

RESTATED AND AMENDED ADVANCE AGREEMENT

This Restated and Amended Advance Agreement (this "Agreement"), dated as of June 1, 1999 is by and among JEA, a public body corporate and politic created under the laws of the State of Florida, Municipal Electric Authority of Georgia, a public corporation and instrumentality of the State of Georgia ("MEAG Power"), South Carolina Public Service Authority, a body corporate and politic created by the laws of the State of South Carolina ("Santee Cooper"; together with JEA, MEAG Power and any future entity which is admitted as a member of TEA and executes this Agreement (a "Future Member"), collectively, the "Members" and, individually, a "Member") and The Energy Authority, Inc., a Georgia nonprofit corporation ("TEA").

RECITALS

WHEREAS, the parties (other than any Future Members) hereto have executed and delivered that certain Restated and Amended Advance Agreement dated as of March 1, 1999 (the "Original Agreement") and desire to amend the Original Agreement, and

WHEREAS, the parties hereto have executed and delivered that certain Restated and Amended Operating Agreement dated as of May 1, 1999 (the "Operating Agreement"), and

WHEREAS, TEA finds it necessary to supplement its credit support to trade as a power marketer and the parties agree to amend the Original Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, the parties hereto agree as follows.

Section 1. Operating Agreement. The Operating Agreement shall remain in full force and effect in accordance with its terms and nothing herein shall amend the terms of the Operating Agreement.

Section 2. Supersession of Original Agreement. This Agreement supersedes the Original Agreement. Nonetheless, the Bank Guaranty (as defined below) currently in effect and any Trade Guaranties (as defined below) as to which Beneficiary Designation Schedules (as described in the Trade Guaranty) have been issued and remain in effect shall remain in full force and effect.

Section 3. Advance. Each of the Members shall make an advance (the "Advance") in one or more installments to TEA of \$15 million in the case of LPPS Members and \$5 million in the case of

MPPS Members upon receipt of a written request of TEA's president therefor. Each Advance shall be made in the form of payment in immediately available funds ("Cash") to TEA, in the form of the delivery to TEA of a guaranty in the form attached hereto as Annex 1 (the "Trade Guaranty") or Annex 2 (the "Bank Guaranty," together with the Trade Guaranty, collectively, the "Guaranty") or both or in such revised forms as may be agreed to by the parties hereto. The Advance from each Member or any part thereof shall be provided by each Member to TEA (in the form of Cash, the Trade Guaranty or the Bank Guaranty, or a combination thereof, as requested by TEA from time to time) upon five business days' written notice being provided to each Member. The amount of the Advance from each Member shall be identical in the case of LPPS Members and one-third of the Advance given by LPPS Members, in the case of MPPS Members, and the division of each Advance among Cash, Trade Guaranty and Bank Guaranty shall be identical among all of the LPPS Members and one-third of such amount in the case of MPPS Members. TEA shall not execute Beneficiary Designation Schedules which are in effect from time to time with respect to the Trade Guaranty which in the aggregate, together with Cash at such time advanced hereunder and the Face Amount (as defined herein) of the Bank Guaranty from time to time in effect, exceed \$15 million for each LPPS Member and \$5 million for each MPPS Member. The "Face Amount" of the Bank Guaranty shall mean the maximum amount of letters of credit which a bank is committed to issue pursuant to the terms of a letter of credit and reimbursement agreement less the Cash pledged as collateral, such difference then being multiplied by the proportionate share which the Member obligates itself to guarantee pursuant to the terms of the Bank Guaranty. No member shall be permitted to terminate its Guaranty prior to the effective date of the termination of its membership in TEA or its withdrawal as a member of TEA.

Section 4. Form of Advance. Upon five business days' written notice from TEA to each Member, the form of Advance may be changed, in whole or in part, (a) from Cash to a Guaranty, (b) from a Guaranty to Cash, (c) from the Trade Guaranty to the Bank Guaranty or (d) from the Bank Guaranty to the Trade Guaranty; provided, however, that no change from the Guaranty to Cash, from the Trade Guaranty to the Bank Guaranty or from the Bank Guaranty to the Trade Guaranty may be made if the result thereof is to reduce the amount of the Trade Guaranty to below the aggregate amount of guaranteed amounts indicated on the Beneficiary Schedules with respect thereto at the time in effect or to reduce the Bank Guaranty below the amount required by the related reimbursement agreement. Such change shall be effected by TEA's (i) returning the excess Cash to the respective Members or by the Members' contributing the required additional amount of Cash, as appropriate, (ii) verifying the outstanding Beneficiary Designation Schedules then in effect relating to the Trade Guaranty and the Face Amount of the Bank Guaranty so as to confirm that the \$15 million or \$5 million aggregate limit per Member (depending on the

class of Member) for Cash and Guaranty is not exceeded, and (iii) providing the written consent of the bank to which the Bank Guaranty has been given of any adjustment to the amount thereof. In no case shall the total amount of the Advance, whether in the form of Cash or in the form of the Guaranty, or both, exceed \$15 million or \$5 million from each Member (depending on the class of Member), computed as to the Bank Guaranty by the Face Amount thereof. Changes in the authorized maximum amount of the Trade Guaranty for each Member, as determined in accordance with the provisions of this Agreement, shall be evidenced by written notice from each Member to TEA reciting the then authorized maximum amount of such Member's Trade Guaranty. Changes in the authorized maximum amount of the Bank Guaranty for each member as determined in accordance with the provisions of this Agreement, shall be evidenced by the execution and delivery of a new instrument constituting the Bank Guaranty from each member, including the bank's (to which the Bank Guaranty has been given) written consent. Furthermore, in no case shall the aggregate amount of that portion of the Advance which is in the form of Cash and the Bank Guaranty (computed by the Face Amount thereof) exceed \$5 million or \$1,666,666.67 (in the case of a MPPS Member) unless the Trade Guaranty and all then existing Beneficiary Designation Schedules thereunder, with the written consent of all beneficiaries thereunder, are amended to reduce the Guaranty Limit stated therein to an amount which, when added to any proposed revisions of the Face Amount of the Bank Guaranty plus the Cash advanced does not exceed \$15 million or \$5 million (in the case of a MPPS Member).

Section 5. Reimbursement Agreement. TEA agrees not to consent to any amendments, modifications or renewals of the Letter of Credit or Reimbursement Agreement between it and the Bank to which the Bank Guaranty has been given which results in a material adverse change from the perspective of TEA or the Guarantors in the terms of such Letter of Credit or Reimbursement Agreement without the receipt of the written consent of all LPPS Members and a majority of all Members and each affected guarantor.

Section 6. Repayment and Equalization of Advances. Repayment of Advances which are in the form of Cash and repayment of Advances for which any Member has paid under its Guaranty shall be made ratably to each Member from available revenues of TEA after provision shall be made for payment in full of TEA's other creditors and after TEA sets aside an amount reasonably required for working capital based on historic levels of working capital maintained. If Cash has been seized by a third party to whom it was pledged as collateral or if any Member has paid under its Guaranty, the Members shall promptly communicate among themselves and effect contribution and payments among themselves so that any Cash seized or amounts paid under any Guaranty shall be borne ratably among the Members in proportion to their respective membership interests in TEA.

Section 7. Use of Advances. The Advances shall be used by TEA solely for the purpose of facilitating trading activities as approved by TEA's board of directors and in which TEA is not involved as agent and shall not be used for operating expenses. TEA shall use Cash solely for the purpose of serving as collateral to support its reimbursement obligation to a financial institution which is obligated to issue letters of credit for the purpose of facilitating such trading activities.

Section 8. Future Members. Future Members shall be bound by the terms of this Agreement by executing an instrument substantially in the form of Annex 3 attached hereto and made a part hereof; such instrument shall also be executed by TEA evidencing its approval. Upon the execution and delivery by any Future Member of an instrument substantially similar to Annex 3, together with the approval thereof by TEA; and upon the execution and delivery by any Future Member of the Trade Guaranty and the Bank Guaranty (to the extent such guaranties are in effect) and upon the payment of Cash to TEA as required by this Agreement, such Future Member shall be deemed a party to this Agreement.

Section 9. Withdrawing Members and Members to be Terminated. TEA shall notify all counterparties to whom a Trade Guaranty has been given that a guarantor under the Trade Guaranty is, effective the withdrawal date or the termination date, no longer a guarantor under the Trade Guaranty as to transactions which have not been entered into as of such date. TEA shall promptly notify the bank to which the Bank Guaranty has been given of the impending withdrawal or termination of the applicable Member and shall use its best efforts to obtain from such bank its agreement to release such member from the Bank Guaranty as to all transactions which have been entered into on and after the withdrawal or termination date. To the extent that TEA is unsuccessful in obtaining such release from such bank, TEA will take the steps necessary to issue to such Member which has withdrawn or has been terminated on the effective date of such withdrawal or termination a Trade Guaranty in an amount equivalent to the Face Amount of the Bank Guaranty of such withdrawn or terminated Member. Unless otherwise agreed to by TEA, the withdrawn or terminated Member shall remain liable on all Guaranties relating to all transactions entered into prior to the effective date of its withdrawal from TEA. To the extent the withdrawn or terminated Member is required to pay on any Guaranty or Cash is seized by a secured party after the date of its withdrawal, it shall be entitled to the benefits of this Agreement as to equalization of Advances and contribution and payments among the Members as provided in Section 5 hereof. It shall also be entitled to all rights of subrogation to which the Member which paid on the Guaranty enjoys, subject to the provisions of this Agreement and the Bylaws of TEA. A withdrawn or terminated Member shall not be entitled to be repaid by TEA for any amounts paid under any Guaranty or be entitled to be reimbursed Cash which has been seized by a secured party prior to the other Members' having

been repaid by TEA, without the approval of the board of directors of TEA.

Section 10. Notices. Notices required hereunder shall be provided as required by Section 17.1 of the Operating Agreement.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws.

Section 12. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 13. No Third Party Beneficiaries. Nothing in this Agreement shall entitle any person other than the Members, TEA or their respective successors and assigns to any claim, cause of action, remedy or right of any kind.

Section 14. Severability. Any term or provision of this Agreement which is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.


Section 15. Equitable Relief. The Members and TEA agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, it is agreed that TEA and the members shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 16. Counterparts. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all of the Members and TEA; and this Agreement shall be binding upon all of the Members and TEA with the same force and effect as if all the Members and TEA had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

Section 17. Amendments. This Agreement may not be amended or modified except by a written instrument signed by TEA and each of the Members.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

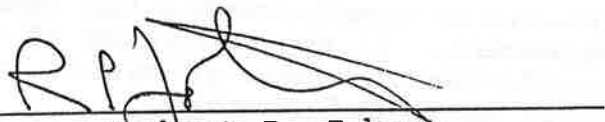
JEA

By: 
Name: Walter P. Bussells
Title: Managing Director and
Chief Executive Officer



Approved as to Form


Assistant General Counsel

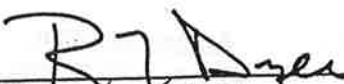
MUNICIPAL ELECTRIC AUTHORITY OF
GEORGIA

By: 
Name: Robert P. Johnston
Title: President and Chief
Executive Officer

SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY

By:  
Name: T. Graham Edwards
Title: President and Chief
Executive Officer

THE ENERGY AUTHORITY, INC.

By: 
Name: Robert T. Dyer
Title: President and Chief
Executive Officer

ANNEX 1

TRADE GUARANTY AGREEMENT

This Trade Guaranty Agreement (this "Guaranty") is dated as of 1, 1999 by JEA, Municipal Electric Authority of Georgia ("MEAG Power"), South Carolina Public Service Authority ("Santee Cooper"), and all future members of The Energy Authority, Inc., a Georgia nonprofit corporation ("TEA") which become guarantors hereunder through a Guaranty Addendum as described herein (collectively, the "Guarantors") in favor of the beneficiaries designated from time to time as indicated below or their successors and assigns (the "Counterparties").

In consideration of the premises and the Counterparties' from time to time entering into certain contracts with TEA, the Guarantors agree as follows:

1. GUARANTY. Subject to the provisions hereof, Guarantors hereby severally, and not jointly, irrevocably and unconditionally guarantee the payment obligations of TEA when due (the "Obligations") under the contract (the "Contract") designated on the Beneficiary Designation Schedule in the form attached hereto as Exhibit A which is completed and executed by TEA, but only to the extent of the respective guaranty amount for each Guarantor (the "Guaranty Amount") set out therein. The Guarantors shall be bound by the Beneficiary Designation Schedules executed by an authorized officer of TEA, but in no case shall the aggregate amount guaranteed from time to time under this Guaranty exceed \$10,000,000 each in the case of JEA, MEAG Power and Santee Cooper or such other amounts relating to any future Guarantors as may be indicated on any Guaranty Addendum described below (the "Guaranty Limit"). If TEA shall at any time fail or refuse to pay any Obligation to the Counterparty when due, the Guarantor will make such payment, to the extent of the Guaranty Amount and to the extent of the Guaranty Limit. If TEA shall at any time fail to deliver capacity or energy as required by the Contract, the Guarantors shall not be obligated to deliver such capacity or energy, but will be obligated to pay the Obligation to the extent of the Guaranty Amount and to the extent of the Guaranty Limit. The guaranty granted hereunder shall constitute a guaranty of payment and not of collection. In no event shall the Guarantors be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or attorney's fees.

2. DEMANDS AND NOTICE. If TEA fails or refuses to pay any Obligations, the Counterparty shall notify the Guarantors in writing specifying the manner in which TEA has failed to pay, including the details of the computation of the amount due,

demanding that payment be made by the Guarantors and including the address or wire transfer instructions to which payment should be sent. Payment by the Guarantors to the extent of the Guaranty Amount shall be made within five (5) business days of receipt from the Counterparty of such written demand for payment hereunder. Such demands for payment shall be sent to the Guarantors at the addresses identified in the Beneficiary Designation Schedule. Notice shall be effective upon actual receipt. Notices from TEA hereunder to the Counterparty shall be delivered as provided in the Contract.

3. REPRESENTATIONS AND WARRANTIES. Guarantors each represent and warrant (but only as to itself) as follows:

(a) JEA is a public body corporate and politic created under the laws of the State of Florida; Municipal Electric Authority of Georgia is a public corporation and instrumentality of the State of Georgia; and South Carolina Public Service Authority is a body corporate and politic created by the laws of the State of South Carolina. Any future member of TEA which becomes a Guarantor shall make a similar representation and warranty in the Guaranty Addendum;

(b) The execution, delivery and performance of this Guaranty has been and remains duly authorized by all necessary governmental and board action and does not contravene any provision of the Guarantor's organizational or governing documents or any law, regulation or contractual restriction binding on it or its assets;

(c) No authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty, other than those which have been obtained;

(d) This Guaranty constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. SETOFF AND COUNTERCLAIMS. Without limiting a Guarantor's own defenses and rights hereunder, each Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which TEA is or may be entitled to arising from or out of the Contract or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of TEA.

5. AMENDMENT OF GUARANTY. No term or provision of this Guaranty may be amended, modified, altered, waived or supplemented

except in a writing signed by the parties hereto; except that additional Guarantors may be added and the Guaranty Amount of any existing Guarantor shall be adjusted accordingly (so long as the aggregate Guaranty Amount from all Guarantors is not reduced) by a Guaranty Addendum and a new Beneficiary Designation Schedule, without the written consent of the Counterparty and without the need for the written consent of any existing Guarantor; provided that if the Counterparty objects to the addition of any Guarantor and the adjustment of Guaranty Amounts of existing Guarantors, it shall, by written notice to TEA received by TEA within five (5) business days after receipt by the Counterparty of the Guaranty Addendum, assert such objection, in which case this Guaranty shall be deemed terminated as to such Counterparty as of the date of receipt by TEA of such objection as to all future transactions not yet entered into under the Contract.

6. WAIVERS. Each Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) diligence, presentment, protest, notice of dishonor and demand concerning the liabilities of the Guarantors, except as expressly hereinabove set forth; and (iii) any right to require that any action or proceeding be brought against TEA or any other person, or to require that Counterparty seek enforcement of any performance against TEA or any other person, prior to any action against Guarantors under the terms hereof.

Except as to applicable statutes of limitation, no delay of a Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights or a release of the Guarantors from any obligation hereunder.

The Guarantors consent to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations or any part thereof or any changes or modifications to the terms of the Contract.

If at any time payment under the Contract is rescinded or must be otherwise restored or returned by the Counterparty upon the insolvency, bankruptcy or reorganization of TEA or any Guarantor or otherwise, Guarantors' obligations hereunder with respect to such payments shall be reinstated upon such restoration or return being made by the Counterparty.

7. DURATION OF GUARANTY. The Guarantors (or any of them) or TEA may terminate this Guaranty by providing written notice of such termination to the Counterparty; and upon the effectiveness of such termination, the Guarantors shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until five (5) business days after receipt by the Counterparty of such termination notice, except as provided in paragraph 5 above. No such termination shall affect the Guarantors' liability with respect to

any transaction under the Contract which transaction was entered into prior to the time the termination is effective, which transaction shall remain guaranteed pursuant to the terms of this Guaranty.

8. GUARANTY ADDENDA. As new members are admitted to TEA, such new members shall agree that this Guaranty is its legal, valid and binding obligation as if it had executed the Guaranty as of the date hereof by executing the form of Guaranty Addendum attached hereto as Exhibit B, specifying the Guaranty Limit applicable to it and stating the representation and warranty similar to that contained in Section 3(a) hereof.

9. ABSOLUTE GUARANTY. The obligations of the Guarantors under this Guaranty will be absolute and unconditional, and will not be affected, modified, impaired, reduced or abated as to the Guarantor upon the happening of any event, including, without limitation, any of the following:

(a) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting TEA; or

(b) any default or failure of any Guarantor of the same debt to perform fully its obligations; or

(c) the invalidity or unenforceability of the Contract, or any contest of the validity of the Contract; or

(d) the release or discharge of any Guarantor of the same debt; or

(e) any change in the corporate existence, structure or ownership of TEA;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10. BINDING EFFECT. This Guaranty shall be binding upon the successors of the Guarantors. The obligation of the Guarantors may not be assigned without the consent of the Counterparties.

11. GOVERNING LAW. This Guaranty shall be interpreted and construed according to the laws of the State of Florida, without regard to its principles of conflicts of laws.

12. SEVERABILITY. Should any one or more of the provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions, nevertheless, shall remain effective and binding on the Guarantors.

EXECUTED as of the day and year first above written.

JEA

By: _____
Title: _____

Approved as to Form

Assistant General Counsel

**MUNICIPAL ELECTRIC AUTHORITY OF
GEORGIA**

By: _____
Title: _____

**SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY**

By: _____
Title: _____

EXHIBIT A

BENEFICIARY DESIGNATION SCHEDULE

This Beneficiary Designation Schedule No. _____ refers to that certain Trade Guaranty Agreement dated as of _____ 1, 1999 from JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority and any future guarantors. Capitalized terms used herein and not defined are used as defined in such Guaranty Agreement.

Counterparty:

	<u>Guaranty Amount</u>	<u>Guaranty Limit</u>
JEA	\$	\$
MEAG Power		
Santee Cooper		
<hr/>		
Total Guaranty Amount of all Guarantors	\$	

Identification of contract (include date, name of contract and other identifying information):

The aggregate amount severally guaranteed by each of JEA, MEAG Power, Santee Cooper and [list future guarantors (if any)] on this date under such Guaranty does not exceed the respective Guaranty Limits set out above; and The Energy Authority, Inc. will not execute Beneficiary Designation Schedules relating to the above-described Guaranty which in the aggregate at any time in force exceed such respective Guaranty Limits for each such entity, unless the Guaranty Limit as described in such Guaranty shall have been increased.

Notice addresses:

JEA
21 West Church Street
Suite 1600
Jacksonville, FL 32202-3139
Attn: Vice President,
Power Supply Services

Santee Cooper
One Riverwood Drive
Moncks Corner, SC 29461-2901
Attn: General Counsel

Municipal Electric Authority
of Georgia
1470 Riveredge Parkway
Atlanta, GA 30328
Attn: Chief Executive Officer

Executed this _____ day of _____, 199__.

THE ENERGY AUTHORITY, INC.

By: _____
Title: _____

EXHIBIT B

GUARANTY ADDENDUM NO. _____

Reference is made to that certain Trade Guaranty Agreement (the "Guaranty") dated as of _____ 1, 1999 by JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority and all future members of The Energy Authority, Inc. ("TEA") which become guarantors thereunder through a Guaranty Addendum in favor of beneficiaries designated from time to time. The undersigned hereby agrees to become a Guarantor within the meaning of the Guaranty and shall have all rights thereunder and be bound by all obligations thereunder ascribed to Guarantors. The undersigned hereby restates the representations and warranties contained in the Guaranty and represents and warrants that it is [describe representation similar to that contained in Section 3(a)].

Guaranty Limit: \$ _____

Executed this ____ day of _____, ____.

[NAME OF NEW GUARANTOR]

By: _____
Title:

[Need to issue new Beneficiary Designation Schedule to specify different Guaranty Amounts for each Guarantor]

UNCONDITIONAL GUARANTY

THE ENERGY AUTHORITY, INC.
76 S. Laura Street, 15th Floor
Jacksonville, FL 32202
(the "Borrower")

As of _____

(the "Guarantor" and together with
other Members executing a guaranty
in favor of the Bank, called "Guarantors")

FIRST UNION NATIONAL BANK
Portfolio Management – FL0017
214 North Hogan Street, 6th Floor
Jacksonville, Florida 32202
Attn: Kevin S. Hawkins, Vice President
(hereinafter referred to as "Bank")

copy to:
Foley & Lardner
200 Laura Street
Jacksonville, FL 32202
Attn: John M. Welch, Jr., Esq.

Recitations of Fact

- A. The Guarantor is a member ("Member") of the Borrower and party to a Restated and Amended Operating Agreement dated as of May 1, 1999, among the Borrower, Guarantor and other Members ("Operating Agreement") and a Restated and Amended Advance Agreement among the Borrower, the Guarantor and other Members dated as of June 1, 1999 (the "Advance Agreement" and together with the Operating Agreement, collectively called the "Operating Instruments").
- B. The Borrower will enter into from time to time various contracts for the purchase or sale of capacity or energy.
- C. Certain of such contracts will need to be secured by a letter of credit issued by a financial institution.
- D. The Borrower and Bank have entered into an Amended and Restated Letter of Credit and Reimbursement Agreement dated as of October 3, 1997, as amended by First

Amendment thereto dated _____, 1999 (as it may be further modified, called the "Reimbursement Agreement") providing for the issuance of letters of credit ("Letters of Credit") by the Bank for the account of the Borrower and for the reimbursement of all amounts disbursed by the Bank under such Letters of Credit.

- E. The Bank is only willing to issue Letters of Credit under the Reimbursement Agreement if the reimbursement and other obligations of the Borrower are guaranteed by the Members, including the Guarantor, on a several, but not joint, basis.

Agreement

IN CONSIDERATION OF the mutual agreements contained herein and to induce the Bank to issue Letters of Credit, the Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Bank and its successors, assigns and affiliates the timely payment and performance of the Guarantor Share of the difference between (a) all existing and future liabilities and obligations of Borrower to Bank and its affiliates under the Reimbursement Agreement, including, but not limited to, all amounts payable to the Bank on account of draws under Letters of Credit, all fees and commissions, all indemnity amounts and all other obligations of the Borrower now existing or hereafter arising under the Reimbursement Agreement and all modifications, extensions or renewals thereof, including without limitation all principal, interest, charges, and costs and expenses incurred thereunder (including reasonable attorneys' fees and other costs of collection incurred, regardless of whether suit is commenced) but excluding the obligation of the Borrower to make up any Cash Collateral deficit caused by application of Cash Collateral to the obligations secured thereby (collectively, the "Guaranteed Obligations") and (b) six million dollars. No payment by any other Guarantor or application of any Cash Collateral, as defined in the Reimbursement Agreement, shall be deemed to reduce the Guaranteed Obligations for purposes of determining the amount payable by the Guarantor hereunder.

The term "Guarantor Share" means (a) with respect to each Guarantor that is a LPPS Member of the Borrower, the fraction

$$\frac{3}{3(NA)+NB}$$

and (b) with respect to each Guarantor that is a MPPS Member of the Borrower, the fraction

$$\frac{1}{3(NA)+NB}$$

where "NA" equal the total number of Approved LPPS Members and "NB" equals the total number of Approved MPPS Members. The term "Approved LPPS Members" means JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority, Nebraska

Public Power District and such other Guarantors as are approved in writing by the Bank from time to time as Approved LPPS Members. The term "Approved MPPS Members" means such other Guarantors as are approved in writing by Bank from time to time as Approved MPPS Members. Approval shall be evidenced by the Bank's acceptance of a new Member's Guaranty. No change from one class of membership to another shall be effective for purposes of this Guaranty without the prior written consent of Bank, to be given or withheld in its discretion. Bank may require the written consent of all Guarantors as a condition to consent. The Guarantor Share shall remain fixed until reduced as a result of the Bank's written approval of an additional Approved LPPS Member or Approved MPPS Member or until otherwise modified by written agreement between the Bank and Guarantor. Neither termination nor notice of termination of this Guaranty shall affect the Guarantor Share of the Guarantor unless Bank shall have approved such modification in writing.

Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and not of collection. This Guaranty does not impose any obligation on Bank to extend or continue to extend credit or otherwise deal with Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give the Bank additional rights, this Guaranty shall not be deemed to supersede or replace any other guaranties given to Bank by Guarantor; and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by Guarantor pursuant to any other agreement of guaranty given to Bank and other guaranties of the Guaranteed Obligations. [To be included in Guaranties of existing Guarantors only – Notwithstanding the foregoing, this Guaranty shall supersede and supplant the Unconditional Guaranty from the Guarantor to Bank dated as of October 3, 1997.]

TERMINATION OF GUARANTY. Guarantor may terminate this Guaranty by written notice in the form attached as Exhibit B hereto, delivered personally to or received by certified or registered United States mail by an authorized officer of the Bank at the address for notices provided herein. Such termination shall be effective (the "Effective Date") on the later of (a) the effective date stated in the Notice or (b) the 15th day following the date such written notice is received by said Bank officer. Guarantor may not terminate this Guaranty as to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) existing on the Effective Date, or as to Guaranteed Obligations arising subsequent to the Effective Date if such Guaranteed Obligations (including expenses relating to enforcement actions) arise under Letters of Credit issued on or before the Effective Date, or arise as a result of advances which are necessary for Bank to protect its collateral or otherwise preserve its interests.

APPLICATION OF PAYMENTS. Monies received from any source by Bank for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in such order as to principal, interest and expenses deemed appropriate by Bank.

CONSENT TO MODIFICATIONS. Guarantor consents and agrees that Bank may from time to time, in its sole discretion (but with the consent or agreement of the Borrower if required by the Reimbursement Agreement), without affecting, impairing, lessening or releasing the obligations of the Guarantor hereunder (a) extend or modify the time, manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew, or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of Borrower or any other guarantor with Bank; (e) proceed against, exchange, release, realize upon, or otherwise deal with in any manner any collateral that is or may be held by Bank in connection with the Guaranteed Obligations or any liabilities or obligations of Guarantor; and (f) proceed against, settle, release, or compromise with Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to Bank; all in such manner and upon such terms as Bank may deem appropriate, and without notice to or further consent from Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by Bank relating to any part of, the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty. Notwithstanding the preceding language, the Guaranteed Obligations shall not include the Outstanding Amount (as defined in the Reimbursement Agreement) of Letters of Credit in excess of \$15 million without the written consent of the Guarantor.

WAIVERS AND ACKNOWLEDGMENTS. Guarantor waives and releases the following rights, demands, and defenses Guarantor may have with respect to Bank and collection of the Guaranteed Obligations (a) promptness and diligence in collection of any of the Guaranteed Obligations from Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that Bank make demand upon, assert claims against, or collect from Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against Borrower or other persons or entities prior to making demand upon, collecting from or taking action against Guarantor with respect to the Guaranteed Obligations, including any such rights Guarantor might otherwise have had under Va. Code §§ 49-25 and 49-26, et seq., N.C.G.S. §§ 26-7, et seq., Tenn. Code Ann. § 47-12-101, O.C.G.A. §10-7-24 (and any successor statute) and any other applicable law; (c) any law or statute that requires that Borrower or any other person be joined in, notified of or made part of any action against Guarantor; (d) that Bank preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any

new transactions or other relationships between Bank, Borrower and/or any Guarantor, and of changes in the financial condition of, ownership of, or business structure of Borrower or any other guarantor; (f) acceptance, presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of any kind whatsoever; (g) the right to assert against Bank any defense (legal or equitable), set-off, counterclaim, or claim that Guarantor may have at any time against Borrower or any other party liable to Bank; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of Bank's lien on any collateral, of the Reimbursement Agreement, or of any other guaranties held by Bank; (i) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (j) the benefit of any exemption claimed by Guarantor. Guarantor acknowledges and represents that it has relied upon its own due diligence in making its own independent appraisal of Borrower, Borrower's business affairs and financial condition, and any collateral; Guarantor will continue to be responsible for making its own independent appraisal of such matters; and Guarantor has not relied upon and will not hereafter rely upon Bank for information regarding Borrower or any collateral.

FINANCIAL CONDITION. Guarantor warrants, represents and covenants to Bank that on the date hereof and on each date on which a letter of credit is issued by the Bank for the account of the Borrower (except as otherwise set forth on Exhibit A hereto or subsequently disclosed in writing to the Bank prior to such date), (a) the fair saleable value of Guarantor's assets exceeds its liabilities, Guarantor is meeting its current liabilities as they mature, and Guarantor is and shall remain solvent; (b) all financial statements of Guarantor furnished to Bank are correct and accurately reflect the financial condition of Guarantor as of the respective dates thereof; (c) since the date of the latest such financial statements delivered to the Bank, there has not occurred a material adverse change in the financial condition of Guarantor; and (d) there are not now pending any court or administrative proceedings or undischarged judgments against Guarantor exceeding \$5,000,000, no federal or state tax liens have been filed or threatened against Guarantor and Guarantor is not in default or claimed default under any obligation exceeding \$5,000,000.

INTEREST. Regardless of any other provision of this Guaranty or the Reimbursement Agreement, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations by Guarantor; (b) a breach of any agreement or representation contained or referred to in this Guaranty; (c) dissolution of, termination of existence of, loss of good standing status by,

appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, Guarantor; (d) the entry of any monetary judgment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Guarantor or any property of or debts due Guarantor exceeding \$10,000,000 in the aggregate; provided, however, that such circumstance shall not be a Default if the Guarantor is appealing or contesting such obligation diligently and enforcement of such obligation is effectively stayed; or (e) the Guarantor shall terminate or give notice of termination of this Guaranty other than in the manner described herein or shall repudiate the obligation hereunder.

ATTORNEY'S FEES AND OTHER COSTS OF COLLECTION. Guarantor shall pay all of Bank's reasonable expenses incurred to enforce or collect any of the obligations of the Guarantor hereunder, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. Guarantor agrees (a) to subordinate the obligations now or hereafter owed by Borrower to Guarantor ("Subordinated Debt") to any and all Guaranteed Obligations; provided however that Guarantor may receive payments on the Subordinated Debt so long as (i) all sums due and payable by Borrower to Bank as Guaranteed Obligations have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations, shall be continuing on or as of the payment date; (b) a conspicuous notation of subordination is made on the face of any instrument evidencing any part of the Subordinated Debt; and (c) except as permitted by the proviso in clause (a) of this paragraph, Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to Guarantor, through error or otherwise, shall immediately be forwarded to Bank by Guarantor, properly endorsed to the order of Bank, to apply to the Guaranteed Obligations.

OPERATING INSTRUMENTS. Without the written consent of the Bank, Guarantor agrees not to terminate or agree to terminate any of the Operating Instruments or modify or agree to modify any of the Operating Instruments if such modification would materially alter the type or nature of the business of the Borrower (such business being in the area of power marketing and power-related matters).

SUBORDINATION OF SUBROGATION. Unless or until all Guaranteed Obligations have been paid in full, Guarantor hereby subordinates and postpones any rights or claims that it may have against the Borrower or other guarantors for subrogation, contribution or reimbursement on account of payments made by the Guarantor; provided that unless an Event of Default, or condition which with notice or lapse of time or both would constitute an Event of Default, should exist under the Reimbursement Agreement or would result

from such enforcement, the Guarantor may enforce claims for subrogation, contribution or reimbursement.

AUTHORITY. The Guarantor represents and warrants that the execution and delivery of, and performance of its obligations under, this Guaranty comply with all applicable constitutional and legal limitations applicable to Guarantor, have been duly authorized by all necessary actions under law and the charter or governing instrument of the Guarantor and that the Guaranty constitutes the valid and binding obligation of the Guarantor enforceable in accordance with its terms, except to the extent that enforceability may be limited (i) by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the availability or enforcement of creditors' rights generally or (ii) by application of general principles of equity limiting the availability of certain remedies, including but not limited to the remedy of specific performance. The Guarantor shall provide a legal opinion satisfactory to the Bank as to such matters and such other matters as the Bank may reasonably require.

MISCELLANEOUS. (a) **Assignment.** This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Bank's interests in and rights under this Guaranty and the Reimbursement Agreement are freely assignable, in whole or in part, by Bank. Any assignment shall not release Guarantor from the Guaranteed Obligations. (b) **Applicable Law; Conflict Between Documents.** This Guaranty and the Reimbursement Agreement shall be governed by and construed under the laws of the State of _____ without regard to that state's conflict of laws principles. (c) **Jurisdiction.** Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state in which the office of Bank first shown above is located. (d) **Severability.** If any provision of this Guaranty or of the Reimbursement Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other document. (e) **Notices.** Any notices to Guarantor shall be sufficiently given, if in writing and mailed or delivered to the Guarantor's address shown above or such other address as provided hereunder, and to Bank, if in writing and mailed or delivered to Bank's office address shown above or such other address as Bank may specify in writing from time to time, with a copy as shown above. In the event that Guarantor changes Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, Guarantor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (f) **Plural; Captions.** All references in the Reimbursement Agreement to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Reimbursement Agreement are inserted for convenience only and shall not affect the meaning or interpretation of the Reimbursement Agreement. (g) **Binding Contract.** Guarantor by execution of and Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. (h) **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and the

Reimbursement Agreement shall be valid unless in writing and signed by an officer of Bank. No waiver by Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of Bank in exercising any right, power, or privilege granted pursuant to this Guaranty and the Reimbursement Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. All remedies available to Bank with respect to this Guaranty and the Reimbursement Agreement and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. (i) **Partnerships.** If Guarantor is a partnership, the obligations, liabilities and agreements on the part of Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership.

FINANCIAL AND OTHER INFORMATION. Guarantor shall deliver to Bank such information as Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to Guarantor's financial condition, including, without limitation, annual audited financial statements within 120 days of the Guarantor's fiscal year end and quarterly financial statements within 45 days after the end of each fiscal quarter. Such information shall be true, complete, and accurate. Guarantor shall give written notice to the Bank within thirty days of the occurrence of any Default or the commencement of any litigation or government proceeding against the Guarantor involving (when combined with any other pending matters) potential uninsured liability or loss on the part of the Guarantor in excess of \$5,000,000.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR BY EXECUTION HEREOF AND BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS GUARANTY, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK TO ACCEPT THIS GUARANTY.

GUARANTOR AND BANK AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

IN WITNESS WHEREOF, Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal.

[Name of Guarantor]

CORPORATE SEAL

By _____
Its _____

EXHIBIT B

Notice of Termination

The undersigned Guarantor hereby notifies First Union National Bank (the "Bank") that it is terminating its Unconditional Guaranty dated _____, 1999 (the "Guaranty") effective at the end of the day on [_____, _____, _____], which date shall be no earlier than the 15th day following receipt of this notice by the Bank officer described in the Guaranty] (the "Effective Date"). The undersigned acknowledges and confirms that it will remain liable for its Guarantor Share of Guaranteed Obligations arising on or before the Effective Date (including those arising out of Letters of Credit issued on or before the Effective Date) as described in the Guaranty under the heading "Termination of Guaranty" and the Bank may rely upon this continuing liability in issuing Letters of Credit after receipt of this notice and on or before the Effective Date.

The capitalized terms used herein shall have the meanings set forth in the Guaranty unless otherwise defined.

[Name of Guarantor]

By _____
Its _____

Date: _____

ANNEX 3

Reference is made to that certain Restated and Amended Advance Agreement dated as of _____ 1, 1999 by and among JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority and The Energy Authority, Inc. (the "Agreement"). The undersigned hereby agrees to become a party to the Agreement and a Future Member as designated therein. As such, it shall be bound by the terms of the Agreement and entitled to the benefits thereof. Capitalized terms used herein and not defined are used as defined in the Agreement.

[Deliver executed Trade Guaranty and executed Bank Guaranty and pay Cash to TEA, all as applicable.]

Date: _____

[FUTURE MEMBER]

By: _____
Name:
Title:

Accepted by:


THE ENERGY AUTHORITY, INC.

By _____
President

Reference is made to that certain Restated and Amended Advance Agreement dated as of June 1, 1999 by and among JEA, Municipal Electric Authority of Georgia, South Carolina Public Service Authority and The Energy Authority, Inc. (the "Agreement"). The undersigned hereby agrees to become a party to the Agreement and a Future Member as designated therein. As such, it shall be bound by the terms of the Agreement and entitled to the benefits thereof. Capitalized terms used herein and not defined are used as defined in the Agreement.

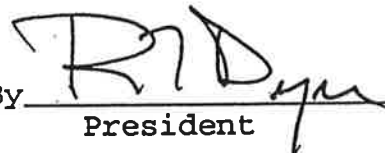
Dated: June 1, 1999

NEBRASKA PUBLIC POWER DISTRICT

By: 
William R. Mayben
President and Chief Executive
Officer

Accepted by:

THE ENERGY AUTHORITY, INC.

By: 
President