

**ORIGINAL
FILE COPY**

June 4, 1999

990325-EI

Mr. Charles Nuckolls
Southern Company Services, Inc.
P. O. Box 2641
Birmingham, AL 35202-2625

Re: Letter Agreement by and between [redacted] and Southern Company Services, Inc. regarding Plant Smith.

Dear Mr. Nuckolls:

[redacted] and Southern Company Services, Inc., ("Southern Company"), as agent for its affiliated operating electric utility companies, Gulf Power Company, Alabama Power Company, Georgia Power Company, Mississippi Power Company, and Savannah Electric and Power Company, (collectively referred to as "Parties") are parties to the [redacted] fired power production facility located in Bay County, Florida, dated June 4, 1999 ("Plant Smith Agreement"), in conjunction with [redacted]

As part of an overall agreement, [redacted] Southern Company desire to enter into this additional agreement regarding Plant Smith as set forth below.

Accordingly, for and in consideration of the mutual covenants herein contained, [redacted] Southern Company agree as follows:

1. [redacted]

2. Throughout the term of the Plant Smith Agreement, Southern Company shall [redacted]

- ACK _____
- AFA _____
- APPO _____
- CSA _____
- CSB _____
- CSJ _____
- CT _____
- E _____
- LE _____
- LH _____
- ROA _____
- RCH _____
- SEC _____
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE
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Mr. Charles Nuckolls
Southern Company Services, Inc.
June 4, 1999
Page 2

3. Consistent with [redacted] shall provide [redacted] in the [redacted]

4. Subject to other terms of this Agreement, [redacted] ("Plant Smith Lateral"), which the Parties contemplate being [redacted] With respect to the required meter and regulator station at the delivery point to Plant Smith ("M&R Station"), [redacted] M&R Station [redacted], except that [redacted]. Such M&R Station shall be designed, in any event, to satisfy: (a) Southern Company's operating requirements for Plant Smith, and (b) [redacted] The Plant Smith Lateral shall be a pipeline with a [redacted] and [redacted].
The Plant Smith Lateral shall have a [redacted] and shall [redacted] attached hereto. Upon completion of the Plant Smith Lateral, [redacted] such lateral as [redacted]

The obligation [redacted] the Plant Smith Lateral, and [redacted] to provide [redacted] to Plant Smith, is expressly [redacted]

The Parties hereto understand that [redacted]

5. [redacted] subject to obtaining [redacted]

Mr. Charles Nuckolls
Southern Company Services, Inc.
June 4, 1999
Page 3

The "Initial Testing Date" of the Facilities for Plant Smith

[REDACTED]

Subject to Gulf Power Company's gas-fired power production facility at Plant Smith (the "Project") being capable of burning gas and Southern Company having nominated gas deliveries, the Parties recognize that the failure to deliver gas on the Initial Testing Date will cause Southern Company and/or its affiliates to incur increased costs and possible loss of electricity sales.

[REDACTED]

Beginning with the Initial Testing Date and ending [REDACTED] Southern Company shall [REDACTED] Additional quantities of test gas may be nominated and scheduled by Southern Company pursuant to interruptible or released firm transportation service.

6. Southern Company agrees that, in the event further incremental gas fired generation is placed into service at Plant Smith, [REDACTED]

7. The Parties agree that this Letter Agreement shall be amended if, in the future, [REDACTED] hereof for Southern Company for the volumes delivered to Plant Smith. In no event [REDACTED]

8. Southern Company and [REDACTED] this document confidential and agree not to disclose this document or its contents, except as mutually agreed or unless ordered to do so by an authorized agency or court, or as required by law or regulation. Provided, however, that Gulf Power Company may disclose this Letter Agreement on a confidential basis to the Florida Public Service Commission in connection with the Project.

Mr. Charles Nuckolls
Southern Company Services, Inc.
June 4, 1999
Page 4

9. The terms of this letter Agreement shall take precedence over [REDACTED] Except as expressly provided herein, the terms of the [REDACTED] are not otherwise modified.

10. Southern Company's obligation to perform this Agreement and to accept service under the Plant Smith Agreement is expressly contingent on the receipt and acceptance by Southern Company and/or Gulf Power Company of all approvals, permits, licenses, certificates, rights-of-ways, easements, permits and waivers required for the Project, including all necessary authorizations from The Southern Company and federal, state, local and/or municipal agencies or other governmental authorities (collectively, "approvals"), and upon the [REDACTED] satisfactory to Southern Company in connection with the Project. All such approvals shall be in form and substance satisfactory to Southern Company and shall be final before the respective governmental authority and no longer subject to appeals or rehearing; provided, however, that Southern Company may waive the condition that such approval be final and/or no longer subject to appeal or rehearing. In the event the condition set forth above is not satisfied, Southern Company may terminate this Letter Agreement and the [REDACTED]. Upon termination, Southern Company [REDACTED]

11. This Letter Agreement and any final agreements arising out of this Letter Agreement are subject to approval by [REDACTED]. Subject to such approval, this Agreement shall become effective on the execution hereof and shall remain in full force and effect during the term of the [REDACTED], if not terminated prior to such date by mutual agreement of the parties or pursuant to the terms herein.

12. Subject to the contingencies stated in this Letter Agreement [REDACTED]

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[REDACTED]

Mr. Charles Nuckolls
Southern Company Services, Inc.
June 4, 1999
Page 5

If this Agreement is in accordance with Southern Company's understanding, please so acknowledge in the space provided below.

Very truly yours,

[Redacted signature]

By:

Title:

ACKNOWLEDGED this
4 day of JUNE, 1999.

SOUTHERN COMPANY SERVICES, INC., as the agent of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Savannah Electric and Power Company

By: Robert G Moore

Title: Vice President