

ELECTRIC SERVICE TARIFF:

**MODERNIZATION RIDER
SCHEDULE: "M-2"**



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AVAILABILITY:

Throughout the Company's service area from existing lines of adequate capacity.

APPLICABILITY:

Applicable as a modification of the rate schedules for Power and Light (PLL and PLH), Full Use to Governmental Institutions (G), and Time of Use (TOU-GSD and TOU-SSD) upon request by any customer whose billing demand is 500 kW or greater and who electrically modernizes a process that has been in operation for at least 24 months by changing the existing process such that the billing demand, as a result of only the process modernization, would have increased at least five (5) percent or 50 kW, whichever is greater.

The customer must sign a contract for electric service for the rider prior to the modernized process becoming operational. A period of up to six months prior to the effective date of the contract will be allowed for the completion of the modernized process. During this time, increases in the billing demand will not be considered in the determination of the Billing Demand Adjustment Factor (BDAF), nor will this period be considered as part of the five (5) year term. Once the rider is in effect, qualifications must be demonstrated within 12 months from the effective date of the contract.

Additional qualifying modernizations replace the one in effect and start a new five (5) year term. The new Billing Demand Adjustment Factor (BDAF) is determined using the modified billing demand of the previous modernization.

BILLING DEMAND DETERMINATION:

The Billing Demand as modified by this rider shall be the product of the Billing Demand as determined by the applicable rate and the Billing Demand Adjustment Factor (BDAF):

$$BDAF = \left[\frac{1}{1 + .95 (D^* \times P^*)} \right]^{(5-N)/5}$$

Where D* = Percentage increase in Billing Demand (expressed as a decimal) that results from the modernization and any expansion done in connection with the modernization.

P* = Percent of the process operating hours that the qualifying electrical load will be in use (expressed as a decimal).

N = Number of years process has been modernized (N = 0 for initial year).

The Billing Demand Adjustment Factor (BDAF) shall not be less than 0.600.

During the first twelve months following the application of the rider, D* will be based on the estimated increase in billing demand agreed to in the contract. The BDAF will be recalculated at the start of the second year using the actual increase in billing demand resulting after the first year of applying the modernization rider. Billing which occurred during the first year will not be changed due to this recalculation.

MINIMUM BILLING DEMAND:

The minimum billing demand shall be the greater of:

- (1) ninety-five percent (95%) of the billing demand in effect at the time the customer contracts for service under this rider, or
- (2) the prior billing demand if based on a contract or rate-established minimum.

The minimum demand used for billing purposes for the Time of Use (TOU-GSD and TOU-SSD) rates shall remain as stated in the TOU tariffs.

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SPECIAL FOR TIME OF USE RATES:

The percent increase in Billing Demand (D*) for the Time of Use (TOU-GSD and TOU-SSD) rates will be determined by calculating the difference between:

- a) the average of the maximum actual on-peak period demands for June through September (Summer months) and the maximum actual peak demands for October through May (Winter months) in the period immediately prior to the modernization and
- b) The average of the same maximum demands estimated for the twelve month period subsequent to the modernization

And then dividing the difference (b-a) by the average demand calculation for the period immediately prior to modernization (a).

The Billing Demand Adjustment Factor (BDAF) as applicable to the Time of Use (TOU-GSD and TOU-SSD) tariffs is to be applied to modify the maximum actual on-peak demand in the summer months and the maximum actual peak demand in the winter months. The BDAF defined above is not applied to the economy demands as defined in the TOU (TOU-GSD and TOU-SSD) tariffs.

TERM OF CONTRACT:

Five (5) years. While the customer is taking service on the modernization rider, the customer may not change the tariff to which the modernization rider applies.

TERMINATION NOTICE:

Should termination of this schedule become necessary, the customer shall be provided with a minimum of twenty-four (24) months notice.

GENERAL TERMS & CONDITIONS:

Service hereunder subject to Rules and Regulations for Electric Service on file with the Georgia Public Service Commission.