

FIRST AMENDMENT TO
FIRST AMENDED AND RESTATED
OPERATING AGREEMENT

by and between

Cobb Electric Membership Corporation

and

Cobb Energy Management Corporation

THIS FIRST AMENDMENT, made and entered into the 8th day of October, 1998, to be effective the 8th day of OCT, 1998 (the "Effective Date"), by and between Cobb Electric Membership Corporation ("Cobb EMC") and Cobb Energy Management Corporation ("CEMC").

WITNESSETH:

WHEREAS, Cobb EMC and CEMC entered into that certain First Amended and Restated Operating Agreement effective December 29, 1997; and

WHEREAS, the parties desire to modify the terms of the Operating Agreement as provided below.

NOW, THEREFORE, in consideration of the mutual premises stated herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Paragraph 2.05 is deleted in its entirety and replaced with the following:

"2.05 *Responsibilities of Cobb EMC.* Notwithstanding anything herein to the contrary, Cobb EMC, as the owner of the Facilities, retains all policy-making discretion with respect to the Facilities and the operation thereof including without limitation the following:

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CobbEMC 03632

I. Activities Relating to Operations

- Making all determinations with respect to the physical electric distribution system
 - * determining all extensions of electric lines to new service areas
 - * acquiring all easements and rights of way
 - * determining all significant electric distribution equipment (e.g., transformers, poles, etc.)
 - * determining the location, design and construction contracts for all substations and acquisitions of the sites therefor
 - * determining all equipment required to construct extensions of the electric distribution system and acquisition of same
- Making all determinations with respect to all property required to operate the electric distribution system
 - * determining all property required to operate the electric distribution system (e.g. trucks, communications equipment, towers, computer equipment, control center equipment, standby generators) and acquisition of same
 - * determining and constructing or acquiring all auxiliary buildings required for the electric distribution system (e.g. headquarters and other office buildings, warehouses, repair garages, etc.)
- Making all determinations with respect to the purchase or generation of electricity for resale to customers of the electric distribution system
- Activities relating to the reliability and quality of electric service
 - * Establishing all performance guidelines relating to the reliability and quality of electric service (e.g. reliability, including interruptions of service, restoration of service, total outage of service and quality, including surges, etc.)
 - * Establishing all physical guidelines for system reliability, including substations, loop service, devices for isolation of outages, etc.

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II. Activities Relating to Customers

- Establishing and modifying the terms of service to members, including determining all rates, tariffs, contracts and other terms of service

III. Activities Relating to Dealings with Third Parties

- Determining all new contracts and amendments or supplements to existing contracts with vendors, equipment suppliers, land owners and all other third parties

IV. Activities Relating to Finances

- Receiving all revenues as collected from all customers or from all third parties
- Making all investments of funds of Cobb
- Determining all matters relating to the incurring or assumption of indebtedness payable from the revenues of Cobb
- Determining all expenditures of funds of Cobb

2. Except as specifically amended herein, the terms of the First Amended and Restated Operating Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment to First Amended and Restated Operating Agreement to be effective as of the day and year first set forth above.

Cobb Electric Membership Corporation

Cobb Energy Management Corporation

By: 

Larry N. Chadwick, Chairman
Board of Directors

By: 

Dwight T. Brown, President

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