, is hereby further amended by deleting subsection 308(b) in its entirety and by substituting in lieu thereof a new subsection 308(b) so that when so amended subsection 308(b) shall read as follows:

"(b) The Authority may assume responsibility for transmission of SEPA power to Participants and other customers of SEPA, provided that the Authority shall recover at least its costs for such transmission service. During any Power Supply Year in which the Authority has responsibility for transmission of SEPA power, such transmission service shall be provided by the Authority to the Participants and other customers of SEPA by accepting delivery of such SEPA power from SEPA, for the accounts of the respective Participants and other customers of SEPA, and delivering such SEPA power to such Participants and other customers through use of the transmission system facilities included in the Project, and the Authority is authorized to increase its investment in, and the annual operating costs of, such transmission system facilities as may be required to provide such

transmission service. The charges for such service shall be calculated and collected by the Authority as provided in Section 308A hereof. All amounts collected by the Authority for such transmission service shall be appropriately credited to Annual Project Costs in the same manner as other credits pursuant to Section 311 hereof."

Section 4. The Power Sales Contract, as amended, is hereby further amended by adding a new section following Section 308 to be designated Section 308A to read as follows:

"Section 308A. Calculation of Charges for SEPA Transmission Service.

The Authority shall establish a rate (expressed in dollars per kilowatt per month and determined utilizing the annual dollar costs and billing determinants) for each month of the Power Supply Year for purposes of delivering SEPA power to the Participants and other customers of SEPA which are not Participants ('nonparticipant customers') for each month of the Power Supply Year. Such rate shall be determined for each Power Supply Year by dividing the sum of (i) the Annual Project Transmission Fixed Charges, (ii) the Other Annual Project Transmission Costs, and (iii) amounts, if any, which must be paid by the Authority for the purchase of transmission services for the Project under its integrated transmission system agreement with other utilities; in each case as budgeted or estimated to be incurred for the Power Supply Year; by the sum of (a) the highest annual one-hour integrated coincident system demand of Bulk Power Supply provided by the Authority to all of the Participants, (b) the highest annual SEPA capacity delivered by the Authority to the

Participants and nonparticipant customers, and (c) less demand credits and transmission losses, if applicable, incurred by the Authority under its integrated transmission system agreement with other utilities that are properly allocable to the SEPA capacity delivered to the Participants and nonparticipant customers, in each case to be supplied during the Power Supply Year; with the result further divided by the number of months in the Power Supply Year. The amount payable by each Participant and nonparticipant customer for each month of the Power Supply Year shall be the product of the rate, determined in accordance with the foregoing, and the SEPA capacity delivered by the Authority to such Participant or nonparticipant customer of SEPA during the respective month of the Power Supply Year, plus, in the case of nonparticipant customers of SEPA, any applicable surcharge."

Section 5. The attachment to the Power Sales Contract entitled "Description of Project", as amended, is hereby further amended by deleting the paragraph designated "Additional Facilities" in its entirety and substituting a new paragraph to read as follows:

"Additional Facilities.

The additional facilities of the Project shall be those additions and improvements to the electric generation and related transmission facilities and to the transmission system facilities of the Project provided for in clauses (i) and (ii) of Section 102(s) of this Contract; and those transmission system facilities, renewals, replacements, repairs, disposals, and additions, betterments,

improvements, and modifications thereto, acquired or constructed by the Authority subsequent to the Commercial Operation Date of the last of the generating facilities of the Project to be completed in order to meet its investment responsibility in connection with any agreement for an integrated transmission system to which the Authority may be a party.

IN WITNESS WHEREOF, the Municipal Electric Authority of Georgia and the Participant have caused this Seventh Amendment of Contract to be executed in their corporate names by their duly authorized officers and their corporate seals to be hereunto impressed and attested, all as of the date and year first above written.

MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

APPROVED AS TO FORM:

BY: B. M. Manley  
Chairman

L. Clifford Adams  
General Counsel

ATTEST: C. O. Lunn  
Secretary-Treasurer

CITY OF ADEL

APPROVED AS TO FORM:

BY: Dr. F. H. B. [Signature]  
Mayor

[Signature]  
Participant Attorney

ATTEST: [Signature]  
Clerk

AMENDMENT TO POWER SALES CONTRACTS  
BETWEEN  
MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA  
AND  
THE UNDERSIGNED PARTICIPANT

This Amendment (the "Amendment") is made and entered into as of January 14, 2005 by and between the Municipal Electric Authority of Georgia, a public body corporate and politic and a public corporation of the State of Georgia, hereinafter sometimes referred to as the Authority, created by the provisions of 1975 Georgia Laws 107, as amended (O.C.G.A. § 46-3-110, et seq.), and the undersigned political subdivision of the State of Georgia, hereinafter sometimes designated as the Participant.

WITNESSETH:

WHEREAS, the Authority and the Participant entered into a Power Sales Contract dated as of October 1, 1975, a First Amendment dated as of March 1, 1976, a Second Amendment dated as of May 25, 1977, a Third Amendment dated as of February 1, 1978, a Fourth Amendment dated as of May 1, 1980, a Fifth Amendment dated as of November 16, 1983, a Sixth Amendment dated as of January 1, 1986, and a Seventh Amendment dated as of May 31, 1989 (hereinafter "Project One Power Sales Contract"); and

WHEREAS, the Authority and the Participant entered into a Power Sales Contract dated as of February 1, 1978, a First Amendment dated as of May 1, 1980, and a Second Amendment dated as of January 1, 1986 (hereinafter "Project Two Power Sales Contract"); and

WHEREAS, the Authority and the Participant entered into a Power Sales Contract dated as of May 1, 1980, and a First Amendment dated as of January 1, 1986 (hereinafter "Project Three Power Sales Contract"); and

WHEREAS, the Authority and the Participant entered into a Power Sales Contract dated as of November 16, 1983 and a First Amendment dated as of January 1, 1986 (hereinafter "Project Four Power Sales Contract"); and

WHEREAS, the Authority and the Participant wish to extend the term of the Project One Power Sales Contract, the Project Two Power Sales Contract, the Project Three Power Sales Contract and the Project Four Power Sales Contract (hereinafter sometimes referred to collectively as the "Power Sales Contracts") to the maximum period allowed by law; and

WHEREAS, the Authority has determined that it will not extend existing generation debt, but excluding existing debt pertaining to working capital and nuclear fuel working capital debt components, beyond the existing term of the Power Sales Contracts; and

WHEREAS, the Authority and the Participant wish to provide for a method of allocation of the output and services and costs relating to Project Two, Project Three and Project Four for the period of the term extension of the Power Sales Contracts pertaining to such Projects as well as providing for an amendment to the Schedule of Obligation Shares pertaining to Project Four.

NOW THEREFORE, for and in consideration of the premises and mutual covenants and agreements hereinafter set forth, and in order to provide for certain

changes in the Power Sales Contracts, it is agreed by and between the Authority and the Participant that the terms of the Power Sales Contract shall be amended as follows:

**Section 1. Extension of the Term of the Power Sales Contracts.**

The Authority and the Participant hereby extend the term of the Power Sales Contracts as follows:

(a) The term of the Project One Power Sales Contract is hereby extended from March 1, 2026 until June 1, 2054 (hereinafter "Project One Term Extension Period").

(b) The term of the Project Two Power Sales Contract is hereby extended from February 1, 2028 until June 1, 2054 (hereinafter "Project Two Term Extension Period").

(c) The term of the Project Three Power Sales Contract is hereby extended from May 1, 2030 until June 1, 2054 (hereinafter "Project Three Term Extension Period").

(d) The term of the Project Four Power Sales Contract is hereby extended from November 16, 2033 until June 1, 2054 (hereinafter "Project Four Term Extension Period").

**Section 2. Allocation of Project Two, Project Three and Project Four.**

(a) Project Two Allocation.

Section 308(a) of the Project Two Power Sales Contract obligates the Authority to provide to each Project Two Participant, and obligates such Participant to take from the Authority, the output and services of Project Two based upon the rates and charges established by the Authority pursuant to Section 307(a) of the Project Two Power

Sales Contract. The Authority and the Participant hereby agree that during the Project Two Term Extension Period the output and services and costs of Project Two shall be allocated to each Project Two Participant based upon a percentage derived by dividing the total payments made by each Project Two Participant for debt service and for capital costs during the entirety of the original term of the Project Two Power Sales Contract, adjusted to present value, divided by the total payments made by all Project Two Participants for debt service and capital costs for the entirety of the original term of the Project Two Power Sales Contract, also adjusted to present value (hereinafter "Project Two Billing Shares"). The present value calculation shall be based upon a discount factor equal to the weighted average interest cost of debt relating to Project Two during the entirety of the original term of Project Two.

(b) Project Three Allocation.

Section 308(a) of the Project Three Power Sales Contract obligates the Authority to provide to each Project Three Participant, and obligates such Participant to take from the Authority, the output and services of Project Three based upon the rates and charges established by the Authority pursuant to Section 307(a) of the Project Three Power Sales Contract. The Authority and the Participant hereby agree that during the Project Three Term Extension Period the output and services and costs of Project Three shall be allocated to each Project Three Participant based upon a percentage derived by dividing the total payments made by each Project Three Participant for debt service and for capital costs during the entirety of the original term of the Project Three Power Sales Contract, adjusted to present value, divided by the total payments made by all Project Three Participants for debt service and capital costs for the entirety of the original term of

the Project Three Power Sales Contract, adjusted to present value, (hereinafter "Project Three Billing Shares"). The present value calculation shall be based upon a discount factor equal to the average weighted interest cost of debt relating to Project Three during the entirety of the original term of Project Three.

(c) Project Four Allocation.

Section 308(a) of the Project Four Power Sales Contract obligates the Authority to provide to each Project Four Participant, and obligates such Participant to take from the Authority, the output and services of Project Four based upon the rates and charges established by the Authority pursuant to Section 307(a) of the Project Four Power Sales Contract. The Authority and the Participant hereby agree that during the Project Four Term Extension Period the output and services and costs of Project Four shall be allocated to each Project Four Participant based upon a percentage derived by dividing the total payments made by each Project Four Participant for debt service and for capital costs during the entirety of the original term of the Project Four Power Sales Contract, adjusted to present value, divided by the total payments made by all Project Four Participants for debt service and capital costs for the entirety of the original term of the Project Four Power Sales Contract, adjusted to present value, (hereinafter "Project Four Billing Shares"). The present value calculation shall be based upon a discount factor equal to the average weighted interest cost of debt relating to Project Four during the entirety of the original term of Project Four.

Additionally, effective as of November 16, 2033, which is the expiration date of the original term of the Project Four Power Sales Contract, the Schedule of Project Four

Obligation Shares shall be amended so that each Project Four Participant's Obligation Share shall be equal to such Participant's Project Four Billing Share.

**Section 3.** The Authority hereby agrees that it shall not extend the term of any existing generation debt, exclusive of existing debt pertaining to working capital and nuclear fuel working capital debt components, beyond the following dates: existing Project One generation debt shall not be extended beyond March 1, 2026; existing Project Two generation debt shall not be extended beyond February 1, 2028; existing Project Three generation debt shall not be extended beyond May 1, 2030; and existing Project Four generation debt shall not be extended beyond November 16, 2033.

**Section 4.** The Power Sales Contracts as amended hereby shall continue in effect and are reaffirmed by the parties. Terms not defined herein are to be defined as in the Power Sales Contracts:

**Section 5.** This Amendment shall become effective when duly approved and executed and delivered by the Participant, and when executed and delivered by the Authority. The Authority will only execute and deliver the Amendment when it has determined that the Amendment or similar amendments have been duly executed and delivered by each of the current forty-nine (49) Participants.

[Signatures Appear on Next Page]

IN WITNESS WHEREOF, the Municipal Electric Authority of Georgia has caused this Amendment to be executed in its corporate name by its duly authorized officers and, the Authority has caused its corporate seal to be hereunto impressed and attested; the Participant has caused this Amendment to be executed in its corporate name by its duly authorized officers and the corporate seal to be hereunto impressed and attested, and delivery hereof by the Authority to the Participant is hereby acknowledged, all of the date and year first above written.

MUNICIPAL ELECTRIC AUTHORITY  
OF GEORGIA

By: Steve A. Burt  
Chairman

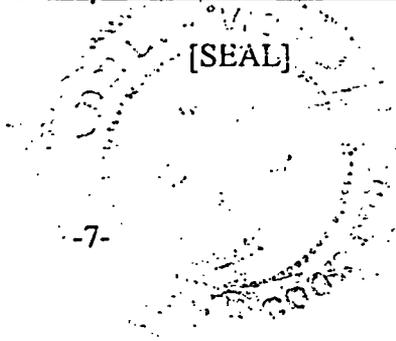
Attested:

By: James E. Fuller  
[SEAL]

PARTICIPANT:  
CITY OF ADEL

By: Rick J. Barn  
Its: Mayor

Attested:  
By: Rhonda P. Rowe



### **Attachment 3**

## **Edwin I. Hatch Nuclear Plant Financial Assurance Requirements for Decommissioning Nuclear Power Reactors – 2005 Submittal**

The Trust Investment Management was modified to provide for an additional investment manager, Tanglewood Asset Management.