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October 8, 1993

Document Control Desk  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Re: Gulf States Utilities Company  
(River Bend Station, Unit 1)  
Docket No. 50-458

Gentlemen:

At the request of the NRC Staff, I am submitting a copy of a document entitled "River Bend Station Operating Agreement" and two enclosures entitled "Switchyard and Transmission Interface Agreement" and "Support Agreement," all in draft form and dated September 29, 1992. An earlier draft of the Operating Agreement was submitted on February 19, 1993 by a letter to Samuel J. Chilk by James D. Pembroke, counsel for Cajun Electric Power Cooperative, Inc.

Sincerely,



Mark J. Wetterhahn  
Counsel for Gulf States Utilities

MJW:sdd

cc: B. Paul Cotter, Jr., Esq. (w/o enclosures)  
Dr. Richard F. Cole (w/o enclosures)  
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## RIVER BEND STATION

OPERATING AGREEMENT

This Operating Agreement is made and entered into as of \_\_\_\_\_, 1993 between Entergy Operations, Inc. (Company) and Gulf States Utilities Company (Gulf States).

WHEREAS, both of the parties hereto are wholly owned subsidiaries of Entergy Corporation; and

WHEREAS, Company operates, as agent for the owners and pursuant to operating licenses issued by the Nuclear Regulatory Commission, the Waterford Steam Electric Station, Unit No. 3, located near Taft, Louisiana, the Grand Gulf Nuclear Station, located near Port Gibson, Mississippi, and Arkansas Nuclear One, Units 1 and 2, located near Russellville, Arkansas; and

WHEREAS, Gulf States is an electric utility that generates, transmits and distributes electricity in the States of Louisiana and Texas and operates a nuclear power plant located in West Feliciana Parish, Louisiana, known as the River Bend Station (River Bend); and

WHEREAS, pursuant to the provisions of the Joint Ownership Participation and Operating Agreement (the JOPOA) between Gulf States and Cajun Electric Power Cooperative, Inc. (Cajun), Gulf States holds a seventy percent (70%)



undivided ownership interest and Cajun holds a thirty percent (30%) undivided ownership interest in River Bend, and Gulf States has been authorized to act as the agent for Cajun with authority to manage, control, maintain and operate River Bend; and

WHEREAS, Gulf States represents and Company acknowledges that Gulf States is executing this Operating Agreement for itself and as agent for Cajun and that Gulf States and Cajun are severally and not jointly liable for payments to Company that are properly chargeable to River Bend hereunder in proportion to Gulf States' and Cajun's respective undivided ownership interests in River Bend; and

WHEREAS, Gulf States is the holder of Facility Operating License, No. NPF-47, NRC Docket No. 50-458, for River Bend, issued by the NRC; and

WHEREAS, Gulf States desires to delegate to the Company certain operating responsibility for - but not ownership of - River Bend; and

WHEREAS, Gulf States desires that such operating responsibility be consistent with Gulf States' obligations and responsibilities under all pertinent state and federal law and under the JOPOA; and

WHEREAS, Gulf States desires to contract with Company so as to enable Company to possess, use and operate River Bend as Gulf States' agent, and Company desires to



undertake such responsibility, all subject to and in accordance with the terms and conditions set forth herein;

NOW THEREFORE, IN CONSIDERATION of the mutual obligations set forth herein, the parties hereto agree to the following:

#### ARTICLE I.

##### DEFINITIONS

As used herein:

1.1 "Application" means the Application of Gulf States and Cajun (consented to by Company) before the Nuclear Regulatory Commission to amend the Operating License so as to authorize and reflect in the license the change from Gulf States to Company as the licensee authorized to possess, use and operate River Bend, as previously or hereafter supplemented or amended.

1.2 "Capital Improvements" means improvements, additions, modifications or replacements of property at River Bend that are properly capitalized and recorded on Gulf States' books of account as assets under the FERC Uniform System of Accounts, and that are in accordance with applicable rules and regulations of any regulatory authority having jurisdiction in the matter.

1.3 "Costs of Capital Improvements" means all costs of Capital Improvements as defined in Section 1.2 herein.



1.4 "Costs of Operation" or "Cost of Operation" means all costs of Operation, decontamination and decommissioning and any related taxes incurred or accrued under or with respect to this Operating Agreement and attributable or allocable to River Bend and properly recordable in expense accounts under the FERC Uniform System of Accounts. These costs shall include, without limitation, any costs incurred in connection with the Operation of River Bend, but excluding costs of Nuclear Fuel that is owned by Gulf States or Cajun or leased directly by Gulf States or Cajun from one or more third parties. All of such Costs of Operation shall be calculated, and allocation of such costs shall be made, as the parties shall from time to time agree, and shall be made in accordance with any applicable rules and regulations of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, the FERC under the Federal Power Act and other regulatory authorities having jurisdiction in the matter.

1.5 "Effective Date" means the effective date of this Operating Agreement as determined pursuant to Section 8.1.

1.6 "FERC" means the Federal Energy Regulatory Commission or its successor.

1.7 "Force Majeure" means any cause beyond the affected party's reasonable control.



1.8 "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant proportion of the electric utility industry at the time of the reference, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with reliability, safety and expedition. Good Utility Practice shall apply not only to functional parts of River Bend, but also to appropriate structures, landscaping, signs, lighting and other facilities. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of prudent and acceptable practices, methods or acts.

1.9 "Gross Negligence and/or Willful Misconduct" means any act or omission by or authorized by a party's officers, persons reporting directly to such officers or its Board of Directors that is performed, authorized or omitted consciously with prior actual knowledge or with reckless disregard of facts indicating that such conduct or omission is likely to result in actionable damages or injury to persons or property or to result in a violation of laws or regulations.



1.10 "Merger Agreement" means the Agreement and Plan of Reorganization, dated June 5, 1992, between Gulf States and Entergy Corporation.

1.11 "NRC" or "Nuclear Regulatory Commission" means the United States Nuclear Regulatory Commission or its successor having responsibility for administration of the licensing and regulation of the operation of nuclear utilization facilities under the Atomic Energy Act of 1954 and amendments thereto.

1.12 "Nuclear Fuel" means any source, special nuclear or by-product material as defined in the Atomic Energy Act of 1954 and any amendments thereto, including any ores, mined or unmined, uranium concentrates, natural or enriched uranium hexafluoride, or any other material in process containing uranium, and any fuel assemblies or parts thereof, any of which are required for the generation of electricity at River Bend.

1.13 "Operate" and its derivatives means to possess, use, manage, control, maintain, repair, operate and decommission.

1.14 "Operating License" means the Facility Operating License No. NPF-47 for River Bend and amendments thereto as issued from time to time by the NRC.



## ARTICLE II.

COMPANY'S AUTHORITY AND RESPONSIBILITY  
WITH RESPECT TO OPERATION OF RIVER BEND

2.1 Authority for Operation. Company and Gulf States agree that Company shall act as the agent of Gulf States to take all actions necessary to make Capital Improvements to and to Operate River Bend, each in accordance with Good Utility Practice and in the best interest of Gulf States. Gulf States hereby grants Company the authority to take any and all action, in Gulf States' name and on Gulf States' behalf, necessary to obtain and/or maintain all licenses and permits issued by the NRC or other regulatory bodies relating to River Bend and necessary to comply with all applicable regulations of the NRC and other governmental bodies having jurisdiction over any aspect of the Cost of Operation, Cost of Capital Improvements, making of Capital Improvements and/or Operation of River Bend. Without limiting the foregoing delegation, Company shall act as the agent for Gulf States and Cajun in all matters related to NRC licensing of River Bend. Furthermore, Company shall provide Gulf States with data and assistance as may be requested by Gulf States to enable Gulf States to satisfactorily discharge, as a co-owner of River Bend and agent of Cajun, its responsibilities with regard to River Bend, including its responsibilities to its securities holders, to Cajun, to regulatory authorities and others.



Company shall Operate, and make Capital Improvements at, River Bend in accordance with the Operating License and applicable laws and regulatory requirements and shall have sole authority, as the Operator of River Bend, to make all decisions relating to public health and safety. Subject to the provisions of Sections 2.2 and 2.3 herein, in order to enable Company fully and effectively to perform its duties hereunder, Company shall have, and Gulf States does hereby grant to Company, as agent for Gulf States, the power and authority to exercise in accordance with applicable laws, the rights of Gulf States and Cajun under, and to execute, modify, amend or terminate, any contracts, including, without limitation, leases, easements, agreements, purchase orders, licenses, permits and privileges relating to the Operation of, and making of Capital Improvements to, River Bend, as agent for Gulf States and Cajun. Company may perform its duties hereunder through its employees, affiliated persons or non-affiliated persons. Except as provided in Section 11.5 hereof, the duties of Gulf States and Company hereunder shall be subject in all events to receipt of any further necessary consents or regulatory approvals. Subject to Company's obligations and responsibilities under this Operating Agreement, the Operating License and applicable laws and regulatory requirements, Company agrees that it shall comply with



directions from Gulf States relating to the Operation and making of Capital Improvements (including the costs thereof) at River Bend.

2.2 Limitation on Company's Authority.

Notwithstanding Section 2.1 above, Company shall have no authority under this Operating Agreement without the written approval of Gulf States, which approval shall not be unreasonably withheld, (a) to obligate Gulf States, on behalf of itself and Cajun, to pay Costs of Capital Improvements and Costs of Operation that are either materially different from or in excess of the expenditures to be agreed upon pursuant to Section 5.1 herein, (b) to obligate Gulf States, on behalf of itself and Cajun, to pay Costs of Capital Improvements that have not been approved pursuant to any Gulf States policy with respect to its Board of Directors' approval of capital expenditures, (c) to modify, amend or terminate any contracts executed by Gulf States, on behalf of itself and Cajun, that are existing and were in effect prior to the Effective Date and that are presently or in the future will be categorized as material by Gulf States, and/or (d) to sell, encumber or otherwise dispose of any real property or any equipment or personal property comprising River Bend. In addition, Gulf States shall have exclusive authority to define the economic life and to determine when the economic life of River Bend has



ended and, in its sole discretion, may direct Company, in writing, to retire and decommission River Bend or to Operate River Bend at reduced capacity and/or to place River Bend in a safe shutdown condition; provided, however, Company shall take any such action in a manner which it determines, in its sole judgment, is consistent with public health and safety, the Operating License and applicable laws and regulations. In addition, Company is authorized to Operate River Bend at a reduced capacity or otherwise to place River Bend in a safe shutdown condition at any time Company determines such action is necessary to comply with the Operating License and applicable laws and regulations. All costs incurred by Company in taking such action relating to decommissioning or shutdown of River Bend shall be considered Costs of Operation or Costs of Capital Improvements, as the case may be. With respect to acquisitions by Company, as agent for Gulf States and Cajun, of Capital Improvements and other equipment or property, including, but not limited to, materials, supplies and spare parts inventories, for River Bend, Gulf States' Chief Financial Officer shall provide Company from time to time as necessary with instructions or guidelines as to the preferred financial structure of such acquisitions (i.e., purchase, lease, etc.), which shall be used in implementing such acquisitions.



2.3 Execution; Disclosures in Third-Party Contracts. Contracts relating to the Operation of River Bend, including, without limitation, any contracts for Capital Improvements or contracts for the sale, lease or acquisition of materials, inventories, supplies, spare parts, equipment, fuel, Nuclear Fuel (excluding contracts for the financing through lease or otherwise for Nuclear Fuel) or services, shall be executed by Company, as agent for Gulf States and Cajun, or by Gulf States, upon Company's reasonable request. If a contract subject to Section 2.1 relates to both River Bend and one or more other power plants that are Operated by Company, such contracts ("Multi-Plant Contracts") shall be executed by Gulf States at Company's request, on reasonable grounds, or by Company, on reasonable grounds, or on behalf of Gulf States, Cajun, and the owners of the other applicable plants. Company further agrees that with respect to Multi-Plant Contracts, Company will not enter into such Multi-Plant Contracts without the prior written consent of Gulf States unless such contract contains a provision for several but not solidary liability of the owners of the plants under such Multi-Plant Contracts in proportion to the costs allocated to the various power plants under such contracts. In order to induce third parties to contract with Company with regard to the performance of Company's obligations under this Operating



Agreement, Gulf States, on behalf of itself and as agent for Cajun, hereby expressly agrees to be bound by the terms of all contracts executed by Company in accordance with its agency authority as described herein (including, without limitation, any provisions that limit or protect against a third party's liability, provisions granting indemnity to third parties and limitations or exclusions of warranties) to the same extent as if Gulf States were an original signatory to such contract. In addition, if Gulf States' signature is deemed by Company to be necessary to induce a third party to contract with Company, Gulf States agrees to not unreasonably refuse to execute such third-party agreements, on behalf of itself and as agent for Cajun, as Company may request from time to time. It is further agreed that the Chief Financial Officer of Gulf States shall notify Company in writing of the contracts or types of contracts related to River Bend that are to be executed by Company, in its capacity as Gulf States' and Cajun's agent, that Gulf States desires to review in order for Gulf States to monitor and evaluate the potential impact on Gulf States and Cajun of such contracts and to advise Company of such impact so that Company shall take all steps to protect Gulf States' and Cajun's interest. Accordingly, Company agrees to provide Gulf States copies of such contracts within a



reasonable time prior to Company's proposed execution thereof.

#### 2.4 Enforcement of Rights.

A. Gulf States hereby recognizes that, except with respect to facts and circumstances existing, or litigation instituted by or against Gulf States, prior to the Effective Date, Company has complete and exclusive authority with respect to the handling of the defense, prosecution and/or settlement of disputes with third parties relating in any way to River Bend, provided that Company shall obtain Gulf States' written consent and direction prior to instituting or settling any lawsuit, claim, proceeding or action relating to River Bend which is of a type categorized as material by Gulf States.

B. With respect to litigation relating in any way to River Bend that arises out of facts or circumstances existing prior to the Effective Date, Gulf States shall, after consultation with Company, decide upon the appropriate manner of defending, prosecuting or settling such litigation.

C. Subject to Article VI, it is further agreed that to the extent Company incurs any liability to a third party in performing its duties under this Operating Agreement, amounts paid by Company because of such liability and Company's expenses in defending claims by third parties



or prosecuting claims against third parties shall be considered Costs of Operation.

2.5 Company's Responsibilities at Other Plants.

Company's duties and responsibilities under this Operating Agreement shall not be construed to interfere with Company's authority and responsibility to operate any other plants for which it has operating responsibility; provided, however, that Company hereby agrees that it will not knowingly take any action or fail to take any action in connection with River Bend that is inconsistent with Good Utility Practice and puts Gulf States or Cajun at a disadvantage to Company or to the owners of such other plants.

ARTICLE III.

GULF STATES' RESPONSIBILITY AND OBLIGATIONS

3.1 Payment. In consideration of the services rendered by Company hereunder, and subject to the provisions of this Operating Agreement, Gulf States hereby agrees to pay the Costs of Operation and Costs of Capital Improvements incurred by Company pursuant to Article V hereof.

3.2 Site Access and Control. In order for Company to Operate River Bend in accordance with the Operating License and other applicable regulatory requirements, Gulf States, on behalf of itself and Cajun, as their interests may appear, grants Company possession and use of the property constituting River Bend and agrees to



provide Company, its agents, employees and contractors unrestricted access to the property constituting River Bend, including, without limitation, the real property and the switchyard, facilities, equipment and personal property located on the River Bend site. As required by the Operating License and applicable statutes, and NRC regulations, Gulf States, on behalf of itself and Cajun, further agrees that Company shall have authority to exercise complete control over the Exclusion Area as defined in the Updated Safety Analysis Report for River Bend and to determine all activities within the area.

3.3 Support Services from Gulf States. Gulf States agrees that it will cooperate with Company in a manner so that Company may exercise its authority and fulfill its responsibilities pursuant to this Operating Agreement. In this connection, Gulf States further agrees to provide (1) River Bend switchyard, switching station, and transmission line services and other support in accordance with a separate agreement to be executed by the parties contemporaneously with the execution of this Operating Agreement, an executed copy of which is attached hereto as Exhibit A, as such exhibit may be hereafter supplemented or amended, (2) support for the River Bend Emergency Plan and emergency training and drills in accordance with a separate agreement to be executed by the parties contemporaneously



with the execution of this Operating Agreement, an executed copy of which is attached hereto as Exhibit B, as such exhibit may be hereafter supplemented or amended. Gulf States agrees to provide, subject to their reasonable capability and availability, additional services or assistance required by Company and agreed to by Gulf States in writing in connection with the Operation of River Bend, including, without limitation, the following:

(1) communications access and support, (2) transportation support, (3) payroll and personnel assistance, and (4) other services as may be required in order to allow Company to conduct safe, economic and efficient operations at River Bend.

3.4 No Changes to Facilities, Procedures or Practices. So that Company will be capable of Operating River Bend in accordance with the Operating License and other applicable regulatory requirements, Gulf States, on behalf of itself and Cajun, agrees that it will not make any changes to facilities, procedures or practices that affect compliance with NRC regulations or commitments, including, but not limited to, physical changes to the electrical transmission or distribution facilities that directly provide an off-site power supply to River Bend without prior consultation with and written consent from Company, which consent Company shall not unreasonably withhold.



3.5 Off-Site Power Supply. Gulf States agrees that it shall provide River Bend with an assured source of off-site power in accordance with procedures to be agreed upon, from time to time, by the parties.

ARTICLE IV.

OWNERSHIP OF CAPACITY AND ENERGY

4.1 Ownership of Capacity and Energy. Gulf States and Cajun, at all times during the term of this Operating Agreement, shall be and remain the owners of, and shall be entitled to all of, the capacity and energy from River Bend.

4.2 Determination of Output. Net positive output of River Bend shall be the gross generation of River Bend, less station service requirements, and less adjustments for losses experienced. In the event the output is negative (i.e., station service and losses exceed the gross generation), Gulf States shall be responsible for providing necessary power at River Bend during such period in accordance with Good Utility Practice and Section 3.5 herein.

ARTICLE V.

PAYMENT; AUDIT AND INSPECTION RIGHTS

5.1 Payment Obligation. On or before November 1 (or such other dates as may be agreed to by the parties) of each year during the term of this Operating Agreement,



(1) Company will submit for Gulf States' review and approval the total annual capital budget for River Bend, the annual operating and capital programs (as used herein the term "annual operating and capital programs" shall include details of the budgeted costs for those programs) for River Bend, and the components of Company's five-year business plan that relate to River Bend, and (2) Company and Gulf States will agree in writing upon maximum amounts to be paid, within parameters of the then-current Company five-year business plan, by Gulf States for the following budget year pursuant to this Operating Agreement with respect to (i) Costs of Capital Improvements and (ii) Costs of Operation. Gulf States and Company recognize that mutually agreeable adjustments may be made to such maximum amounts to be paid and/or to the previously approved capital budget, operating and capital programs or the components of Company's five-year business plan relating to River Bend, from time to time during any budget year, to reflect the impact of Force Majeure, unforeseen circumstances, financial constraints or other events. Without limiting Gulf States' obligations under Article VI, Gulf States agrees to pay any and all Costs of Operation and Costs of Capital Improvements within such maximum amounts to be paid and consistent with the previously approved capital budget and operating and capital programs, but Gulf States shall not be obligated to



pay Costs of Operation and Costs of Capital Improvements in excess of the applicable maximum expenditure limitations or which differ materially from the types of expenditures reflected in the capital budget and operating programs previously approved by Gulf States, except for any such excess or different Costs of Operation and Costs of Capital Improvements that Gulf States agrees to pay. It is further agreed that Company will keep Gulf States timely informed and obtain Gulf States' approval regarding projects which are reasonably anticipated to cause a material change to the components of the then-current Company five-year business plan that relate to River Bend as previously approved by Gulf States.

5.2 Payment and Billing. Subject to Section 5.1 above and in accordance with procedures to be agreed upon in writing by the parties, Company hereby agrees to furnish Gulf States, at such times as may be required by Gulf States or by the terms of the JOPOA with respect to Gulf States' duties as Project Manager thereunder, estimates of the Costs of Operation and Costs of Capital Improvements expected to be owed for the next succeeding period. Gulf States shall promptly deposit in the bank account(s) to be established pursuant to Section 5.3 such funds as shall be adequate to pay Company and third parties on a timely basis with respect to Costs of Capital Improvements and Costs of Operation. In



addition, Gulf States will pay for costs incurred under any contracts relating to River Bend with respect to which Company, as agent, has approved and has directed the third party to provide direct billing to Gulf States. Payments of the Costs of Capital Improvements and Costs of Operation specified herein shall be made notwithstanding the availability or lack of availability of River Bend to produce power. No payment made pursuant to this Operating Agreement shall constitute a waiver of any right of Gulf States, for itself and on behalf of Cajun, to question or contest the correctness of Costs of Capital Improvements and Costs of Operation charged hereunder.

5.3 Bank Accounts. The parties agree that one or more special bank accounts may be established and maintained in one or more banks of Gulf States' choice, in a manner that will indicate the custodial nature of the accounts, for the deposit by Gulf States and disbursement by Company or Gulf States of Costs of Capital Improvements and Costs of Operation.

5.4 Audit and Adjustments. Company shall maintain books and records to support the Costs of Capital Improvements and Costs of Operation for such period of time as Gulf States shall direct. From time to time, Gulf States or Cajun may, and Company shall permit, at Gulf States' or Cajun's option and expense as appropriate, in accordance



with any applicable Middle South Electric System established auditing policies (excluding any such policy that would limit or preclude the right of Gulf States or Cajun to conduct such audits), conduct or cause to be conducted by others, including regulatory authorities having jurisdiction, audits of the books and records of Company. Such audits shall be conducted at reasonable mutually agreed upon times, with agreement not being unreasonably withheld. Further, Company shall make available to Gulf States, for the benefit of itself and Cajun, a copy of any audit reports prepared by or at the request of Company concerning its books and records relating to the Operation of River Bend, and the cost of preparing such audit reports shall be a Cost of Operation payable pursuant to this Article V. Company shall credit Gulf States, for the benefit of itself and Cajun, with recoveries, whenever received, from third parties and shall charge or credit Gulf States, for itself and Cajun, with any underpayments or overpayments of Costs of Capital Improvements and Costs of Operation, as the case may be. Force Majeure shall not excuse failure by Company to credit Gulf States, for itself and Cajun, with third-party recoveries or overpayments of Costs of Capital Improvements and Costs of Operation owing to Gulf States at any time.



## ARTICLE VI.

LIMITATION OF LIABILITY

Release and Limitation of Liability. To the fullest extent permitted by applicable law, Gulf States and Cajun shall not be entitled to recover from, and Gulf States, on behalf of itself and Cajun, hereby expressly releases, Company, its agents, officers, directors, shareholders or employees (except to the extent Gulf States, for itself and Cajun, shall be entitled to share in insurance recoveries obtained by Company hereunder) from or for any damages, claims, causes of action, losses and/or expenses of whatever kind or nature, including, but not limited to, attorneys' fees, that are in any way, directly or indirectly, connected with Company's Operation of River Bend or for any damage thereto, whether arising in tort, fraud, contract, strict liability, negligence or any other theory of legal liability or as a result of fines or other penalties imposed by the NRC or other governmental authority, unless such damages, claims, causes of action, losses and/or expenses shall have resulted from the Gross Negligence and/or Willful Misconduct of Company. In no event shall Company or its agents, officers, directors, shareholders or employees be liable to Gulf States or Cajun for any loss or damage suffered by Gulf States or Cajun in connection with Company's performance under this Operating



Agreement in an amount greater than Gulf States' or Cajun's uninsured loss. The duty of Company to perform its obligations under this Operating Agreement in accordance with Good Utility Practice shall be construed or modified to the extent necessary to give full effect to the provisions of this Article VI.

#### ARTICLE VII.

##### INSURANCE

7.1 With respect to River Bend, Company, acting as Gulf States' agent and subject to the direction of Gulf States, shall provide and maintain or cause to be provided and maintained, in the name of and on behalf of Gulf States, Cajun, Company, and their respective mortgagees, if required, as their respective interests may appear, protection through insurance or otherwise covering Company's, Gulf States' and Cajun's obligations to pay damages because of personal injury, death or property damage, including, without limitation, obligations under applicable workers' compensation laws, and protection through insurance or otherwise covering nuclear property and nuclear liability and other insurance and financial protection in accordance with customary industry practice and as necessary to comply with all applicable laws and regulations and the provisions of the JOPOA and applicable mortgages and credit arrangements of Gulf States and Cajun.



All insurance policies obtained pursuant to this Operating Agreement shall be issued, as Gulf States deems appropriate, with Gulf States, Cajun, the Company and their respective mortgagees, if required, named as insureds, as their interests may appear, as appropriate to the particular coverage, and, if obtainable and economically feasible, workers compensation and all bodily injury (including death) and property damage liability coverages shall be issued by the same insurance carrier(s). Gulf States, after consultation with Company, shall determine the coverage limits and deductibles for any insurance policies obtained pursuant to this Agreement. Additionally, all insurance coverages applicable to those obligations surviving termination of this Agreement pursuant to Section 8.3 below, shall also survive said termination to the extent that such obligations so survive and to the extent that such coverages are reasonably available.

7.2 Acting as agent for and subject to the direction of Gulf States, on behalf of itself and Cajun, Company will establish necessary procedures, cooperate with the insurers and otherwise comply with requirements of the insurers to maintain coverages in effect and to obtain payment of claims recoverable under such insurance applicable to River Bend.



## ARTICLE VIII.

TERM AND TERMINATION

8.1 Term. This Agreement shall become effective \_\_\_\_\_, 1993 or upon receipt of all necessary regulatory approvals of this Operating Agreement, whichever is later, and, unless sooner terminated as provided hereinafter, it shall remain in effect, subject to Section 8.2 below, until River Bend shall have been retired and decommissioned in accordance with all applicable regulatory and governmental requirements and the parties hereto agree in writing, with agreement not to be unreasonably withheld, that all responsibilities hereunder have been fulfilled.

8.2 Termination. This Operating Agreement may be terminated prior to the expiration of the term as set forth in Section 8.1 above, subject to receipt of any and all necessary regulatory approvals, upon (1) agreement of the parties hereto or (2) either party giving the other party at least three hundred sixty-five (365) days' prior written notice of the intention to effect such termination. In addition, this Operating Agreement shall be cancelled to the extent and from the time that performance hereunder may conflict with any rule, regulation or order of the Securities and Exchange Commission adopted before or after the execution hereof. Company agrees that any and all



licenses, permits, records, books, privileges or rights acquired by Company relating to Operation of River Bend shall be assigned or otherwise transferred to Gulf States, for the benefit of Gulf States and Cajun, upon termination of this Operating Agreement.

8.3 Survival. The indemnification, release, and limitation of liability provisions contained in Article VI shall survive termination to the extent they pertain to events giving rise to such indemnification, release and liability that occurred during the term of this Operating Agreement. Further, it is agreed that in no event shall this Operating Agreement terminate unless all payments required to have been made by Gulf States to Company or by Company to Gulf States, for the benefit of itself and Cajun, as the case may be, shall have been made and all necessary regulatory approval for transfer of responsibility for River Bend shall have been obtained.

#### ARTICLE IX.

##### INFORMATION PROVIDED TO GULF STATES

9.1 Reports to Gulf States. When required by Gulf States, Company shall provide data and/or report to Gulf States to support Costs of Capital Improvements and Costs of Operation payable by Gulf States so as to allow Gulf States and Cajun to comply with the JOPOA, any applicable laws and any rules and regulations promulgated by



regulatory authorities. Company shall also comply with any other reasonable reporting requirements.

9.2 Site Access. Gulf States, Cajun or their designees shall have access to River Bend, subject to Company's obligation to limit such access pursuant to the Operating License, the JOPOA or the applicable rules and regulations of the NRC or other regulatory authorities.

#### ARTICLE X.

##### TRANSFERS OF PERSONNEL

10.1 Transfer. Subject to the terms of the Merger Agreement, Gulf States employees who are selected by Gulf States and Company as being necessary or appropriate for the Operation of River Bend will be transferred to the complete and direct control of Company as of the Effective Date of this Operating Agreement and shall remain under such control for the term of this Operating Agreement, unless any of their respective employments is terminated for any reason (it being understood that, except as expressly provided herein, this Operating Agreement affords no rights to, or for the benefit of, any such employees, including without limitation, the right to employment for any particular term). Those employees transferred to Company shall perform services designated by Company in accordance with Company rules, regulations, and safety or health procedures, but Gulf States shall remain ultimately responsible to reimburse



Company for any and all compensation and benefits provided to such employees by Company. Transfers, after the initial transfer, will be carried out in accordance with the then-current Entergy System policy.

10.2 Benefit Plans. With respect to any Gulf States employees transferred as provided in Section 10.1 above, the Company agrees that it will honor the provisions of Section 6.9 of the Merger Agreement.

#### ARTICLE XI.

##### MISCELLANEOUS

11.1 Confidentiality. Either party may, from time to time, come into possession of information of the other party that is confidential or proprietary (including, without limitation, Safeguards Information as defined in 10 C.F.R. Part 73). Each party having any such information which the other party has advised it is confidential or proprietary will not reproduce, copy, or disclose (except upon prompt and prior notification to the other party of the event precipitating such disclosure and upon agreement of the parties that such disclosure is required by law) any such information in whole or in part for any purpose without the prior written consent of the other party. Safeguards Information relative to River Bend shall be controlled and protected in accordance with 10 C.F.R. 73.21.



11.2 Restricted Data. Company and Gulf States, on behalf of itself and Cajun, agree that, unless otherwise required by law, they will not permit any person to have access to Restricted Data, as defined in 42 U.S.C. §2014.y, until the federal Office of Personnel Management shall have made an investigation and report to the NRC on the character, associations and loyalty of such person and the NRC shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

11.3 Assignment and Successors. This Operating Agreement shall not be assignable by a party hereto without the prior written consent of the other party and without first obtaining all necessary regulatory approval, and any attempted assignment without such consent and approval shall be void. Subject to the preceding sentence, this Operating Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

11.4 Governing Law. The validity, interpretation and performance of this Operating Agreement and each of its provisions shall be governed by the laws of the State of Louisiana.

11.5 No Delay in Payments. No disagreement or dispute of any kind between the parties concerning any



matter, including, without limitation, the amount of any payment due from Gulf States to Company or from Company to Gulf States, as the case may be, or the correctness of any charge made to Gulf States or Company, or any reason, excuse or circumstance, including Force Majeure, shall permit either party to delay or withhold payment due and owing under this Operating Agreement, except that Gulf States shall have the right to make any payments required of it under protest and to reserve its rights to conduct audits in accordance with Section 5.4.

11.6 Notices. Any notice, request, consent or other communication permitted or required by this Operating Agreement shall be in writing and shall be deemed to have been given when deposited in the United States mail, first class, postage pre-paid and, until written notice of a new address is given, shall be addressed as follows:

If to Company:

Entergy Operations, Inc.  
Echelon One  
1340 Echelon Parkway  
Jackson, Mississippi 39213  
Attention: President

If to Gulf States:

Gulf States Utilities Company  
350 Pine Street  
Beaumont, Texas 77701  
Attention: President

11.7 Amendments. This Operating Agreement may be amended only by a written instrument duly executed and



delivered by the parties hereto and with any and all necessary regulatory approvals previously obtained.

11.8 Relationship. Nothing hereir shall be construed to create a partnership or joint venture among or between Company, Gulf States and Cajun, or any two of them, or to impose a trust, fiduciary or partnership duty, obligation or liability upon Company, Gulf States or Cajun, or to create any agency relationship except as expressly granted herein.

11.9 Counterparts. This Operating Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.10 Force Majeure. Company shall not be in default in performance of its obligations or duties hereunder (other than any obligation to credit Gulf States, for itself and on behalf of Cajun, with its recoveries or overpayments of Costs of Operation owing at any time) if such failure of performance is due to Force Majeure. Gulf States shall not be in default in performance of any duties or obligations hereunder (other than any obligation to pay monies to or at the direction of Company as provided in this Operating Agreement) if such failure of performance is due to Force Majeure.



11.11 Good Utility Practice. The parties hereto shall discharge any and all obligations under this Operating Agreement in accordance with Good Utility Practice.

11.12 JOPOA. Gulf States enters into this Operating Agreement as Project Manager and as agent for Cajun under the JOPOA pursuant to its powers and authorities under the JOPOA. This Operating Agreement is not intended as an amendment of the JOPOA and is subject to the rights of the parties thereunder and to the terms and provisions thereof. No rights or obligations under the JOPOA have been transferred to or assumed by Company.

11.13 Entire Agreement. This Operating Agreement, including Exhibits A and B, shall constitute the entire understanding and agreement between the parties superseding any and all previous understandings and agreements between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Operating Agreement by their duly authorized representatives.

ENTERGY OPERATIONS, INC.

GULF STATES UTILITIES  
COMPANY, for itself and  
as agent for Cajun  
Electric Power  
Cooperative, Inc.

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_



SWITCHYARD AND TRANSMISSION INTERFACE AGREEMENT

This Agreement is executed by and between Gulf States Utilities Company ("Gulf States") and Entergy Operations, Inc. ("Company"), and is dated as of \_\_\_\_\_, 1993.

WHEREAS, this Agreement is being executed pursuant to Paragraph 3.3 of the Operating Agreement between Gulf States and Company dated as of \_\_\_\_\_, 1993 (the "Operating Agreement") relating to operation by Company of the River Bend Station ("River Bend"); and

WHEREAS, in connection with amending the River Bend Operating License, issued by the Nuclear Regulatory Commission, to substitute Company for Gulf States with respect to the operation of River Bend, as contemplated by the Operating Agreement, it is necessary and desirable for Gulf States to commit to Company to support River Bend with respect to certain activities, particularly those relating to the River Bend switchyard and transmission equipment; and

WHEREAS, the parties desire to set forth in this Agreement their respective commitments and responsibilities regarding the Fancy Point Substation ("Switchyard") and transmission facilities relating to River Bend and the River Bend Extension Area.

NOW, THEREFORE, effective upon and following the Effective Date as defined in the Operating Agreement, Gulf States and Company undertake and agree as follows:



A. EXCLUSION AREA CONTROL, SWITCHYARD ACCESS AND SECURITY

1. To comply with the River Bend Emergency Plan and other applicable requirements and to carry out its responsibilities under the Operating Agreement, Gulf States agrees to provide Company unrestricted access to the real property owned by Gulf States or Gulf States and Cajun Electric Power Cooperative, Inc. ("Cajun") at the River Bend site and to the Switchyard, facilities, equipment and personal property located on that property.
2. As necessary to comply with federal regulations, Company shall have authority to exercise complete control over property and easements in the Switchyard and the Exclusion Area, as defined in the River Bend Updated Safety Analysis Report ("USAR"), and to determine all activities within that area, including exclusion from the Switchyard and the Exclusion Area of Gulf States personnel, Cajun personnel, contractors, visitors, guests and other persons. To the extent practicable, Company will exercise this control in such a fashion that normal use and access to the plant and the Switchyard will not be restricted.
3. For the purpose of providing industrial security, Company shall have authority to exercise complete control over the Switchyard and other Gulf States and Cajun property in the vicinity of the Switchyard. This authority includes the



authority to conduct interactions with law enforcement agencies which are deemed necessary by Company and the authority to file associated civil or criminal complaints against third parties as deemed necessary by Company. The parties will cooperate in good faith as jointly determined appropriate to support prosecution of any such complaints.

4. The parties shall maintain Switchyard perimeter fence gates in a locked condition except when attended or to allow ingress or egress.
5. Company will make a regular routine industrial security patrol of the Switchyard.
6. Company will notify Gulf States, in a reasonable time period, of problems requiring maintenance, repair or replacement of the Switchyard perimeter fence, gates, locks, lights or other security related devices or equipment or of other conditions which may affect security.
7. Gulf States will provide such maintenance, or effect repair or replacement, or correct the condition, in a reasonable time period.
8. Company will provide appropriate industrial security measures for the Switchyard, including potential situations caused by needed maintenance, repair or replacement of security devices or equipment.



9. Key control for the Switchyard gates will be maintained as follows:
  - a. Only Operations Department and Station Security personnel will have control over the key to the Switchyard gate.
  - b. Only the Operations Shift Supervisor or Control Operating Foreman can authorize access to the Switchyard.
  - c. Keys will be issued only to personnel with an identified need for Switchyard access.
10. Authorized personnel entering the Switchyard for the performance of duties or activities which could have any direct effect on the power supply to River Bend, including routine maintenance of Switchyard equipment, will advise the on-duty Company Operations Shift Supervisor or Control Operating Foreman of the need for entry, the purpose of entry, and anticipated duration of stay.
11. Gulf States will not exercise its right to explore or recover minerals in any area within the Exclusion Area or convey or lease its mineral rights within the Exclusion Area to any third party without Company approval. Further, Gulf States will cooperate with Company as necessary to assist in control of mineral exploration or recovery activities in the Exclusion Area.



B. OPERATIONS

1. Company will make regular rounds of the Switchyard and carry out the following activities:
  - a. make observations of equipment and facilities,
  - b. obtain readings of appropriate equipment parameters,
  - c. conduct other routine activities at the request of Gulf States,
  - d. provide Gulf States with appropriate reports as to findings during these activities.
2. The parties will operate equipment located in the Switchyard as follows:
  - a. Company will be the exclusive operator of the main generator output breakers and the preferred offsite power supply breakers, except for maintenance activities as designated in B.3. Company will coordinate the operation of these breakers with Gulf States, except in emergency situations.
  - b. Gulf States will normally operate (or provide for the operation of) all 500KV and 230KV Switchyard breakers and associated equipment other than the main generator output breakers, remotely or locally, but authorized Company personnel will operate any such breakers or other equipment locally in the Switchyard at Gulf States' request.



- c. Company will normally be informed in advance of the operation of all Switchyard breakers and disconnects to remove equipment from service.
  - d. Company will provide other operating support for the Switchyard at the request of Gulf States.
3. Gulf States will operate Switchyard equipment as necessary for maintenance to be performed in accordance with Section C below and may return equipment to service upon completion of maintenance.

C. MAINTENANCE

- 1. Gulf States will have maintenance responsibility (including necessary repair or replacement) for the River Bend preferred and normal transformers and Main Output transformers.
- 2. Gulf States will maintain (including necessary repair or replacement) all other equipment located in the Switchyard, including, but not limited to:
  - a. 500KV breakers and transformers and related equipment;
  - b. 230KV breakers and transformers and related equipment;



3. Gulf States will be responsible for procuring, filling, analyzing and replacing transformer oil. Analysis results will be provided to Company upon request.
4. Maintaining an appropriate inventory of spare parts for equipment located in the Switchyard will be the responsibility of the party that is responsible for maintaining the equipment as specified in this Section.

D. COORDINATION

1. Company will coordinate planned plant outages and planned load reductions with Gulf States. The Gulf States, Cajun and Middle South system dispatchers will be informed.
2. Gulf States will coordinate all activities which will directly affect power supply to River Bend with Company. At a minimum, the Operations Shift Supervisor or Control Operating Foreman will be informed by the system dispatcher or Gulf States dispatcher or maintenance crew during the planning of these activities. Activities which cannot be planned in advance and the detailed conduct of planned activities will be coordinated with the Operations Shift Supervisor. These activities include, but are not limited to:
  - a. removal from service of any transmission line terminating in the Switchyard;



- b. breaker switching which can affect power supply to River Bend (i.e., switching of lines identified in Item (a) above);
- c. maintenance activities which can affect power supply to River Bend.

E. REVIEW AND APPROVAL

- 1. Gulf States will obtain Company review and approval of procedure changes, design changes, tests or changes in the conduct of other activities which might affect compliance with regulatory requirements, the USAR and/or commitments involving the Switchyard and associated transmission lines and equipment which could affect off-site power supply to River Bend prior to implementing such changes or commencing such tests.
- 2. Company will review these proposed changes and tests in accordance with applicable commitments and regulatory requirements and will obtain prior NRC approval if required.

F. PROCEDURES

Gulf States agrees to provide River Bend with an assured source of off-site power in accordance with procedures to



be agreed upon, from time to time, by the parties. Gulf States recognizes that it must respond to the critical need to provide power to River Bend in an emergency and will ensure that procedures are promulgated to make its operating and maintenance personnel aware of such need. In this regard, Company and Gulf States will develop and implement appropriate procedures to (1) define the power transmission interface between Gulf States and Company, (2) delineate the responsibilities for the operation, maintenance, testing and security of the equipment which comprises that interface (as specified in this Agreement) and (3) define Gulf States' responsibilities pursuant to federal regulations for providing power to River Bend.

G. TRAINING

1. Company will provide regular training (on a schedule jointly agreed to by Gulf States and Company) to Gulf States dispatcher personnel to explain the critical need for power at River Bend during emergencies, the legal requirements associated with River Bend power supply and associated procedures.
2. Gulf States will make appropriate dispatcher personnel available to receive training on a schedule jointly agreed to by Gulf States and Company.



H. COMPENSATION

Costs incurred by Company pursuant to this Agreement shall be considered Costs of Operation as defined in the Operating Agreement, and services performed by Gulf States hereunder shall be without cost or charge to Company.

I. GENERAL

This Agreement is intended to supplement the Operating Agreement. Modifications or amendments to this Agreement must be executed by an authorized officer of each party. Prior to execution of any such modification or amendment to this Agreement, Company will review the proposed change to assure that it is in compliance with its licensing commitments and regulatory requirements applicable to River Bend. If regulatory approval is needed, Company will obtain that approval prior to execution of the modification or amendment. This Agreement and the Operating Agreement are intended to be complementary, and in the event of any inconsistencies between the two documents, the Operating Agreement shall govern.



J. GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Louisiana.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ENTERGY OPERATIONS, INC.

GULF STATES UTILITIES  
COMPANY

By: \_\_\_\_\_

By: \_\_\_\_\_



SUPPORT AGREEMENT

This Agreement is made and entered into as of \_\_\_\_\_, 1993 between Entergy Operations, Inc. ("Company") and Gulf States Utilities Company ("Gulf States"). This Agreement is being executed pursuant to the Operating Agreement, dated as of \_\_\_\_\_, 1993, between Company and Gulf States (the "Operating Agreement"), Article 3, Paragraph 3.3.

## ARTICLE I

EMERGENCY PLANNING EQUIPMENT AND FACILITIES

- 1.1 ACCESS. Paragraph 3.2 of the Operating Agreement grants Company unrestricted access to equipment and facilities located on the River Bend site, including, without limitation, equipment and facilities relied on to execute the River Bend Emergency Plan. In addition, in order for Company to operate River Bend in accordance with the Operating License and other applicable regulatory requirements, Gulf States agrees to provide Company, its agents, employees and contractors unrestricted access upon request, to specific additional equipment and facilities located off the River Bend site including, without limitation, access for emergency training exercises, emergency drills and, on a first priority basis for an actual emergency.
- 1.2 INVENTORY. An inventory of the specific off-site equipment and facilities for which Company will be



provided the access specified in Paragraph 1.1 above, shall be maintained by the Division Manager in the Baton Rouge Division and may be revised as necessary to reflect changes in the needs of the River Bend Emergency Plan or changes in the availability of the equipment and facilities. Such revisions shall only be made with the written concurrence of designated Gulf States and Company representatives.

## ARTICLE II

### GULF STATES PERSONNEL SUPPORTING THE RIVER BEND EMERGENCY PLAN

- 2.1 PERSONNEL SUPPORT. Gulf States will provide personnel to support the River Bend Emergency Plan, including, without limitation, appropriate personnel to staff the Joint Information Center and the Alternate EOF. These personnel shall be provided by Gulf States upon request by Company to support emergency training exercises and emergency drills and on a first priority basis for an actual emergency.
- 2.2 PERSONNEL ROSTER. A roster of the specific Gulf States personnel that will provide the support described in Paragraph 2.1 above, shall be maintained by the River Bend Emergency Plan Organization, and may be revised as necessary to reflect changes in the needs of the River Bend Emergency Plan or changes in the availability of personnel. Such revisions shall only be made with the



written concurrence of designated Gulf States and Company representatives.

### ARTICLE III

#### GENERAL SUPPORT

In accordance with Section 3.3 of the Operating Agreement, Gulf States agrees to provide personnel, supplies and services, subject to their reasonable availability, as required by Company in order to allow Company to conduct safe, economic and efficient operations at River Bend and to otherwise carry out its responsibilities under the Operating Agreement. Such services and assistance will be provided as requested by Company and agreed to in writing by Gulf States and will include, without limitation, services relating to engineering, communications, transportation, accounting, payroll and personnel assistance, environmental, and land management of the site and surrounding property.

### ARTICLE IV

#### TERMS AND CONDITIONS

- 4.1 COMPENSATION. Costs incurred by Company pursuant to this Agreement shall be considered Costs of Operation as defined in the Operating Agreement, and services performed by Gulf States hereunder shall be without cost or charge to Company.
- 4.2 GENERAL. This Agreement is intended to supplement the Operating Agreement. Modifications or amendments to this



Agreement must be executed by an authorized officer of each party. Prior to execution of any such modification or amendment to this Agreement, Company will review the proposed change to assure that it is in compliance with its licensing commitments and regulatory requirements applicable to River Bend. If regulatory approval is needed, Company will obtain that approval prior to execution of the modification or amendment. This Agreement and the Operating Agreement are intended to be complementary, and in the event of any inconsistencies between the two documents, the Operating Agreement shall govern.

- 4.3 GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Louisiana.

ENTERGY OPERATIONS, INC.

GULF STATES UTILITIES  
COMPANY

By: \_\_\_\_\_

By: \_\_\_\_\_