

TROUTMAN, SANDERS, LOCKERMAN & ASHMORE  
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

CANDLER BUILDING, SUITE 1400

127 PEACHTREE STREET, N.E.

ATLANTA, GEORGIA 30043 7101

404/658-8000

CABLE: MAESTRO

TELECOPIER: 404 221 0466

WRITER'S DIRECT DIAL NUMBER

404-658-8207

ROBERT F. EDWARDS, JR.

August 8, 1989

Mr. Cecil O. Thomas  
Chief, Policy Development and Technical  
Support Branch  
Programs Management, Policy Development  
and Analysis Staff  
Office of Nuclear Reactor Regulation  
United States Nuclear Regulatory Commission  
Washington, D.C. 20555

50-366A  
50-424A  
50-425A

Re: Oglethorpe Power Corporation (A Generation And  
Transmission Cooperative) (hereinafter  
"Oglethorpe") Allegations Of Non-Compliance With  
Antitrust License Conditions, Docket No. 50-424A

Dear Mr. Thomas;

Georgia Power Company (hereinafter "Georgia Power" or the  
"Company") appreciates the opportunity to respond to  
Oglethorpe's allegations of non-compliance with the antitrust  
license conditions which are appended to the operating licenses  
for the Edwin I. Hatch Nuclear Generating Plant Unit 2 and the  
Alvin W. Vogtle Nuclear Generating Plant Unit 1 and Unit 2  
(hereinafter "license conditions")<sup>1/</sup>

---

<sup>1/</sup> Although Oglethorpe styles its response as relating  
to the Vogtle Unit 1 operating license, the license conditions  
are the same for each unit and have not changed since they  
were agreed to by the affected parties on April 24, 1974, in  
the Settlement Agreement concerning claims that were pending  
before the United States Atomic Energy Commission in Dockets  
Nos., 50-366A, Plant Hatch Unit 2 and 50-424A, 50-425A,  
50-426A, and 50-427A, Plant Vogtle Units 1, 2, 3, 4  
respectively (hereinafter "USAEC Settlement Agreement"); and  
appended to the construction permit for Plant Hatch Unit 2 on  
August 19, 1974, and to the construction permits for the  
Vogtle units.

8908230267 890808  
PDR ADDCK 05000866  
M PDC

2999  
4/1

Mr. Cecil O. Thomas  
August 8, 1989  
Page 2

Staff's questions provided Oglethorpe with a full opportunity to state how it alleges that Georgia Power has violated its license conditions. Oglethorpe did not respond to the Staff by showing grounds to invoke the NRC's "authority to initiate a postlicensing enforcement proceeding in the event of violation of a specific antitrust licensing condition."<sup>21</sup> Oglethorpe failed to identify any license condition that Georgia Power is alleged to have violated. Instead, Oglethorpe argues (at page 24) that it should have its way concerning the Company's transmission obligation "whatever its [the license condition's] specific language." Oglethorpe concludes its response to the Staff (at page 57) by requesting "new license conditions" that Oglethorpe would now prefer to have instead of enforcement of existing license conditions.<sup>21</sup> The reason Oglethorpe fails to articulate a violation of a specific license condition and instead wants "new license conditions" is because Georgia Power is in full compliance with its license condition obligations. That Oglethorpe has evolved from nonexistence into the nation's largest generation and transmission cooperative over the past fourteen years is compelling evidence of compliance. Oglethorpe and all of its members have access to bulk power from sources other than Georgia Power. All of Georgia Power's transmission and partial requirements obligations are expressly embodied in rate schedules which have been effective

---

<sup>21</sup> Houston Lighting & Power Company (South Texas Project), 5 N.R.C. 1303, 1311 (1977). Section 186 of the Atomic Energy Act authorizes the initiation of enforcement proceedings if there has been a "failure to . . . operate a facility in accordance with the terms of the . . . license." Oglethorpe (at page 56) incorrectly represents the South Texas decision as having "held" that the NRC's "power to revoke would normally imply the lesser power to modify licenses to incorporate conditions which would have been imposed at the time of initial licensing had subsequent developments then been known." Id. Not only is this not the "holding" of South Texas, it is a proposition the NRC expressly rejected in the conclusion of the same paragraph, which Oglethorpe omits: "[W]e find that the generality of Section 186 should be treated as subordinate to the specific, limited regime adopted by Congress as recently as the 1970 amendments to the Act." Id.

<sup>31</sup> Oglethorpe bases the relief it seeks solely on its incorrect representation of the holding in South Texas. See infra n.2,.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 3

for many years with no antitrust complaint from Oglethorpe. Oglethorpe has taken the benefit of these low embedded cost rates and generous co-ownership arrangements with "buy-back" arrangements that phase-in and mature Oglethorpe's ownership of modern generating plants.

Now Oglethorpe wants to rewrite the rules in a fashion that increases Georgia Power's planning risk and the costs of all of Georgia Power's other customers in order to achieve more benefits for Oglethorpe.<sup>41</sup> Georgia Power's license condition obligation to deliver Oglethorpe's power off-system arises only from circumstances specified by the license conditions. Oglethorpe never even alleges that those circumstances have been satisfied. Moreover, it is apparent that those conditions have never been met. Even though it is not under a current license condition obligation to export Oglethorpe's power off-system, Georgia Power has implemented such transactions on a voluntary basis, making pragmatic arrangements to accommodate these transactions within the existing service arrangements. Georgia Power has also negotiated at length with Oglethorpe to establish a new service arrangement that would establish bulk power supply responsibilities and moot the conditions which Oglethorpe has not satisfied.

Oglethorpe attempts to turn its disappointments with wholly voluntary arrangements with Georgia Power into license

---

<sup>41</sup> Oglethorpe joined Georgia Power in identifying "some form of commitment from current customers with regard to load and capacity responsibilities . . ." as an issue that must be addressed "before such an agreement [a new Georgia Power Supply Agreement that addressed relations to the Southern Pool, treatment of future generating units and off-system transactions] can be consummated." Georgia Power Supply Study Scope Working Group Review of Issues, January 31, 1986, at 1. Oglethorpe now wants to be able to engage in off-system transactions without responsibility for the bulk power supply consequences of its actions by burdening Georgia Power (and its customers -- including other partial requirements customers) with total responsibility for mismatches between Oglethorpe's load and the resources put in place to serve that load.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 4

condition violations by using sweeping accusations of misconduct without supporting specifics. As shown above, under the South Texas standard, Oglethorpe has failed to provide a basis for further enforcement activity by the NRC. Georgia Power has responded to most of Oglethorpe's allegations in its prior correspondence with the NRC and with Oglethorpe. George Power is also forwarding under separate cover a chronological set of documents with a brief commentary related to each document. The documents and the related discussion supplement this response.

Georgia Power has both implemented the license conditions and has engaged in transactions and negotiations beyond the requirements of the license conditions. Even if the NRC has jurisdiction over the latter, Oglethorpe has failed to present any indicia of unreasonable conduct by Georgia Power. A review of the applicable license conditions, their implementation and the ongoing discussions with Oglethorpe shows that Oglethorpe has not presented appropriate grounds for NRC enforcement activities. There is no need for further enforcement action by the NRC because (1) Georgia Power has implemented its license condition obligations; (2) Georgia Power has no current license obligation to export power for Oglethorpe or to enter into a "generic scheduling agreement"; (3) Oglethorpe's current policy theories are not substitutes for the license conditions themselves; (4) Georgia Power has properly engaged in voluntary projects with Oglethorpe beyond the scope of license condition requirements; and (5) the FERC is fully capable of addressing any and all issues Oglethorpe wishes to raise in a comprehensive fashion as provided for by the USAEC Settlement Agreement and license conditions.

1. Georgia Power Has Implemented Its License Condition Obligations

Paragraph 2.1 of the USAEC Settlement Agreement provides that Georgia Power "shall file tariffs . . . to implement commitments undertaken by it to provide partial requirements and transmission service as set forth in paragraphs 4 and 5 of Attachment "B" ("Proposed License Conditions, USAEC Docket Nos. 50-366A, 50-424A, 50-425A, 50-426A and 50-427A"). The same requirement is stated in Paragraph 8 of the license conditions as the means by which the license conditions are to be implemented.

Georgia Power has filed the appropriate tariffs. These rate schedules<sup>2/</sup> provide partial requirements ("PR") and

---

<sup>2/</sup> Georgia Power FERC Electric Tariff Original Volume No. 2 and Original Volume No. 3.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 5

transmission service ("TS"), and define what is known as the partial requirements customer relationship between Georgia Power and (1) Oglethorpe, (2) the Municipal Electric Authority of Georgia (hereinafter "MEAG") and (3) the City of Dalton, Georgia (hereinafter "Dalton").<sup>6/</sup>

Each and every bulk power issue Oglethorpe raises is addressed by a tariff, agreement or practice that is regulated by FERC. The transmission tariff filed at FERC expressly encompasses the license conditions in sections 3.01 and 5.20 of TS. The PR rate is a comprehensive treatment of the bulk power relationship provided for by the license conditions, including treatment for certain mismatches between a partial requirements customer's resources and load and notice provisions to facilitate orderly and efficient bulk power planning by the supplier of requirements power, i.e., Georgia Power. PR and TS have been in effect for almost fifteen years.

Had Georgia Power failed to file appropriate tariffs responsive to the license conditions, NRC enforcement action would be an option. Oglethorpe, however, does not make such an allegation. By filing tariffs which embrace in a comprehensive fashion its license condition obligations, Georgia Power also divested itself of any power to act unilaterally to impair implementation of the license

---

<sup>6/</sup> These three partial requirements customers do not operate electrically independent systems. Instead, their systems are integrated into the Georgia Territory for which Georgia Power provides full requirements, partial requirements, and retail service on an integrated basis. An important issue is whether these partial requirements customers will remain customers that rely on Georgia Power to serve their load on a requirements basis or whether they will become self-sufficient systems. Oglethorpe has agreed to self-sufficiency, but has failed to date to take reasonable steps to implement its agreement. Instead, Oglethorpe continues to purchase the power its members need on a second by second basis just like the other partial requirements customers.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 6

conditions.<sup>2/</sup> Instead, as provided for by Paragraph 8 of the license conditions, Georgia Power, by filing appropriate and comprehensive rate schedules with FERC, has empowered the FERC to direct its conduct in a fashion consistent with the terms of the license conditions.

In addition to offering partial requirements power and transmission service pursuant to filed and effective rate schedules, Georgia Power has actually provided these services and has in fact implemented its existing transmission service obligation. The transmission license condition which is effective today is the obligation to "import" power to Georgia territorial utility systems established by Paragraph 5(a). Understanding Paragraph 5 requires review of an important defined term. Oglethorpe is a beneficiary of the license conditions because it is an "entity" as defined by Paragraph 1(a) of the License Conditions:

(a) "Entity" means any financially responsible person, private or public corporation, municipality, county, cooperative, association, joint stock association or business trust, owning, operating or proposing to own or operate equipment or facilities within the State of Georgia (other than Chatham, Effingham, Fannin, Towns and Union Counties) for the generation, transmission or distribution of electricity, provided that, except for municipalities, counties, or rural electric cooperatives, "entity" is restricted to those which are or will be public utilities under the laws of the State of Georgia or under the laws of the United States, and are or will be providing retail electric service under a contract or rate schedule on file with and subject to the regulation of the Public Service Commission of the State of Georgia or any regulatory agency of the United States, and, provided further, that as to municipalities, counties or rural electric cooperatives, "entity" is restricted to those which provided electricity to the public at retail within the State of Georgia (other than Chatham, Effingham,

---

<sup>2/</sup> Since the Atomic Energy Act does not contemplate ongoing antitrust regulation by the NRC, the USAEC Settlement Agreement and license conditions expressly rely on Federal Power Act regulation as the means to implement partial requirements and transmission service. Oglethorpe deletes from its discussion all references in the license conditions to the filing of rate schedules and the anticipation that these rate schedules could be modified pursuant to the Federal Power Act.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 7

Fannin, Towns and Union Counties) or to responsible and legally qualified organizations of such municipalities, counties and/or cooperatives in the State of Georgia (other than Chatham, Effingham, Fannin, Towns and Union Counties) to the extent they may bind their members.

The definition of entity means that it is possible for Georgia Power to meet its license condition obligations while still serving the Georgia Territory on an integrated basis.<sup>6/</sup> Georgia Power is not required by these license conditions to plan or operate its system to meet the needs of non-territorial systems. In other words, because of the role played by the territorial definition of entity, Georgia Power can optimize the operation of its system for service to Georgia requirements customers, including retail consumers, partial requirements customers (Oglethorpe, MEAG, and Dalton), and full requirements customers (the Cities of Acworth and Hampton, Georgia). The Paragraph 5(a) transmission service obligation is as follows:

5.(a) Applicant shall transmit ("transmission service") bulk power over its system to any entity or entities with which it is interconnected, pursuant to rate schedules on file with the Federal Power Commission which will fully compensate Applicant for the use of its system, to the extent that such arrangements can be accommodated from a functional engineering standpoint and to the extent that Applicant has surplus line capacity or reasonably available funds to finance new construction for this purpose. To the extent the entity or entities are able, they shall reciprocally provide transmission service to Applicant. Transmission service will be provided under this subparagraph for the delivery of power to an entity for its or its members, consumption and retail distribution or for casual resale to another entity for (1) its consumption or (2) its retail distribution. Nothing contained herein shall require the Applicant to transmit bulk power so as to have the effect of making the Tennessee Valley Authority ("TVA") or its distributors, directly or indirectly, a source of power supply outside the area determined by the TVA Board of Directors by resolution of May 16, 1966 to be the area for which the TVA or its distributors were the primary source of power supply on July 1, 1957, the date specified in the Revenue Bond Act of 1959, 16 USC 831 n-4.

---

<sup>6/</sup> See infra n.6.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 8

Paragraph 5(a) insures that every entity will have access to sources of bulk power other than Georgia Power. Paragraph 5(a) does not, however, establish a general common carriage of power obligation. Instead it provides for delivery of power "to any entity for its members' consumption and retail distribution or for casual resale to another entity for (1) its consumption or (2) its retail distribution." (emphasis added). Paragraph 5(a) expressly provides that transmission will be "pursuant to rate schedules on file with the Federal Power Commission [FERC] . . . ." An equality of access arises from the license conditions because "[t]o the extent the entity or entities are able, they shall reciprocally provide transmission service to [Georgia Power]." The license conditions do not provide for dedicated set-asides of transmission capacity for a particular party as Oglethorpe demands because Georgia Power is required (and only required) to transmit power "to the extent that such arrangements can be accommodated from a functional engineering standpoint and to the extent that [Georgia Power] has surplus line capacity or reasonably available funds to finance new construction for this purpose." These conditions and the arrangements that result from them are also subject to the provisions of Paragraph 2 of the license conditions. Paragraph 2 expressly permits Georgia Power to enter into arms-length agreements with others. Paragraph 2 also provides that all bulk power arrangements "must provide for adequate notice and joint planning procedures consistent with sound engineering practice and must relieve [Georgia Power] from obligations undertaken by it in the event such procedures are not followed by any participating entity."

Paragraph 5(a) of the license conditions solved the access problem for all municipal and cooperative systems in the Georgia Territory. It enabled Oglethorpe and MEAG to be formed and to replace Georgia Power as the wholesale supplier for almost ninety municipal and cooperative systems. "Georgia Power's move precipitously altered the competitive market in the Georgia area . . . [eliminating] close to 20 percent of the total kwh sales made by the company." Suelflow, James E. et al., "Energy and Competition: the Saga of Electric Power," 1980 Antitrust Bulletin, 125, 133. These developments were noted in the United States Department of Justice's advice letters and the NRC "no significant change" reviews relating to the four nuclear units owned by Georgia Power, Oglethorpe, MEAG, and Dalton.<sup>2/</sup> The special case of Okefenokee EMC,

---

<sup>2/</sup> The "immediate access" referred to by the Department of Justice in its 1976 Advice Letter did not rewrite the license conditions. It simply refers to the reality that they were in fact being implemented.



Mr. Cecil O. Thomas  
August 8, 1989  
Page 9

which was erroneously cited by Oglethorpe as authority for interstate wholesale power brokering, shows how the transmission obligation works. This EMC straddles the Georgia/ Florida border. Okefenokee is an "entity" because it serves the public in Georgia. Georgia Power is obligated by Paragraph 5(a) to offer transmission service to deliver power for this EMC's consumption or retail sales (even for use by its Florida retail consumers), but not for sales for resale to other utilities that are not entities.<sup>10/</sup>

2. No Current License Condition Obligation To Deliver Power Off-System Or To Enter Into A "Generic Scheduling Agreement" Exists.

The License Conditions impose a second transmission service obligation which has never come into effect. Paragraph 5(b) provides a safety valve in the event an entity constructs capacity that exceeds its requirements. This subparagraph provides as follows:

(b) Applicant shall transmit over its system from any entity or entities with which it is interconnected, pursuant to rate schedules on file with the Federal Power Commission which will fully compensate Applicant for the use of its system, bulk power which results from any such entity having excess capacity available from self-owned generating resources in the State of Georgia, to the extent such excess necessarily results from economic unit sizing or from failure to forecast load accurately or from such generating resources becoming operational earlier than the planned in-service date, to the extent that such arrangements can be accommodated from a functional engineering standpoint, and to the extent Applicant has surplus line capacity available.

---

<sup>10/</sup> Georgia Power will schedule for Oglethorpe imports of power for Oglethorpe's consumption and its members' consumption and retail distribution. Whenever Oglethorpe undertakes to obtain capacity, whether from self-owned generating resources or purchased power, Georgia Power will provide PR capacity credits in accordance with the contract and notice provisions incorporated into the partial requirements rate schedule. Because Oglethorpe does not operate an independent electrical system, it and its members obtain capacity through the mechanism of capacity credits through PR billings.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 10

This safety valve has never come into play because no entity other than Georgia Power has "excess capacity available from self-owned generating resources in the State of Georgia . . . ." <sup>117</sup> Although Oglethorpe (and its predecessor organizations and members) originally planned to own or control enough generation to serve its load (i.e., be "self-sufficient") by 1990 <sup>127</sup>, Oglethorpe did not continue on this schedule. Today Oglethorpe, like the other partial requirements customers, does not have sufficient capacity to serve its load, plans on relying on purchased power for the immediate future (but has not contracted on a firm basis for sufficient power to meet its requirements), and therefore does not risk having excess capacity to export as provided for by Paragraph 5(b). <sup>137</sup> Oglethorpe never alleges with respect to any alleged off-system power arrangement that it has satisfied the circumstances prescribed by Paragraph 5(b).

The transmission rate schedule filed by Georgia Power encompasses both Paragraph 5(a) and Paragraph 5(b). This transmission schedule provides for Georgia Power and Oglethorpe to provide each other with reciprocal access to each others transmission facilities as defined by that tariff and to maintain a parity of investment based on peak load responsibility. Once a transaction is treated as included within this tariff and contract, there is no need to negotiate

---

<sup>117</sup> Also, Paragraph 5(b) makes no reference to "exchanges" of power as asserted by Oglethorpe.

<sup>127</sup> January 15, 1976, Regulatory Guide 9.3 Submission, NRC Docket No. 50-366, Plant Hatch Unit 2 Operating License Application, at 2.

<sup>137</sup> Oglethorpe reported to the NRC in 1983 that it had adopted its own special definition of self-sufficiency, that as long as it only purchased "peaking power" it would be self-sufficient. October 17, 1983 Regulatory Guide 9.3 submission of Oglethorpe, at 2. However, Oglethorpe's labels for its business decisions do not change the meaning of Paragraph 5(b) or the normal meaning of self-sufficient. Also, Oglethorpe is not self-sufficient even under its own "definition."

Mr. Cecil O. Thomas  
August 8, 1989  
Page 11

transmission access or payments.<sup>14/</sup> The transmission tariff has never been changed in any material respect. Service is provided to Oglethorpe and its members every second of every day under this tariff. Since Oglethorpe does not possess any capacity in excess of its requirements, Paragraph 5(b) of the license conditions has never come into play.<sup>15/</sup>

No "generic scheduling agreement" is required by these license conditions provisions either. Oglethorpe cites no license condition provision in response to the Staff's pointed inquiry on this issue. Even so, Georgia Power has for years negotiated with Oglethorpe towards an arrangement which would yield such a "generic scheduling agreement," and has done so within a framework of priorities Oglethorpe itself found necessary and appropriate.

For example, on January 31, 1986, a Scope Working Group chaired by Oglethorpe reported on (1) "feasible alternatives in which the [proposed] Georgia Power Supply Agreement could operate within the Southern Pool"; (2) "the method by which future generating units could be treated in the [proposed] Georgia Power Supply; and (3) the "method by which off-system transactions could be treated in the Georgia Power Supply." Although the report stated that these "three issues should be

---

<sup>14/</sup> Oglethorpe persistently and erroneously seeks to escalate Georgia Power's characterization of access as equal as a grand concession that Oglethorpe has the right to deliver power off-system at will. No such concession or representation to the NRC has ever been made. In the context of the plain language of existing tariffs and license conditions, Oglethorpe's ultimatum demanding "equal access without regard to self-sufficiency" and for a special dedication of 640 megawatts of transmission capability to Florida can only be described as Orwellian.

<sup>15/</sup> For example, the transmission arrangements for Oglethorpe's two sales to Seminole did not arise from License Condition compulsion. They arose from voluntary cooperation by Georgia Power. Once the parties agreed to treat these transactions as within their Integrated Transmission System Agreement, there was no need for further negotiations concerning the transmission component of these transactions.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 12

considered as separate and independent and do not encompass all of the concerns of the parties involved," it identified the self-sufficiency issue as common to all three of these topics: "A critical area not addressed by this document is some form of commitment from the current customers with regard to load and capacity responsibilities before such an agreement can be consummated." Georgia Power Study Scope Working Group Review of Issues, January 31, 1986, at page one (emphasis added). The necessary linkage between generation self-sufficiency issues and off-system transactions, given the structure of power relations in the Georgia Territory, is reflected by the terms of Paragraph 5(b).<sup>16/</sup> Oglethorpe now, years later, appears to have abandoned the necessary structure of these negotiations. Oglethorpe has no grounds, however, to claim that Georgia Power is unreasonable in having adhered to the correct and essential priorities.

3. Oglethorpe's Public Policy Theories Are Not Substitutes For The Express Provisions Of The License Conditions

Georgia Power's successful implementation of the license conditions is reflected in the fact that Oglethorpe makes no allegations that any specific license condition has been violated by Georgia Power. In the absence of an allegation of a violation of a specific license condition, there is no basis for the NRC to proceed with enforcement.

Instead of alleging violations of one or more license conditions, Oglethorpe invokes alleged policies that Oglethorpe perceives behind the license conditions as grounds for the NRC to find fault with the Company's conduct. Even had the United States Department of Justice

---

<sup>16/</sup> The Scope Working Group Report also identifies a major rate issue that must be addressed in order to develop a "generic" scheduling agreement: "Off-system transactions . . . are typically arranged and priced before-the-fact . . ." Report at 15. The existing PR rate is not a "real time" pricing mechanism. It is an after the fact accounting rate schedule to account for the portion of the customer's requirements deemed supplied by Georgia Power.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 13

expressed views in its advice letters that supported Oglethorpe's positions today, <sup>171</sup> there was no determination on the merits of any of the Department's expressed concerns. The 1972 request for the hearing relied on by Oglethorpe was withdrawn. The license conditions were issued by the NRC pursuant to the dismissal of the antitrust proceedings. The public interests in reliable and economical utility service and the promotion of new competitors were served through the adoption of the specific license conditions that were agreed to by all parties. Because the license conditions have objective meanings, they are capable of application by their terms. In the absence of an alleged misconduct that can be judged against the language of a specific license condition, there is no basis for NRC enforcement activity. Since Oglethorpe has failed to articulate any alleged violation of a single requirement of the license conditions, there is no basis for further enforcement efforts.

Oglethorpe confuses the enforcement authority of the NRC with general legislative policy-making authority such as that exercised by administrative agencies that determine "just and reasonable" utility rates. In South Texas, the NRC noted that the standard it administers is "unlike one which authorizes licensing (or rate setting) under a broad 'public interest' standard." 5 N.R.C. 1303, 1312 n.8. Oglethorpe exploits the

---

<sup>171</sup> The policies Oglethorpe perceives are of its own invention, aided by selected editing of sources. For example, at page two of its response, Oglethorpe omits the reference to the geographic market that was the subject of the advice. The 1972 Advice Letter asserts that the issue was alleged "efforts to prevent the other distribution systems in Georgia from obtaining access to alternative sources of bulk power. (emphasis added). 1972 Advice Letter, at 6. The resale restrictions in question were restrictions on retail sales, not wholesale brokering of requirements power. 1972 Advice Letter, at 7. Oglethorpe deletes all references to this product market. The 1976 Advice Letter specifically refers to "wheeling arrangements for electric systems in Georgia." (emphasis added). The Department of Justice did not urge that it was necessary, appropriate or competitive for a partial requirements customer which (1) lacks sufficient resources to serve its native load and (2) is integrated in its operation with other partial requirement customers and their partial requirements supplier, to be able to commit unilaterally the delivery of power off-system or to broker partial requirements power in off-system sale for resale markets.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 14

confusion it creates between the enforcement and legislative functions by seeking to substitute the general positions it advocates today for the actual license conditions themselves. Oglethorpe states, without any basis, that the Staff and United States Justice Department have adopted Oglethorpe's interpretations, which are now somehow engrafted on the license conditions. Oglethorpe should not make a cavalier assertion that a multiparty settlement agreement has been abrogated without due process of law. Oglethorpe erroneously suggests that freewheeling policy-making may be substituted for the license conditions themselves.

4. Georgia Power Has Properly Cooperated With Voluntary Transactions Beyond The Scope Of The License Conditions.

A fundamental error that Oglethorpe makes is assuming that voluntary commercial accommodations made in the context of ongoing negotiations effectively revise the license conditions. For example, since Oglethorpe lacks any excess generating capacity, let alone excess capacity that satisfies the conditions of Paragraph 5(b), Georgia Power has no license condition obligation to transmit power from Oglethorpe to Florida utilities. In light of various power supply considerations, including the fact that it appeared that Georgia Power and Oglethorpe were evolving towards an agreement that would effectively provide for self-sufficiency, the Seminole arrangements seemed commercially reasonable to Georgia Power. Oglethorpe wrongfully takes Georgia Power's willingness to facilitate a variety of transactions as legally binding concessions and "interpretations of the license conditions." Oglethorpe escalates its error by taking Georgia Power's willingness to negotiate a new relationship in which Oglethorpe (1) would be responsible for its own power requirements either by purchases of definite amounts of firm power or by self-ownership of generating capacity, and (2) could therefore independently market power excess of its requirements off-system pursuant to what Oglethorpe calls a "generic scheduling agreement" as describing the status quo and the current effect of the license conditions.

Oglethorpe erroneously exploits the confusion it creates between the world that would exist if certain arrangements -- arrangements that are not required by the license conditions -- come about and the existing world and license conditions. For example, in seizing on Mr. Dahlberg's 1983 letter at the outset of renewed negotiations toward a successor relationship to the partial requirements rate as a concession, Oglethorpe forgets to inform the NRC that Oglethorpe was at that time

Mr. Cecil O. Thomas  
August 8, 1989  
Page 15

under a separate contractual commitment to sell certain Plant Scherer energy to Georgia Power in addition to certain tariff provisions for sale of Scherer energy to Georgia Power. Oglethorpe obtained a release from those contractual restraints. Even though the negotiations of the successor relationship initiated by Mr. Dahlberg's letter have not yet yielded a substitute for the partial requirements customer relationship that exists, Oglethorpe did make sales out of Plant Scherer to Seminole with cooperation from Georgia Power. Oglethorpe's false efforts to recast Georgia Power's commercial cooperation as duplicity create no grounds for enforcement action.

Georgia Power's cooperation and good faith is shown by its record of cooperation beyond the requirements of the license conditions: (1) facilitating and backing up Oglethorpe's first sale to Seminole; (2) facilitating with great speed an off-system purchase coupled with a second sale to Seminole; (3) offering repeatedly to implement case-by-case agreements to deliver off-system; (4) assisting Oglethorpe with refinancing its ownership of Plant Scherer; and (5) making a general offer to deliver nonfirm Plant Vogtle and Plant Scherer energy off-system, which Oglethorpe expressed no interest in.<sup>18/</sup>

The partial requirements customers and Georgia Power may reach an agreement concerning an alternative to existing arrangements. They may not reach such an agreement. Under the existing license conditions, the Georgia public is served reliably by competing viable electric suppliers. As soon as Oglethorpe has more generation than its load and satisfies the conditions of Paragraph 5(b) of the license conditions, it is guaranteed access to outside markets to sell that excess by the license conditions.

Stripped of its rhetoric, Oglethorpe is complaining that an optional new power system agreement for Georgia that is satisfactory to Oglethorpe has not been adopted. The possible optional arrangements necessarily would be complex multiparty agreements. No agreement may ever be reached. None is required by the license conditions. For over a decade, Georgia Power, Oglethorpe, MEAG and Dalton have explored and negotiated potential alternatives to the existing partial requirements customer relationship. Jointly retained third party consultants have assessed the options. Elaborate computer assisted studies have been undertaken. Drafts have been circulated. Sometimes called a "Georgia Pool," sometimes

---

<sup>18/</sup> F.D. Williams May 3, 1988 letter to G. Stanley Hill, at 2.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 16

called the Georgia Power Supply Agreement or the Georgia Alternative Power Supply System, these discussions have yet to yield a substitute for the existing partial requirements customer relationship.

These alternatives have included the so called scheduling services Oglethorpe desires because they would identify appropriate resources which are available to be scheduled off-system and assign economic responsibility for the costs of such operations, thereby avoiding serious free-rider problems. The service of scheduling a transaction from one power system to another, such as from the Southern electric system control area to the Florida coordinating group control area can be quickly negotiated, as is shown by Oglethorpe's second sale to Seminole Electric Cooperative.<sup>11/</sup> The key difficulty with scheduling power deliveries lies in identifying appropriate resources and assigning economic responsibility for the consequences of using those resources. A glimpse of the complexity can be seen in the delay implementing the first Oglethorpe sale to Seminole. Even though co-owner energy is generally "absorbed" through the partial requirements tariff, and even though Oglethorpe agreed to sell any Plant Scherer energy which was not so absorbed to Georgia Power, Georgia Power had told Oglethorpe at the outset of the current alternative power system negotiations that "OPC is not restricted by the PR-7 tariff, or any contractual relationship between the parties from making off-system sales<sup>12/</sup>" Therefore, the provisions of the Scherer

---

<sup>11/</sup> Oglethorpe complains that Georgia Power treated the energy it purchased to resell to Florida as nonfirm, but artfully avoids asserting that this energy was anything other than nonfirm energy subject to multiple contingencies. Unless Oglethorpe asserts that it purchased firm energy it has no cause for complaint.

<sup>12/</sup> Oglethorpe erroneously reads into the October 12, 1983 Letter from A. W. Dahlberg to G. Stanley Hill an agreement that Georgia Power will deliver power for Oglethorpe off-system even though Oglethorpe lacks sufficient generating capacity to serve its own load. The negotiations initiated by Mr. Dahlberg's letter were to establish a relationship in which Oglethorpe would be self-sufficient. The key to this, identified jointly by Georgia Power and Oglethorpe, was revising the existing PR rate, which has not been accomplished. February 1984, Project Plan To Develop A Georgia Territorial Power Supply Agreement, pages 1-2. Those arrangements have not been concluded through no fault of Georgia Power.



Mr. Cecil O. Thomas  
August 8, 1989  
Page 17

co-ownership contracts for Oglethorpe to "order up" generation outside of economic dispatch with the consent of the co-owners created a means, in theory, to define a resource to associate with the desired Florida deliveries. In addition to backing up Oglethorpe's sales, Georgia Power obtained the necessary co-owner consents to Oglethorpe's venture. Oglethorpe never characterized Georgia Power as "uncooperative" at the time. Oglethorpe presents no indicia of any dilatory conduct on Georgia Power's part.

Efforts to generalize the Scherer/Seminole transaction into what Oglethorpe calls a "generic scheduling agreement" through an agreement that would establish power system cost responsibilities both for any requirements-type power and interchange contracts understandably have been complicated. No "delay tactics" have been engaged in by Georgia Power. The 1987 hiatus in negotiations was for the mutual convenience of the parties in order to negotiate Oglethorpe's purchase of the Rocky Mountain pumped storage project.<sup>21/</sup>

No "opportunities" for Oglethorpe have been lost due to Georgia Power's fault. Oglethorpe neglects to inform the NRC that whenever Oglethorpe has sought cooperation that cooperation has been afforded. An example is Oglethorpe's successful leveraged lease refinancing of its ownership of Plant Scherer. The would-be lessor/creditor wanted Oglethorpe to provide a transmission service to deliver Scherer capacity off-system in the event of a default by Oglethorpe. In December of 1985, Georgia Power reviewed with Oglethorpe its inability to confirm the availability of that service under the license conditions. Georgia enabled the transaction to close by offering to negotiate such a transmission service with Oglethorpe's creditors in the event of a default.<sup>22/</sup> Georgia Power's long history of cooperation with Oglethorpe has enabled Oglethorpe to succeed in many ventures to date, thereby refuting Oglethorpe's efforts to portray the Company as unreasonable. Oglethorpe's success is reported in the "no significant change" reviews conducted by the NRC.

---

<sup>21/</sup> W.J. Smith January 13, 1987, letter to J.A. Johnson.

<sup>22/</sup> Oglethorpe erroneously claims that Georgia Power has "sprung" a "new interpretation" of the license conditions on it.

Mr. Cecil O. Thomas  
August 8, 1989  
Page 18

5. The FERC Is Authorized To Address Oglethorpe's Concerns  
In A Comprehensive Fashion.

Unlike a license condition involving the sale of an asset, the tariffs implementing the services in issue are fully subject to the jurisdiction of the FERC. The FERC has comprehensive jurisdiction to enforce or modify the partial requirements and transmission services with which Oglethorpe is concerned. Nor is this a case in which a prompt challenge is brought when a newly filed tariff is alleged to contain unreasonable conditions that frustrate a license condition. Service has been taken pursuant to these tariffs for almost fifteen years. Oglethorpe seeks to sidestep the primary jurisdiction of FERC over the reasonableness of bulk power tariffs and practices.<sup>221</sup>

A new issue Oglethorpe raises brings into sharp focus the reality that all of Oglethorpe's concerns are FERC ratemaking issues. Oglethorpe quarrels with the PR tariff capacity credit for purchased power notice provision. The role of FERC as the arbiter of tariff notice provisions is recognized in Paragraphs 4, 5, and 8 of the license conditions. As to notice provisions, the USAEC Settlement Agreement provided that Georgia Power was "free to include provisions treating these subjects [the notice provisions Oglethorpe takes exception to] in the Initial Tariff and all subsequent tariffs for partial requirements service, and the protestants will be free to oppose the same, all pursuant to the Federal Power Act." USAEC Settlement Agreement at 5-6. Oglethorpe now complains about adherence to the contract and notice provision in order to receive capacity credit for bulk power purchases, a provision that has been filed and effective with FERC for 14 years, and by operation of law, is presumed reasonable. Paragraph 9 of the PR Terms and Conditions expressly provides that a customer is entitled to capacity and energy credits for purchases from other sources, "provided the customer has . . . (d) complied with all contract and notice

---

<sup>221</sup> Oglethorpe also takes exception to the performance of Georgia Power's contract with the Southeastern Power Administration ("SEPA") which was filed with FERC on March 28, 1985, and made effective in FERC Docket No. ER85-393-000 with Oglethorpe's support. Paragraph Two of the License Conditions also expressly provides that Georgia Power need not "forego a reasonably contemporaneous arrangement with another, developed in good faith in arms length negotiations . . . which affords it greater benefits."

Mr. Cecil O. Thomas  
August 8, 1989  
Page 19

requirements of Section 6." Oglethorpe, having accepted service under these terms and conditions, now wants to evade their force. It is important that FERC have jurisdiction over this issue since waiving the notice period will result in an increase in MEAG's reserve costs, Dalton's reserve costs, and Georgia Power's reserve costs.<sup>241</sup>

The central issue raised by all of Oglethorpe's concerns is the economic value received by it for the capacity it owns versus increased planning risk for Georgia Power. In accordance with the USAEC Settlement Agreement, partial requirements customers which are not self-sufficient consistently have not been permitted to increase the Company's planning risk by shifting some of their capacity off-system. Instead they have received increasingly favorable PR rate credit for their self-owned generating capacity constructed pursuant to joint planning. The need to address this central PR rate issue was recognized at the outset of the ongoing discussions between Georgia Power and Oglethorpe, as is shown by the 1984 Project Plan To Develop A Georgia Territorial Power Supply Agreement by Oglethorpe and Georgia Power. FERC is the appropriate agency to address these issues when the cooperative customer has taken service for many years under a tariff which complies with the license conditions. This is especially true in circumstances such as these in which the rate has been adjusted over time to take account of the issue, as was specifically noted by the 1984 Project Plan To Develop A Georgia Territorial Power Supply Agreement jointly developed by Georgia Power and Oglethorpe. NRC activity in this context inevitably would interfere with a ratemaking regulatory regime that fully complies with the license conditions.

In summary, Georgia Power surrendered its power over municipal and cooperative systems when it filed rates with FERC that comprehensively embody the partial requirements and transmission service obligations. In the context of this rate regulated partial requirements relationship, Georgia Power has implemented the license conditions and has cooperated in efforts that reach beyond the requirements of its licenses and beyond the scope of NRC antitrust responsibilities.

Oglethorpe's desire to substitute new license conditions instead of enforcing the existing ones, and Oglethorpe's position that the NRC should require that Georgia Power act in the regulated bulk power arena in accordance with Oglethorpe's

---

<sup>241</sup> The contract and notice provisions adopted in the USAEC Settlement Agreement show the reasonableness of the current PR provisions.

TROUTMAN, SANDERS, LOCKERMAN & ASHMORE

A MEMBERSHIP HOLDING PROFESSIONAL CORPORATION

Mr. Cecil O. Thomas  
August 8, 1989  
Page 20

wishes "whatever" the terms of the licenses, present no grounds for NRC antitrust enforcement activity.

Should the Staff require any further information concerning any assertion made by Oglethorpe, please let us know.

Very truly yours,

*Robert P. Edwards Jr.*

---

Robert P. Edwards, Esq.  
Counsel for Georgia Power Company

TROUTMAN, SANDERS, LOCKERMAN  
& ASHMORE  
1400 Candler Building  
127 Peachtree Street, N.E.  
Atlanta, Georgia 30303-1810  
(404) 658-8000

August 8, 1989 Supplemental Response  
of Georgia Power Company  
Volume I

1. The April 24, 1974 Settlement Agreement for USAEC Dockets 50-366A, Plant Hatch Unit 2; and 50-424A, 50-425A, 50-426A, and 50-427A, Plant Vogtle Units 1, 2, 3, and 4, respectively resolved in a comprehensive fashion the antitrust claims against Georgia Power and established a framework where Federal Power Commission (now Federal Energy Regulatory Commission) regulation would control partial requirements service and transmission service.
2. The April 24, 1974 Power System Agreement between Georgia Power and Georgia Electric Membership Corporation (acting on its own behalf and as agent for the EMCs that would form Oglethorpe) establishes a commitment to self-sufficiency by Oglethorpe in Paragraph 1.A. Paragraph 4 also shows the intention to make a transition to self-sufficiency. This shared goal is reflected in the provision for exports of excess capacity provided for in the license conditions. Contrary to Oglethorpe's assertions, the "self-sufficiency" requirement is not an invention of the Company.
3. The Motion to Withdraw Intervention and Joint Motion to Dismiss and Terminate This Proceeding made on June 3, 1974 by Georgia Power, the United States Department of Justice, the AEC Regulatory Staff and the Georgia Municipal Association, and the resulting June 28, 1974 Order of the Atomic Energy Commission dismissing and terminating the Plant Vogtle antitrust proceeding show in an accurate fashion the procedural origins of the license conditions. In particular, as noted on page 3 of the Joint Motion, the United States Department of Justice withdrew its recommendation that a hearing was needed. No construction of the license conditions favorable to Oglethorpe's positions was accepted by the NRC.
4. The January 7, 1975, PR Rationale Agreement shows that "implementation of this agreement will not adversely affect the participation of Georgia Power in the Southern Company Power Pool." It also describes the embedded cost, after the fact accounting nature of PR. It also describes the limited credit for energy arising from mismatches between the characteristics of PR customer resources and load originally agreed upon.

5. The original PR rate schedule issued on June 30, 1975 implements the Company's obligation to offer partial requirements service. PR has been in effect for fourteen years and modified to improve the PR customers' benefits from self-owned generation.
6. The original TS rate schedule issued on June 30, 1975 implemented the Company's obligation to provide transmission service. It has been in effect for fourteen years without any substantial change.
7. The December 2, 1976 letter from H. G. Baker to the PR customers shows how "Georgia Pool" negotiations were initiated early in the life of the relationship and illustrates how those or similar negotiations have an inherent interplay with the evolution of the PR rate.
8. The December 31, 1980 PR-5 settlement provides an example of how the PR rate has evolved to account for self-owned generation by PR customers.
9. Oglethorpe's January 29, 1981 refusal to recognize the 500KV lines that support sales to Florida as ITS investment illuminates the reasonableness of Georgia Power's cooperation with Oglethorpe's sales into Florida.
10. The February 20, 1981 internal Georgia Power memorandum shows that Georgia Power was responsive to requests for hourly billing. Evolution towards an arrangement that includes a "generic scheduling agreement" will require some form of hourly billing.
11. The October 22, 1981 agreement to purchase Oglethorpe energy out of Plant Scherer had the potential to prevent Oglethorpe from selling that energy elsewhere. Georgia Power, again cooperating with Oglethorpe, did not interpose this agreement as grounds to prevent off-system sales by Oglethorpe.

## SETTLEMENT AGREEMENT

THIS AGREEMENT, is made and entered into by and between Georgia Power Company ("GPC"), Georgia Municipal Association, Inc. and the municipalities identified in Attachment A-1 ("Cities"), City of Dalton, acting by and through its Board of Water, Light and Sinking Fund Commissioners ("Dalton"), Georgia Electric Membership Corporation and the electric membership corporations identified in Attachment A-2 ("Co-ops"), and Crisp County Power Commission ("Crisp"), the Cities, Dalton, Co-ops and Crisp being collectively referred to herein as "Protestants," and relates to those matters which have been the subject of negotiations for a considerable time concerning claims relating to the matters involving the parties pending before the United States Atomic Energy Commission ("USAEC") in Docket Nos. 50-366A, Plant Hatch Unit 2; and 50-424A, 50-425A, 50-426A, and 50-427A, Plant Vogtle Units 1, 2, 3 and 4 respectively.

As a result of those settlement negotiations, and subject to provisions set forth in this Settlement Agreement and with the agreement that each provision of the Settlement Agreement is in consideration and support of every other provision, the parties have agreed as follows:

1. DISPOSITION OF PENDING PROCEEDINGS

1.1 The Cities, Dalton and the Co-ops will amend their petitions to intervene and Crisp will amend its request for limited appearance in each instance so as to withdraw from the USAEC proceeding known as Docket No. 50-366A, relating to the licensing of GPC's Plant Hatch Unit 2, and the Cities will amend their petition to intervene so as to withdraw from the USAEC proceedings known as Docket Nos. 50-424A, 50-425A, 50-426A and 50-427A, relating to the licensing of GPC's Plant Vogtle Units 1 through 4. The Protestants will advise the USAEC and the Department of Justice forthwith that the Protestants have settled their claims as set forth in this Settlement Agreement, and will file such pleadings and make such representations concerning matters which are the subject of this Settlement Agreement as are requested by GPC to the end that construction permits and operating licenses may issue as soon as otherwise possible for these nuclear units.

2. RATE MATTERS

2.1 GPC shall file tariffs with the Federal Power Commission on or before July 1, 1975 (the "Initial Tariff(s)") to implement commitments undertaken by it to provide partial requirements and transmission service as set forth in paragraphs 4 and 5 of Attachment B ("Proposed License Conditions, USAEC Docket Nos. 50-366A, 50-424A, 50-425A, 50-426A and 50-427A"). By such filings neither GPC



nor Protestants shall be prevented from later seeking to change or amend in any way (except with respect to notice provisions applicable through May 31, 1984 contained in paragraphs 2.3 and 2.5 herein) the partial requirements or transmission tariffs pursuant to the Federal Power Act or any other relevant statute; however, the parties agree that the Initial Tariffs shall be based on the principles set forth in paragraphs 2.2 through 2.5 following.

2.2           The rates contained in the Initial Tariff for partial requirements service shall be based upon the annual costs of those facilities employed in supplying partial requirements service in the form of peaking, intermediate and base load service and reserves.

2.3           The Initial Tariff for partial requirements service shall contain, as conditions to the offering of partial requirements service by GPC, the following provisions: To receive partial requirements service from GPC in any year (June 1 - May 31) prior to the year ending May 31, 1984, a customer must execute a contract at least thirty days prior to commencement of the first such year in which it desires to receive partial requirements service, said contract to be effective from June 1 following through May 31, 1984, pursuant to which the customer will agree to take or pay for the quantities of power resulting from (a) through (e) below, and relieve GPC except as provided herein from any responsibility otherwise to provide service. Said contract shall contain

provisions limiting GPC's obligation to provide partial requirements service, and reserves where required, on a first-notice-received-first-served basis, as follows:

(a) Notice received not less than two years nor more than two years and one month prior to beginning of any year.

(1) Full requirements of all customers (less SEPA), less not more than 200 MW in composite total of all such notices.

(b) Notice received not less than three years nor more than three years and one month prior to beginning of any year.

(1) Full requirements of all customers (less SEPA), less 20% of notifying customer's load or less not more than 500 MW in composite total of all such notices, whichever is smaller.

(c) Notice received not less than five years nor more than five years and one month prior to beginning of any year.

(1) Full requirements of all customers (less SEPA), less 40% of notifying customer's load or less not more than 900 MW in composite total of all such notices, whichever is smaller.

(d) Notice received not less than seven years nor more than seven years and one month prior to beginning of any year.

(1) Full requirements of all customers (less SEPA), less 60% of notifying customer's load or less not more than 1300 MW in composite total of all such notices, whichever is smaller.

(e) Notice received not less than nine years nor more than nine years and one month prior to beginning of any year.

(1) Full requirements of all customers (less SEPA), less 100% of notifying customer's load.

The megawatt limits set out in this paragraph shall not apply to capacity purchased by a customer, if any, by way of participation in ownership of or unit power purchases from the following nuclear generating units: Hatch 2, Vogtle 1 through 4.

The foregoing provisions will be maintained in the Initial Tariff and any subsequent tariff covering partial requirements service through the year ending May 31, 1984. The parties have been unable to agree upon partial requirements contract and notice provisions for years subsequent to May 31, 1984; GPC will be free to include provisions treating these subjects in the Initial Tariff and all subsequent tariffs for partial requirements service, and the Protestants will be free to oppose the same, all pursuant to the Federal Power

Act. Failure to resolve the issue of appropriate contract and notice provisions shall not permit GPC to abandon its obligation to provide partial requirements service, as undertaken by it in Paragraph 4 of Attachment B.

2.4 The rates contained in the Initial Tariff for transmission service shall take into account due credit for transmission investments which the parties to the arrangements may have committed themselves to and shall reflect the fact that GPC owns and utilizes, and a Protestant or group of Protestants own and utilize, two distinct types of transmission facilities, namely:

(a) Those facilities which are utilized to serve its entire system and are capable of moving power in bulk from one point on the system to another; and

(b) those facilities which are utilized to serve specific classes of loads and are not included for cost allocation purposes in bulk power transmission facilities.

Additionally, such rates shall be based upon an annual uniform unit cost concept and the tariff shall reflect the fact that GPC and a Protestant or group of Protestants may jointly plan, develop and own integrated transmission facilities.

2.5 The Initial Tariff for transmission service shall contain, as conditions to the offering of transmission service by GPC, the following provisions:

To receive transmission service, a customer must provide GPC, unless otherwise agreed, with the following written notices, the times specified being years in advance of each year (June 1 - May 31) it desires to utilize a transmission service offering:

(a) Transmission service to be provided by GPC pursuant to either subparagraph 5(a) or 5(b) of Attachment B via existing facilities which, as of notice, are anticipated to have surplus capacity during the period for which the customer desires such service -- not more than five years or less than two years.

(b) Transmission service to be provided by GPC pursuant to subparagraph 5(a) of Attachment B via new facilities constructed by GPC for this purpose -- five years, unless a longer period is required by future changes in law, e.g., siting statute.

All notices must specify the quantity of power in KW to be delivered to GPC for transmission; the point of such delivery to GPC; the point or points to which such power is to be transmitted; a designation of such power as peak, intermediate or base load (as defined in GPC's partial requirements tariff); and a description of the generating source of such power, including type, location and other pertinent information.

2.6 In addition to the foregoing tariffs, GPC agrees to promptly amend its current tariff for full

requirements service (filed in FPC Docket E-8170) and include in any future tariffs for full or partial requirements service or transmission service appropriate rates and terms and conditions for service at all standard GPC voltages up to 230,000 volts.

2.7 The parties agree that GPC will promptly amend paragraph 10 of the "Terms and Conditions for the Purchase of Electricity for Resale by Municipalities and Rural Electric Co-operatives" presently on file with and effective as a part of GPC's FPC Electric Tariff to limit the availability of full requirements (less SEPA) service for those customers which do not receive such full requirements service from GPC by providing that they give notice of their requirements in a timely manner.

3. USAEC LICENSE CONDITIONS

3.1 The license conditions set forth in Attachment B shall be appended to the operating license to be issued by USAEC or successor agency for Plant Hatch Unit 2, and to the construction permits and operating licenses to be issued by USAEC or successor agency for Plant Vogtle Units 1 through 4.

3.2 As used in subparagraph 8(a), (b) and (c) of Attachment B, the term "as needed" shall mean that GPC will maintain such filings therein referenced to the extent any Protestant receives or proposes to receive such

service, but GPC shall not be required to maintain such filings if no Protestant is receiving or proposing to receive such service.

3.3. By way of illustration of the parenthetical expression at the end of paragraph 1(b) of Attachment B, presently known examples of such properties include Alabama Power Company's ownership of properties in the State of Georgia incidentally related to Weiss Dam, the proposed Crooked Creek hydro project and Plant Farley.

3.4. As used in paragraph 7 of Attachment B, "reasonable notice" shall mean as to (1) Plant Vogtle Units 3 and 4, written notice received by GPC no later than midnight, September 30, 1974 and Plant Hatch Unit 2 and Plant Vogtle Units 1 and 2, prior to midnight, February 28, 1975; (2) each of the future units treated therein, written notice received by GPC no later than midnight of the ninetieth (90th) day prior to GPC's filing of the application for construction permit with USAEC, provided that GPC shall have notified the Protestants of its intention to file such application and shall have made available to Protestants such information as may be available to GPC and reasonably necessary for Protestants to decide to utilize the opportunities afforded them in paragraph 7 of Attachment B at least one hundred eighty (180) days prior to such filing.

3.5. With reference to the penultimate sentence of paragraph 7 of Attachment B, a Protestant pur-

chasing a share in the ownership of a nuclear generating unit shall be required to compensate GPC for such purchase, at the earliest date upon which such Protestant can arrange financing for same, by paying at that time the associated share of GPC's costs incurred to such date by GPC related to such nuclear generating unit and thereafter contributing on a pro rata basis to all future costs of construction and operation of such nuclear generating unit as they come due, it being the intention of this provision that any Protestant who purchases such a share shall bear its associated share of appropriate construction and operating costs of any such unit and, concomitantly, that GPC shall be relieved from such costs.

3.6. As used in the second sentence of paragraph 2 in Attachment B, "net benefits" shall not include the loss of a Protestant's present full requirements business nor shall alternative arrangements open to the GPC be considered in computing net benefits. Any service provided or to be provided by GPC under a tariff shall be deemed to provide net benefits to GPC. An arrangement or proposed arrangement which imposes no cost on GPC shall be deemed to provide a net benefit to GPC.

#### 4. SEPA

4.1 GPC shall negotiate in good faith with Southeastern Power Administration ("SEPA") and with Protestants which are "preference customers" of SEPA located in the State of Georgia to amend existing SEPA contracts to the



extent, if any, necessary to permit such Protestants to (1) acquire their full lawful allotment of SEPA hydropower under terms and conditions that will adequately compensate GPC for use of its transmission facilities, and (2) acquire some or all of their bulk power supply requirements from sources other than GPC concurrently with the receipt of SEPA hydropower.

5. RELEASE

5.1 In consideration of the agreement by GPC to the terms of this Settlement Agreement and the performance of its obligations hereunder, the Protestants, their successors and assigns, jointly and severally hereby release GPC, its parent, affiliates and subsidiaries and the directors, officers, employees, agents, attorneys, successors and assigns of each from any and all damages, claims and demands which Protestants or any of them ever had, now has, or hereafter can, shall or may have, of whatever nature, anticipated or unanticipated, known or unknown, growing out of circumstances, acts and events which as of the time of the execution of this Settlement Agreement tended to create or maintain, or were contended or could have been contended to have tended to create or maintain, a situation inconsistent with the antitrust laws within the meaning of Section 105(c) of the Atomic Energy Act, and forever waive in any forum any claim or defense which is to any extent related to such matters.

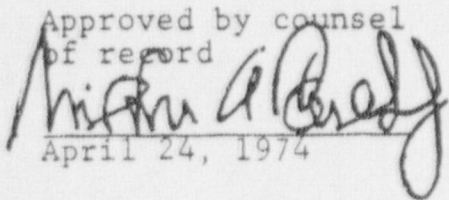
5.2 In consideration of the agreement by the Protestants, and each of them, to the terms of this Settle-

ment Agreement and the performance of their obligations there-  
under, GPC, its successors and assigns, hereby releases Pro-  
testants, and the directors, officers, employees, agents,  
attorneys, successors and assigns of each such Protestant or  
any of them from any and all damages, claims and demands which  
they or any of them ever had, now has, or hereafter can, shall  
or may have, of whatever nature, anticipated or unanticipated,  
known or unknown, growing out of circumstances, acts and events  
which as of the time of the execution of this Settlement Agree-  
ment tended to create or maintain, or were contended or could have  
been contended to have tended to create or maintain, a situation  
inconsistent with the antitrust laws within the meaning of  
Section 105(c) of the Atomic Energy Act, and forever waive in  
any forum any claim or defense which is to any extent related  
to such matters.

IN WITNESS WHEREOF, the parties have caused this  
Settlement Agreement to be executed, effective April 24, 1974,  
by their duly authorized officers in multiple counterparts,  
each of which, when so executed, shall be an original, and all  
of which shall together constitute and are the same instrument.

GEORGIA POWER COMPANY

Approved by counsel  
of record



April 24, 1974

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

Signatures continued  
on Page 13.

GEORGIA MUNICIPAL ASSOCIATION, INC.

Approved by counsel  
of record

*L. Crawford Adams*  
April 24, 1974

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Executive Di-  
rector &

Witness: \_\_\_\_\_, Secretary  
Notary Public

(CORPORATE SEAL)

CITY OF ACWORTH

Approved by counsel  
of record for Acworth  
& forty-eight follow-  
ing municipal parties

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

*L. Crawford Adams*  
April 24, 1974

Witness: \_\_\_\_\_, Notary Public

-(CITY SEAL)

(Resolution attached)

CITY OF ADEL

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 14.

CITY OF ALBANY

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF BARNESVILLE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF BLAKELY

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF BRASELTON

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF BRINSON

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF BUFORD

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 16.

CITY OF CAIRO

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF CALHOUN

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF CAMILLA

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 17.

CITY OF CARTERSVILLE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF COLLEGE PARK

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF COMMERCE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 18.

CITY OF COVINGTON

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF DOERUN

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF DOUGLAS

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 19.



CITY OF EAST POINT

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF ELBERTON

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF ELLAVILLE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 20.

CITY OF FAIRBURN

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF FITZGERALD

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF FORSYTH

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 21.

CITY OF FORT VALLEY

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF GRANTVILLE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF GRIFFIN

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 22.

CITY OF HAMPTON

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF HOGANSVILLE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF JACKSON

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 23.

CITY OF LaFAYETTE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF LaGRANGE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF LAWRENCEVILLE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 24.

CITY OF MANSFIELD

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF MARIETTA

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF MONROE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 25.

CITY OF MONTICELLO

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF MOULTRIE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF NEWNAN

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 26.

CITY OF NORCROSS

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF PALMETTO

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF QUITMAN

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 27.



CITY OF SANDERSVILLE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF SYLVANIA

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF SYLVESTER

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 28.

CITY OF THOMASTON

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public  
(CITY SEAL)

(Resolution attached)

CITY OF THOMASVILLE

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public  
(CITY SEAL)

(Resolution attached)

CITY OF WASHINGTON

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public  
(CITY SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 29.

CITY OF WEST POINT

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

CITY OF WHIGHAM

By: \_\_\_\_\_, Mayor

Attest: \_\_\_\_\_, Clerk

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

GEORGIA ELECTRIC MEMBERSHIP CORPORATION

Approved by counsel  
of record for GEMC &  
Mitchell County EMC

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

*Thomas J. Bolch*  
April 24, 1974

SIGNATURES CONTINUED  
ON PAGE 30.

ALTAMAHA ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

AMICALOLA ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

CANOCHEE ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 31.

CARROLL ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

CENTRAL GEORGIA ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

COASTAL ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

COBB COUNTY RURAL ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

COLQUITT COUNTY RURAL ELECTRIC COMPANY

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

COWETA-FAYETTE ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

DOUGLAS COUNTY ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

EXCELSIOR ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

FLINT ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 34.

GRADY COUNTY ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

HABERSHAM ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

HART COUNTY ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 35.



IRWIN COUNTY ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

JACKSON ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

JEFFERSON COUNTY ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 36.

LAMAR ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

LITTLE OCMULGEE ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

MIDDLE GEORGIA ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

MITCHELL COUNTY ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

OCMULGEE ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

OCONEE ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 38.

OKEFENOKE RURAL ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

PATAULA ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

PLANTERS ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 39.

RAYLE ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SATILLA RURAL ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SAWNEE ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 40.

SLASH PINE ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SNAPPING SHOALS ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SUMTER ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 41.

THREE NOTCH ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

TRI-COUNTY ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

TROUP COUNTY ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

UPSON COUNTY ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

WALTON ELECTRIC MEMBERSHIP CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

(CORPORATE SEAL)

(Resolution attached)

WASHINGTON COUNTY ELECTRIC MEMBERSHIP  
CORPORATION

By: \_\_\_\_\_, President

Attest: \_\_\_\_\_, Secretary

Witness: \_\_\_\_\_, Notary Public

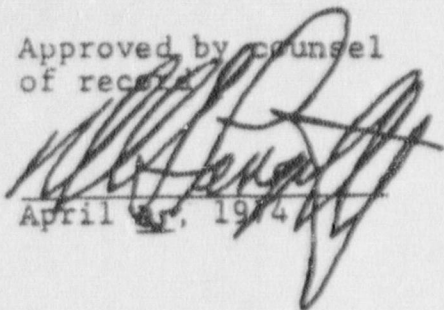
(CORPORATE SEAL)

(Resolution attached)



Approved by counsel  
of record

April 24, 1974



CRISP COUNTY POWER COMMISSION

By: \_\_\_\_\_, Chairman

By: \_\_\_\_\_, Member

By: \_\_\_\_\_, Member

By: \_\_\_\_\_, Member

By: \_\_\_\_\_, Member

By: \_\_\_\_\_, Member

By: \_\_\_\_\_, Member

Attest: \_\_\_\_\_, Secretary to  
the Commis-  
sion

Witness: \_\_\_\_\_, Notary Public

(SEAL)

(Resolution attached)

SIGNATURES CONTINUED  
ON PAGE 44.

Approved by counsel  
of record

CITY OF DALTON, acting by and through  
its BOARD OF WATER, LIGHT AND SINKING  
FUND COMMISSIONERS

*John T. Millidge*  
April 25, 1974

By: \_\_\_\_\_, Chairman of  
the Board

Attest: \_\_\_\_\_, Secretary of  
the Board

Witness: \_\_\_\_\_, Notary Public

(CITY SEAL)

(Resolution attached)

ATTACHMENT A-1

City of Acworth, Georgia  
City of Adel, Georgia  
City of Albany, Georgia  
City of Barnesville, Georgia  
City of Blakely, Georgia  
City of Braselton, Georgia  
City of Brinson, Georgia  
City of Buford, Georgia  
City of Cairo, Georgia  
City of Calhoun, Georgia  
City of Camilla, Georgia  
City of Cartersville, Georgia  
City of College Park, Georgia  
City of Commerce, Georgia  
City of Covington, Georgia  
City of Doerun, Georgia  
City of Douglas, Georgia  
City of East Point, Georgia  
City of Elberton, Georgia  
City of Ellaville, Georgia  
City of Fairburn, Georgia  
City of Fitzgerald, Georgia  
City of Forsyth, Georgia  
City of Fort Valley, Georgia  
City of Grantville, Georgia  
City of Griffin, Georgia  
City of Hampton, Georgia  
City of Hogansville, Georgia  
City of Jackson, Georgia  
City of LaFayette, Georgia  
City of LaGrange, Georgia  
City of Lawrenceville, Georgia  
City of Mansfield, Georgia  
City of Marietta, Georgia  
City of Monroe, Georgia  
City of Monticello, Georgia

Attachment A-1 (continued)

City of Moultrie, Georgia  
City of Newnan, Georgia  
City of Norcross, Georgia  
City of Palmetto, Georgia  
City of Quitman, Georgia  
City of Sandersville, Georgia  
City of Sylvania, Georgia  
City of Sylvester, Georgia  
City of Thomaston, Georgia  
City of Thomasville, Georgia  
City of Washington, Georgia  
City of West Point, Georgia  
City of Whigham, Georgia

ATTACHMENT A-2

Altamaha Electric Membership Corporation  
Amicalola Electric Membership Corporation  
Canoochee Electric Membership Corporation  
Carroll Electric Membership Corporation  
Central Georgia Electric Membership Corporation  
Coastal Electric Membership Corporation  
Cobb County Rural Electric Membership Corporation  
Colquitt County Rural Electric Company  
Coweta-Fayette Electric Membership Corporation  
Douglas County Electric Membership Corporation  
Excelsior Electric Membership Corporation  
Flint Electric Membership Corporation  
Grady County Electric Membership Corporation  
Habersham Electric Membership Corporation  
Hart County Electric Membership Corporation  
Irwin County Electric Membership Corporation  
Jackson Electric Membership Corporation  
Jefferson County Electric Membership Corporation  
Lamar Electric Membership Corporation  
Little Ocmulgee Electric Membership Corporation  
Middle Georgia Electric Membership Corporation  
Mitchell County Electric Membership Corporation  
Ocmulgee Electric Membership Corporation  
Oconee Electric Membership Corporation  
Okefenokee Rural Electric Membership Corporation  
Pataula Electric Membership Corporation  
Planters Electric Membership Corporation  
Rayle Electric Membership Corporation  
Satilla Rural Electric Membership Corporation  
Sawnee Electric Membership Corporation  
Slash Pine Electric Membership Corporation  
Snapping Shoals Electric Membership Corporation  
Sumter Electric Membership Corporation  
Three Notch Electric Membership Corporation  
Tri-County Electric Membership Corporation  
Troup County Electric Membership Corporation  
Upson County Electric Membership Corporation  
Walton Electric Membership Corporation  
Washington County Electric Membership Corporation

ATTACHMENT B

PROPOSED LICENSE CONDITIONS  
AEC DOCKET NOS. 50-366A, 50-424A,  
50-425A, 50-426A, AND 50-427A

1. As used herein:

(a) "Entity" means any financially responsible person, private or public corporation, municipality, county, cooperative, association, joint stock association or business trust, owning, operating or proposing to own or operate equipment or facilities within the State of Georgia (other than Chatham, Effingham, Fannin, Towns and Union Counties) for the generation, transmission or distribution of electricity, provided that, except for municipalities, counties, or rural electric cooperatives, "entity" is restricted to those which are or will be public utilities under the laws of the State of Georgia or under the laws of the United States, and are or will be providing retail electric service under a contract or rate schedule on file with and subject to the regulation of the Public Service Commission of the State of Georgia or any regulatory agency of the United States, and, provided further, that as to municipalities, counties or rural electric cooperatives, "entity" is restricted to those which provide electricity to the public at retail within the State of Georgia (other than Chatham, Effingham, Fannin, Towns and Union Counties) or to responsible and legally qualified organizations of such municipalities, counties and/or coopera-

tives in the State of Georgia (other than Chatham, Effingham, Fannin, Towns and Union Counties) to the extent they may bind their members.

(b) "Applicant" means Georgia Power Company, any successor, assignee of this license, or assignee of all or substantially all of Georgia Power Company's assets, and any affiliate or subsidiary of Georgia Power Company to the extent it engages in the ownership of any bulk power supply generation or transmission resource in the State of Georgia (but specifically not including (1) flood rights and other land rights acquired in the State of Georgia incidental to hydroelectric generation facilities located in another state and (2) facilities located west of the thread of the stream on that part of the Chattahoochee River serving as the boundary between the States of Georgia and Alabama).

2. Applicant recognizes that it is often in the public interest for those engaging in bulk power supply and purchases to interconnect, coordinate for reliability and economy, and engage in bulk power supply transactions in order to increase interconnected system reliability and reduce the costs of electric power. Such arrangements must provide for Applicant's costs (including a reasonable return) in connection therewith and allow other participating entities full access to the benefits available from interconnected bulk

power supply operations and must provide net benefits to Applicant. In entering into such arrangements neither Applicant nor any other participant should be required to violate the principles of sound engineering practice or forego a reasonably contemporaneous alternative arrangement with another, developed in good faith in arms length negotiations (but not including arrangements between Applicant and its affiliates or subsidiaries which impair entities' rights hereunder more than they would be impaired were such arrangements made in good faith between Applicant and a non-affiliate or non-subsidiary) which affords it greater benefits. Any such arrangement must provide for adequate notice and joint planning procedures consistent with sound engineering practice, and must relieve Applicant from obligations undertaken by it in the event such procedures are not followed by any participating entity.

Applicant recognizes that each entity may acquire some or all of its bulk power supply from sources other than Applicant.

In the implementation of the obligations stated in the succeeding paragraphs, Applicant and entities shall act in accordance with the foregoing principles, and these principles are conditions to each of Applicant's obligations herein undertaken.

3. Applicant shall interconnect with any entity



which provides, or which has undertaken firm contractual obligations to provide, some or all of its bulk power supply from sources other than Applicant on terms to be included in an interconnection agreement which shall provide for appropriate allocation of the costs of interconnection facilities; provided, however, that if an entity undertakes to negotiate such a firm contractual obligation, the Applicant shall, in good faith, negotiate with such entity concerning any proposed interconnection. Such interconnection agreement shall provide, without undue preference or discrimination, for the following, among other things, insofar as consistent with the operating necessities of Applicant's and any participating entity's systems:

- (a) maintenance and coordination of reserves, including, where appropriate, the purchase and sale thereof,
- (b) emergency support,
- (c) maintenance support,
- (d) economy energy exchanges,
- (e) purchase and sale of firm and non-firm capacity and energy,
- (f) economic dispatch of power resources within the State of Georgia,

provided, however, that in no event shall such arrangements impose a higher percentage of reserve requirements on the

participating entity than that maintained by Applicant for similar resources.

4. Applicant shall sell full requirements power to any entity. Applicant shall sell partial requirements power to any entity. Such sales shall be made pursuant to rates on file with the Federal Power Commission, or any successor regulatory agency, and subject to reasonable terms and conditions.

5. (a) Applicant shall transmit ("transmission service") bulk power over its system to any entity or entities with which it is interconnected, pursuant to rate schedules on file with the Federal Power Commission which will fully compensate Applicant for the use of its system, to the extent that such arrangements can be accommodated from a functional engineering standpoint and to the extent that Applicant has surplus line capacity or reasonably available funds to finance new construction for this purpose. To the extent the entity or entities are able, they shall reciprocally provide transmission service to Applicant. Transmission service will be provided under this subparagraph for the delivery of power to an entity for its or its members' consumption and retail distribution or for casual resale to another entity for (1) its consumption or (2) its retail distribution. Nothing contained herein shall require the Applicant to transmit bulk

power so as to have the effect of making the Tennessee Valley Authority ("TVA") or its distributors, directly or indirectly, a source of power supply outside the area determined by the TVA Board of Directors by resolution of May 16, 1966 to be the area for which the TVA or its distributors were the primary source of power supply on July 1, 1957, the date specified in the Revenue Bond Act of 1959, 16 USC 831 n-4.

(b) Applicant shall transmit over its system from any entity or entities with which it is interconnected, pursuant to rate schedules on file with the Federal Power Commission which will fully compensate Applicant for the use of its system, bulk power which results from any such entity having excess capacity available from self-owned generating resources in the State of Georgia, to the extent such excess necessarily results from economic unit sizing or from failure to forecast load accurately or from such generating resources becoming operational earlier than the planned in-service date, to the extent that such arrangements can be accommodated from a functional engineering standpoint, and to the extent Applicant has surplus line capacity available.

6. Upon request, Applicant shall provide service to any entity purchasing partial requirements service, full requirements service or transmission service from Applicant at a delivery voltage appropriate for loads served by such entity, commensurate with Applicant's available transmission facilities. Sales of such service shall be made pursuant to rates

on file with the Federal Power Commission or any successor regulatory agency, and subject to reasonable terms and conditions.

7. Upon reasonable notice Applicant shall grant any entity the opportunity to purchase an appropriate share in the ownership of, or, at the option of the entity, to purchase an appropriate share of unit power from, each of the following nuclear generating units at Applicant's costs, to the extent the same are constructed and operated: Hatch 2, Vogtle 1, Vogtle 2, Vogtle 3, Vogtle 4, and any other nuclear generating unit constructed by Applicant in the State of Georgia which, in the application filed with the USAEC or its successor agency, is scheduled for commercial operation prior to January 1, 1989.

An entity's request for a share must have regard for the economic size of such nuclear unit(s), for the entity's load size, growth and characteristics, and for demands upon Applicant's system from other entities and Applicant's retail customers, all in accordance with sound engineering practice. Executory agreements to accomplish the foregoing shall contain provisions reasonably specified by Applicant requiring the entity to consummate and pay for such purchase by an early date or dates certain. For purposes of this provision, "unit power" shall mean capacity and associated energy from a specified generating unit.

8. To effect the foregoing conditions, the following steps shall be taken:

- (a) Applicant shall file with the appropriate regulatory authorities and thereafter maintain in force as needed an appropriate transmission tariff available to any entity;
- (b) Applicant shall file with the appropriate regulatory authorities and thereafter maintain in force as needed an appropriate partial requirements tariff available to any entity; Applicant shall have its liability limited to the partial requirements service actually contracted for and the entity shall be made responsible for the security of the bulk power supply resources acquired by the entity from sources other than the Applicant;
- (c) Applicant shall amend the general terms and conditions of its current Federal Power Commission tariff and thereafter maintain in force as needed provisions to enable any entity to receive bulk power at transmission voltage at appropriate rates;
- (d) Applicant shall not have the unilateral right to defeat the intended access by each entity to alternative sources of bulk power supply provided by the conditions to this License; but Applicant shall retain the right to seek regulatory approval of

changes in its tariffs to the end that it be adequately compensated for services it provides, specifically including, but not limited to, the provisions of Section 205 of the Federal Power Act;

- (e) Applicant shall use its best efforts to amend any outstanding contract to which it is a party that contains provisions which are inconsistent with the conditions of this license;
- (f) Applicant affirms that no consents are or will become necessary from Applicant's parent, affiliates or subsidiaries to enable Applicant to carry out its obligations hereunder or to enable the entities to enjoy their rights hereunder;
- (g) All provisions of these conditions shall be subject to and implemented in accordance with the laws of the United States and of the State of Georgia, as applicable, and with rules, regulations and orders of agencies of both, as applicable.

STATE OF GEORGIA  
COUNTY OF FULTON

POWER SYSTEM AGREEMENT

THIS AGREEMENT, made on or as of the 24 day of April  
1974, by and between GEORGIA ELECTRIC MEMBERSHIP CORPORATION  
("GEMC") and GEORGIA POWER COMPANY ("Company");

: W I T N E S S E T H:

WHEREAS:

GEMC is an electric membership corporation organized and operating under Title 34B of the Georgia Code. It has forty-two (42) Members, each of which is an electric membership corporation organized or reorganized under relevant provisions of Title 34B or other applicable statutes of the Georgia Code. Each of these Members is at present engaged solely in the distribution of electric power; none generates or transmits electric power. All but three of these Members (those three being Blue Ridge Mountain, North Georgia, and Tri-State Electric Membership Corporations, which purchase their total power requirements from the Tennessee Valley Authority) at present purchase their total power requirements from Southeastern

Power Administration ("SEPA") and, supplementally but preponderantly, from the Company (except that Okfenoke Electric Membership Corporation purchases a portion of its requirements from Florida Power & Light-Company).

GEMC is the sole and exclusive power supply procurement agency for and on behalf of the thirty-nine (39) Members last above described. GEMC is authorized and empowered to generate, transmit, deliver and sell bulk power supply to its Members, and has conducted and currently is conducting studies and planning to that end.

It is GEMC's desire and plan to become self-sufficient with respect to the total bulk power requirements of such thirty-nine (39) Members (hereafter, "Members"); and it is the Company's desire and plan, not inconsistent with its own best interests (other than the phased-out loss of its wholesale business from the Members), to coordinate its own studies, planning, facilities and operation, with GEMC, and otherwise to cooperate with GEMC, to the same end.

The parties have entered into a Settlement Agreement, including Proposed License Conditions, relating to Atomic Energy Commission Docket Nos. 50-366A, 50-424A, 50-425A, 50-426A and 50-427A. This Power System Agreement is entered into by the parties in partial implementation of and is to be construed within the boundaries



of said Settlement Agreement, including Proposed License Conditions, and nothing contained herein shall be in violation of said Settlement Agreement, including Proposed License Conditions.

NOW, THEREFORE, in consideration of the premises and of the mutual obligations hereinafter set forth, GEMC and the Company hereby agree as follows:

1. Generation and Transmission Coordination

A. The parties will perform and otherwise implement this agreement (including implementation via the execution and performance of specific subagreements between themselves or among themselves and others) with the basic and ultimate objective of GEMC, which it hereby agrees is an essential condition of this agreement, that GEMC will own, operate or control (including operation by, and through agreements with, the Company or others) all of the generating resources necessary (other than SEPA generating resources) to meet the total power requirements on a firm basis of the Members.

B. For purposes of this agreement only, Class A Transmission Facilities shall be all transmission facilities with operating voltages of 115 KV and above owned by the Company or GEMC, step-down substations from 115 KV or above to not less than 46 KV, and, if the parties agree, generator step-up substations regardless of operating voltages.

It is the objective of GEMC, and GEMC hereby agrees that the same is an essential condition of this agreement, ultimately to own, operate, control and maintain (including operation by, and through agreements with, the Company) Class A Transmission Facilities, jointly planned with the Company, such that there will be attained and thereafter maintained a general balance as between the parties in their respective investment in such facilities, determined by dollars respectively invested per kilowatt of respective system load (excluding for GEMC any partial requirements purchases and any SEPA purchases which are, in either case, total service arrangements with the Company based upon costs at customer-location delivery points). The parties will from time to time negotiate decisions affecting such balance, with each giving good faith effort in such negotiations to arrive at mutually satisfactory agreements consistent with this entire agreement -- all as a part of, and based upon, the parties' continuing joint planning as in this agreement is contemplated. There shall be payments made between the parties, from time to time, when respective investments are out of balance.

For purposes of this agreement only, Class B Transmission Facilities shall be all transmission facilities with operating voltages less than 115 KV owned by the Company or GEMC, and step-down substations from 46 KV or above to voltages less than 46 KV.

With respect to transmission of bulk power for GEMC's requirements via Class B Transmission Facilities to the extent GEMC does not itself own such facilities (and the parties hereby agree that they will jointly plan so as to avoid, eliminate or reduce, insofar as practicable, any unnecessary duplication of such facilities), the Company will transmit power via its own such facilities for and on behalf of GEMC pursuant to transmission service tariffs and terms and conditions on file with the Federal Power Commission, all as required by the aforesaid Settlement Agreement, including Proposed License Conditions. If and to the extent GEMC hereafter constructs Class B Transmission Facilities pursuant to joint planning, the parties shall provide for proper recognition of GEMC's investment therein.

C. GEMC will, if requested by the Company, recognize the difference between its annual carrying cost of owning facilities and the annual carrying cost of the Company in determining the responsibilities of the parties hereunder undertaken or the netting out each year of the pricing thereof, or both.

## 2. Joint Planning and Operations

For joint planning and operations purposes, the Company and GEMC will establish a committee, and each of the parties shall appoint two representatives to serve on the Committee. The

Committee shall have the general responsibility to administer the provisions of this agreement, to approve joint expansion plans, and to coordinate the planning activities of the parties, including the exchange of information on load forecasts and proposed generation and transmission additions.

In the event other "entities", as defined in the aforesaid Proposed License Conditions, wish to plan generation or transmission facilities jointly with the Company, the Company reserves the option to include them in the Committee established by this paragraph so that there will be only one such committee regardless of the number of "entities" desiring to plan jointly with the Company.

Each party hereto retains the power and ability to install generation and transmission facilities which do not result from joint planning, and any such facilities shall be so installed and operated outside the provisions of this agreement.

### 3. Interim Development

In order to take the necessary steps to reach ultimate power supply self-sufficiency, GEMC will immediately begin participation in the planning of future generating resources through the Committee -- to the end that GEMC will be assigned certain generating units of the total that would otherwise be constructed by the

Company.

Additionally and as an initial step, GEMC may purchase and acquire from the Company a pro rata share of the ownership of the Edwin I. Hatch Unit No. 2 and of Vogtle Units 1, 2, 3 and 4. This pro rata share is determined approximately on the basis of the ratio of GEMC's load to the sum of the GEMC load and the Company system otherwise and for each of these units is agreed to be 15%. An agreement for these purposes will be negotiated by the parties, using, as a point of reference for negotiations, the Duane Arnold Energy Center Ownership Participation Agreement and Operating Agreement.

Concurrently with such initial step, GEMC will plan and negotiate for additional generating resources in steps, including other nuclear units, base load fossil units, intermediate fossil units, combustion turbines, etc., to ultimately obtain and thereafter maintain generating resources of various types necessary to give a generating resource "mix" as nearly optimum as practicable.

4. Partial Requirements Purchases and Transmission Service Purchases

During the above contemplated build-up period and in order to effect a smooth transition from purchasing all requirements from the Company to GEMC's ownership and/or control of self-sufficient

generating resources, the Company will sell partial requirements power and energy, reserve capacity and energy, and transmission service to GEMC pursuant to tariffs and terms and conditions filed with the Federal Power Commission and applicable to such services, all as required by said Settlement Agreement, including Proposed License Conditions.

#### 5. Reserves

In the derivation of GEMC's reserve responsibilities relating to jointly planned generation units assigned to GEMC, GEMC shall not be penalized for its relative small size or institutional immaturity, and its individual generation resources shall be judged on the same reliability standards as the Company applies to its own resources (in the case of same-kind generation) or according to sound utility practice (in the case of different-kind generation). As long as all of the GEMC's power requirements are derived through joint planning with the Company and are satisfied through any combination of specific self-owned generating resources, partial requirements purchases from the Company and purchases of SEPA hydropower, thereby resulting in a full contribution to total reserves, the reserve requirement for any and all specific resources shall be the same percentage amount to be maintained by Georgia Power Company system wide each contract year.

## 6. SEPA Capacity

The Company shall negotiate in good faith with SEPA and with the Members which are "preference customers" of SEPA located in the State of Georgia to amend existing SEPA contracts to the extent, if any, necessary to permit such Members to (1) acquire their full lawful allotment of SEPA hydropower under terms and conditions that will adequately compensate the Company for use of its transmission facilities, and (2) acquire some or all of their bulk power supply requirements from sources other than the Company concurrently with the receipt of SEPA hydropower.

## 7. Dispatching

The parties will provide for a fully integrated transmission system, reducing duplication of facilities to a minimum. Since it will be impractical for GEMC to separately dispatch its generating resources against its own load, such generating resources will be dispatched by the Company as if they are resources of the Company, with GEMC participating in the hourly energy exchanges resulting from the economic dispatch and leaving control of GEMC's capacity resources in Georgia with the Company dispatcher.

The Company shall dispatch or cause to be dispatched all of the jointly planned generation and transmission facilities owned or under the control of GEMC in Georgia in a manner that will not

prejudicially adversely affect GEMC and shall utilize these facilities in all of its operations.

8. Metering

Metering of the hourly power requirements of GEMC or its Members will be accomplished with magnetic or punched paper tape meters located at the delivery points of GEMC. Tapes will be collected each month and processed for accounting purposes.

9. General

This agreement (subject to due acceptance by the Federal Power Commission and/or approval by the Administrator of the Rural Electrification Administration) shall become binding upon the day and year first above given, and shall be in full force and effect until

A. Superseded by a subsequent agreement;

B. Either party, for causes beyond its reasonable control, becomes incapable of performing its obligations hereunder and remains so incapable for as long as two years (such two-year period to begin running upon the date of written notice by either party to the other that such incapability exists);

C. Either party gives the other ten years advance written notice of its desire to terminate this agreement, but no such termination shall be effective before July 1, 2009; or



D. GENC ceases to be the sole and exclusive power supply procurement agency of the Members.

IN TESTIMONY WHEREOF, the parties have caused this agreement to be executed in 4 originals, as of the day and year first above given.

GEORGIA POWER COMPANY

Attest:

C. L. Patterson

ASSISTANT

Secretary

By

R. W. Allen

Executive Vice President

GEORGIA ELECTRIC MEMBERSHIP CORPORATION

Attest:

Paul D. Johnson

Secretary

By

D. Murphy

President