

(Please return this copy to SC Electric & Gas Co)

INTERCHANGE CONTRACT  
BETWEEN  
SOUTH CAROLINA ELECTRIC & GAS COMPANY AND POWER COMPANIES

Section 0.1 THIS CONTRACT, made as of the first day of November, 1963, between South Carolina Electric & Gas Company, a corporation organized and existing under the laws of the State of South Carolina, hereinafter called "Electric & Gas," party of the first part; and Alabama Power Company, an Alabama corporation, Georgia Power Company, a Georgia corporation, Gulf Power Company, a Maine corporation, and Mississippi Power Company, a Maine corporation, hereinafter collectively referred to as "Power Companies," party of the second part; and, for the purpose set forth in Section 9.6, Southern Services, Inc., an Alabama corporation, hereinafter referred to as "Southern Services";

W I T N E S S E T H:

Section 0.2 WHEREAS, The Southern Company, a Delaware corporation, is owner of Power Companies and of Southern Services, a utilities service company; and

Section 0.3 WHEREAS, respective generating and transmission systems of Power Companies are interconnected with each other so as to constitute an integrated system operating in the states of Alabama, Georgia, Florida, and Mississippi; and

Section 0.4 WHEREAS, Georgia Power Company owns and operates two 115 kv lines from the Augusta, Georgia, area to the South Carolina state line near Plant Urquhart of Electric & Gas; and

Section 0.5 WHEREAS, Electric & Gas owns and operates 115 kv generating, switching, and metering equipment at Plant Urquhart with connections therefrom to its system; and

Section 0.6 WHEREAS, Electric & Gas and Georgia Power Company both have 115 kv connections to the generating busses of the Southeastern Power Administration at Clark Hill, which connections can be operated closed to mutual advantage; and

Section 0.7 WHEREAS, substantial benefits may be secured for Electric & Gas and for Power Companies and for the territory and consumers served by each company by maintaining normal parallel operation between their systems, by coordinating the operation of the respective power systems in such respects and to such degree as from time to time may be practicable and advantageous, and by the purchase, sale, and interchange of power; and

Section 0.8 WHEREAS, the parties hereto desire to replace the rate schedule of July 27, 1950, between Power Companies and Electric & Gas, with an interconnection agreement covering maintenance of interconnections, coordination of operation, and the purchase, sale, and interchange of power;

Section 0.9 NOW, THEREFORE, in consideration of the above premises and of mutual benefits from the covenants herein set forth, the parties hereto do hereby agree as follows:

#### ARTICLE I

##### TERM OF CONTRACT

Section 1.1 Term: The term of this Contract shall start on the first day of November, 1963, and shall continue in effect for a period of five (5) years and thereafter until cancelled by either party on one year's written notice to the other party.

#### ARTICLE II

##### MAINTENANCE OF INTERCONNECTIONS

Section 2.1 Interchange Points: Electric & Gas and Power Companies agree to maintain and continue in operable condition the facilities required to enable effective use of the following existing interconnections:

- (a) At the South Carolina-Georgia state line on the line between Plant Urquhart and Fenwick Street Substation
- (b) At the South Carolina-Georgia state line on the line between Plant Urquhart and South Augusta Substation
- (c) On the Clark Hill 115 kv bus, provided satisfactory arrangements are made with the Southeastern Power Administration.

The above interconnections shall be the interchange points for the sale and interchange of power under this Contract.

Section 2.2 Location of Metering: Metering equipment for the delivery of power hereunder shall be located at Plant Urquhart and at Clark Hill, and adjustment shall be made for transmission line losses to the delivery point.

Section 2.3 Accessory Facilities: The parties will provide, or cause to be provided, communication, telemetering, load control, and frequency control equipment and facilities adequate for load dispatching purposes and for control of flow of power, the extent and character of such equipment to be in accordance with good modern practice.

Section 2.4 Parties Responsible: Each party hereto shall provide, operate, and maintain at its own expense such of the equipment and facilities as may be required on its system by any of the foregoing provisions of this Article II.

### ARTICLE III

#### OPERATION

Section 3.1 Operation of Systems in Parallel: The Electric & Gas system and the Power Companies system shall be operated in parallel as agreed upon from time to time by the Operating Committee (provided for in Article IV) except as may, under special temporary conditions, be arranged otherwise between the respective operating representatives.

Each of the parties hereto reserves the right to open the interconnections between their systems, after giving notice as far in advance as possible to the other party, whenever, in its judgment, service to its customers or those of systems now interconnected with it is adversely affected by closed operation. However, both parties shall cooperate to remove the cause of such interruption to interconnected operation as soon as possible and restore said interconnections to normal operating condition.

Section 3.2 Determination of Deliveries: The amount of power and energy supplied by one party to the other shall be determined on the basis of the amounts scheduled between the respective operating representatives. Electric & Gas and Power Companies systems shall be operated in such a manner as to make actual net deliveries of power and energy as nearly equal to the net scheduled deliveries as is practicable.

Section 3.3 Kilovar Supply: It is the intent that neither party shall impose an undue burden on the other with respect to the flow of kilovars. The Operating Committee shall establish from time to time mutually satisfactory voltage schedules and kilovar supply arrangements.

Section 3.4 Disturbances: Each party shall, insofar as practicable, protect, operate, and maintain its system and facilities so as to minimize disturbances originating on its system which might impair service on the system of the other party.

Section 3.5 Spinning Reserves: Except during emergencies, Electric & Gas and Power Companies shall, insofar as practicable, provide such spinning reserve capacity in their respective systems as may be required to supply momentary load swings and safeguard service and shall so operate their respective systems that they will not impose objectionable load swings upon the other system or make objectionable demands upon the other system for assistance in meeting the normal contingencies of power system operation.

ARTICLE IV

OPERATING COMMITTEE

Section 4.1 Establishment of Operating Committee: Electric & Gas and Southern Services, acting as agent as hereinafter provided, shall each appoint one representative to act for it in matters pertaining to interconnected operation of its system hereunder and detailed operating arrangements for delivery of power hereunder. The two representatives so appointed shall comprise and be referred to as the "Operating Committee." Evidence of such appointments shall be given by written notice to each of the parties, and such appointments may be changed at any time by similar notice.

Section 4.2 Responsibilities of Operating Committee: The Operating Committee, in addition to matters specifically referred to elsewhere in this Contract, shall be responsible for determining metering arrangements; coordinating communication facilities, settings of relays, and tie-line load controls; establishing operating practices for guidance of load dispatchers and other operating employees in the respective systems as to matters affecting interconnected operation and deliveries of power from one system to the other; and other similar operating matters.

Section 4.3 Operating Committee Meetings: When requested by either party, the Operating Committee shall meet at the earliest opportunity for consideration of matters under its jurisdiction.

Section 4.4 Determination of Interchange: The Operating Committee shall establish and from time to time amend and modify, if necessary, the capacity and energy accounting procedure requisite to the maintaining of clock-hour records needed to afford a clear history of the various deliveries made by one party to the other in order that the power and energy interchanged between the parties may be properly segregated and

allocated for their respective accounts. The parties agree that the segregations and allocations of capacity and energy so determined and the interpretations of the Operating Committee in classifying such capacity and energy into categories for the particular services or conditions under which supply is made as provided for by this Contract shall be used for the purpose of effecting settlement hereunder.

## ARTICLE V

### SURPLUS ENERGY

Section 5.1 Interchange of Surplus Energy: In order to promote the economy of power supply and achieve efficient utilization of generating facilities, Electric & Gas and Power Companies may offer to the other available surplus energy. The party to whom surplus energy is offered shall promptly inform the other party of the extent to which it desires to use such surplus energy, and delivery schedules shall be agreed upon.

Section 5.2 Cost of Surplus Energy: It is understood, in connection with all deliveries of surplus energy, that the supplying party shall retain for its own loads and other commitments the lowest cost energy available to it, which in its judgment it would utilize if it were supplying only said loads and commitments, and that any surplus energy supplied by one party to the other shall be delivered from the most economical sources, in the judgment of the supplying party, of energy available to the supplying party after supplying its own loads and other commitments.

Section 5.3 Classes of Surplus Energy: Surplus energy as used herein includes three types of energy defined as follows:

- (a) "Dump hydro energy" means energy which the supplying party obtains by generation from non-storable stream flow or from stored water utilized in anticipation of flows which in its judgment would otherwise be wasted.

- (b) "Steam energy" means energy which the supplying party obtains by increasing generation at its own fuel plants simultaneously with its delivery to the receiving party.
- (c) "Third party energy" means energy obtained by the supplying party by increasing its receipts of energy from third parties simultaneously with its delivery to the receiving party.

Section 5.4 Basis of Settlement: Settlement for surplus energy shall be by payment by the receiving party to the supplying party or their respective agents at the rate per kwh agreed upon by the operating representatives at the time they schedule such supply. Such rate shall be that deemed by them to be equivalent to one-half the sum of (a) the applicable base cost at the points of system interconnection, as defined in Section 5.6 of this Article V, and (b) the applicable base value to the receiving party at the points of system interconnection, as defined in Section 5.7 of this Article V.

Section 5.5 Alternate Basis of Settlement: Upon mutual agreement, surplus energy may be supplied at a rate per kwh equal to the supplying party's base cost at the points of system interconnection plus (a) one-quarter mill per kwh or (b) ten percent of the said base cost, whichever is higher.

Section 5.6 Base Cost: Base cost at the points of system interconnection shall mean the incremental expense per kwh as determined by the supplying party to be the expense it would incur in supplying and delivering surplus energy hereunder to the points of system interconnection. Such incremental expense shall include unit startup costs if such costs are incurred by the supplying party in order to supply the surplus energy.

Section 5.7 Base Value: Base value at the points of system interconnection shall mean the incremental expense per kwh at the points of system interconnection as determined by the receiving party to be the expense that it

would incur if no surplus energy were to be received hereunder. Such incremental expense shall include unit startup costs if such costs would be avoided by the receiving party because of receipt of the surplus energy.

Section 5.8 Incremental Generating Cost: The incremental generating cost component to be included in the incremental expense referred to in Sections 5.6 and 5.7 of this Article V shall be determined as follows:

- (a) Dump hydro energy - One (1.0) mill per kwh
- (b) Steam energy - Incremental operating expense of the plants or units from which energy is supplied, including the cost of placing such plants or units in operation when such cost is incurred
- (c) Third party energy - Incremental cost of energy received from third parties by the supplying party.

#### ARTICLE VI

##### MUTUAL EMERGENCY STANDBY

Section 6.1 Emergency Service: It is the intent of the parties that emergency conditions, under which one party is entitled to call for emergency service and under which the other party is obligated to supply such service, are conditions arising from temporary circumstances beyond the control of the party affected which prevent or interfere with or jeopardize the rendering of adequate and satisfactory service within the system of the party calling for the emergency service.

Section 6.2 Use of Emergency Service: It is the intent of each of the parties to utilize emergency service from the other party in minimum amount and time during each emergency by using its own resources to the maximum practical extent, thereby keeping reserves available for a second emergency or other emergencies on either system or other interconnected systems.

Section 6.3 Emergency Service Obligations: Subject to the provisions of Paragraph 6.4 of this Article VI, in the event of a breakdown or other emergency in or on the system of either party involving either sources of power or transmission facilities, or both, and impairing or jeopardizing the ability of the party suffering the emergency to meet the loads of its system, the other party shall provide to such party capacity in amounts up to 50 mw for a period not to exceed forty-eight (48) consecutive hours during any single emergency, which 50 mw is hereby designated and hereinafter called "Emergency Capacity." The parties further agree that capacity in excess of 50 mw will be delivered during emergencies whenever and to such an extent that such deliveries can be made without impairing or jeopardizing service to their own customers or obligations to other parties.

Section 6.4 Limitations: The parties recognize that the delivery of Emergency Capacity as provided for in Paragraph 6.3 of this Article VI is subject to the following conditions which may preclude the delivery of part or all of such Emergency Capacity:

- (a) During the period a party is suffering an emergency on its own system as described in Paragraph 6.3, it shall be relieved of its obligation to supply Emergency Capacity to the other party; and
- (b) If a party to this Contract suffers an emergency while the other party hereto is supplying emergency assistance to another system or systems interconnected with it, said other party shall be relieved of its obligation to provide Emergency Capacity under this Contract to the extent that emergency assistance is being supplied to such other system or systems, provided said other party is unable to

supply the full amount of Emergency Capacity provided under this Contract in addition to the emergency assistance being supplied to such other systems.

Section 6.5 Basis of Settlement: Energy delivered under this Article VI shall be repaid in kind and under mutually satisfactory system and load conditions; or, at the option of the supplying party, such energy may be billed at delivered cost plus one (1.0) mill per kwh.

#### ARTICLE VII

##### PEAKING CAPACITY

Section 7.1 Peaking Capacity: The parties may make available to each other for the purpose of meeting short-time peak demands any surplus spinning capacity available on their respective systems and not needed at the time for meeting their own loads and other commitments.

Section 7.2 Schedules: Schedules covering the delivery and receipt of peaking capacity shall be mutually agreed upon from time to time. Delivery of peaking capacity shall not be scheduled for a period longer than three (3) consecutive hours nor for a period shorter than one (1) hour.

Section 7.3 Basis of Settlement: Peaking capacity and energy shall be repaid in kind or, at the option of the supplying party, will be paid for at the rate of two (2.0) cents per kw of the maximum scheduled rate of delivery for each scheduled period of delivery plus an energy charge of seven and one-half (7.5) mills per kwh delivered.

#### ARTICLE VIII

##### BILLING AND PAYMENT

Section 8.1 Presentation and Payment: Each of the parties shall render to the other, as promptly as possible after the first of each month, written bills for the respective amounts due it under the terms of this Contract for

the preceding calendar month. All such bills shall be due and payable within ten (10) days after rendition. Amounts not paid within fifteen (15) days after the due date shall be paid with interest accrued at a monthly rate of one-half (0.5) percent from the due date.

Section 8.2 Disputed Bill: In case any portion of any bill be in bona fide dispute, the undisputed amount shall be payable when due; and the remainder, if any, upon determination of the correct amount, shall be paid promptly after such determination, including interest accrued at a monthly rate of one-half (0.5) percent from the due date.

#### ARTICLE IX

##### MISCELLANEOUS PROVISIONS

Section 9.1 Metering: Electric & Gas has installed necessary metering equipment on the 115 kv lines to Georgia at Plant Urquhart.

All meters pertaining to billing that are owned by the parties hereto shall be sealed and shall be opened only in the presence of an authorized representative of each of the parties. Such meters and associated equipment of each party shall be tested and inspected semiannually at the expense of the owner in order to maintain a high standard of accuracy. The party making such tests shall give the other party at least ten (10) days' notice in order that the other party may be represented at the test. Said parties shall make additional tests and inspections of their meters upon request of the other party. If any test or inspection shows any meter to be inaccurate by more than one (1.0) percent, fast or slow, an adjustment in deliveries between the parties shall be made during the following month to adjust for the amounts by which the meters are shown to have been in error for a preceding period of not more than thirty (30) days; and the meter or other equipment found to be inaccurate or defective shall promptly be repaired,

adjusted, or replaced by the party owning it. Each party shall promptly report to the other party any adjustment, repair, or replacement of any metering equipment. Either party requesting a test of the metering or other equipment of the other party shall pay the costs of such test. Should one party's meters fail to register at any time, deliveries during the period of failure shall be determined from the other party's meters or by other mutually satisfactory means.

Georgia Power Company shall have the right to install, at its sole expense, duplicate instruments for checking, and space for the installation of such instruments shall be provided by Electric & Gas. Representatives of Georgia Power Company shall at all times have access to the premises on which meters are located for the purpose of inspection or maintenance of such metering equipment of Georgia Power Company.

Section 9.2 Notices: Any notice, demand, or request required or authorized by this Contract shall be deemed properly given if mailed, postage prepaid, to South Carolina Electric & Gas Company, Columbia, South Carolina, in the case of Electric & Gas; and to Southern Services, Inc., Birmingham, Alabama, in the case of Power Companies, or to any successor or agent designated by Power Companies, as hereinafter provided.

Section 9.3 Force Majeure: In case either party hereto should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations made by and imposed upon said parties, or any of them, by this Contract by reason of or through strike, stoppage in labor, failure of contractors or suppliers of materials, riot, fire, flood, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any Court or Judge granted in any bona fide adverse legal proceedings or action, order of any civil or military authority either de facto or de jure, explosion, act of God or the public enemies, or any cause reasonably beyond its control and not

attributable to its neglect; then, and in such case or cases, such party shall not be liable to the other party for or on account of any loss, damage, injury, or expense resulting from or arising out of such delay or prevention; provided, however, that the party suffering such delay or prevention shall use due and in its judgment practicable diligence to remove the cause or causes thereof. It is understood that neither party shall be required by the foregoing provisions to settle a strike except when, according to its own best judgment, such a settlement seems advisable.

Section 9.4 Responsibility and Indemnification: Each party hereto expressly agrees to indemnify and save harmless and defend the other against all claims, demands, costs, or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the generation, transmission, or use of electric capacity and energy on its own side of the delivery point or points hereunder unless such claim or demand shall arise out of or result from the negligence or willful misconduct of the other party, its agents, servants, or employees; provided, however, that each company signing this Contract shall, in all cases, be responsible for damage or injury to its own employees.

Section 9.5 Regulation: The parties recognize the fact that this Contract may be or may become subject to approval, change, or modification by certain regulatory agencies or authorities; and no part of this Contract which is, or which shall later become, contrary to any law or to any valid rule, regulation, order, or decree of any such regulatory agencies or authorities shall be binding upon the parties hereto during the period such provision hereof is contrary to any such valid rule, regulation, order, or decree. In the event this Contract is changed or modified by any regulatory agency or authority, either party, if adversely affected to a material extent, shall have the

right to terminate this Contract on six (6) months' written notice to the other party.

Section 9.6 Agency of Southern Services: Southern Services, a service company, joins in the execution of this Contract for the sole purpose of serving and acting as agent for Power Companies jointly and severally. Power Companies may designate a new agent from time to time under this Contract by giving Electric & Gas ten (10) days' written notice, in which event the authority of Southern Services, as agent, shall cease and the newly designated agent shall be substituted for the sole purpose of serving and acting as agent for Power Companies jointly and severally. Power Companies shall hereby waive all recourse against Electric & Gas, except through such agent, and Power Companies shall be jointly and severally liable to Electric & Gas for all obligations hereunder.

Section 9.7 Waivers: Any waiver at any time by any party hereto of its rights with respect to any other party or with respect to any other matter arising in connection with this Contract shall not be considered a waiver with respect to any subsequent default or matter.

Section 9.8 Successors and Assigns: This Contract shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto, but it shall not be assignable by either party without the written consent of the other party except in accordance with the provisions of a mortgage or deed of trust or to a successor in the operation of its properties.

#### ARTICLE X

##### CANCELLATION OF RATE SCHEDULE

Section 10.1 Cancellation: At the time this Contract becomes effective, the rate schedule between Power Companies and Electric & Gas, dated July 27, 1950, is hereby cancelled.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their duly authorized officers.

Attest: M. Simpson  
Secretary

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
By: [Signature]  
President

Attest: W. W. Hetchum  
TSST Secretary

SOUTHERN SERVICES, INC.  
By: E. E. Gaston  
President

Attest: R. A. Bowron  
Secretary

ALABAMA POWER COMPANY  
By: [Signature]  
President

Attest: R. S. Hammond  
Secretary

GEORGIA POWER COMPANY  
By: J. H. Krough  
President

Attest: [Signature]  
Secretary

GULF POWER COMPANY  
By: R. L. Kelly  
President

Attest: R. W. Richardson  
Secretary

MISSISSIPPI POWER COMPANY  
By: A. J. Hatoon, Jr.  
President

APPROVED AS TO REGALTY AND FORM  
[Signature]  
11-5-63  
AS TO EXECUTION  
[Signature]  
12-2-67