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For Employees of the Southern Nuclear Operating Company

Synopsis

Farley talks about Southern Nuclear

The Southern Company's newest subsidiary, Southern Nuclear Operating Company provides services for plants Farley, Hatch and Vogtle from its corporate offices near Birmingham, Ala.

The three nuclear plants represent an investment of more than \$7 billion and comprise about 30 percent of The Southern Company's total assets. Alabama Power owns and operates Plant Farley. Georgia Power is the principal owner and has responsibility for operating the Hatch and Vogtle plants. Other portions of the Hatch and Vogtle plants are owned by Oglethorpe Power Corp., the Municipal Electric Authority of Georgia (MEAG) and the city of Dalton, Ga.

In a Jan. 4 interview, Joseph M. Farley, president and chief executive officer of Southern Nuclear, answered questions about the new subsidiary.

Now that Southern Nuclear has incorporated, what are the company's immediate concerns and long-range goals?

The immediate concerns are to make sure that the various administrative and procedural changes — such as transferring payrolls and employee benefits — work smoothly. This may take a little while, but I don't think it will be a problem.

As far as longer-term goals are concerned, we need to get to what we have always termed "phase three." As you may recall, "phase one" began more than two years ago when the corporate staffs of the nuclear support groups of Alabama Power and Georgia Power, along with Southern Company Services personnel providing additional administrative and specialized technical support, were first brought together at Inverness Building 40. "Phase two" began in December when Southern Nuclear was incorporated. "Phase three" refers to Southern Nuclear's becoming the licensed operator of the nuclear plants, and plant employees' becoming employees of Southern Nuclear. Getting there, you might say, is our interim goal.

Our long-term goal is to maintain and enhance the Southern electric system's leadership role in the nuclear industry. Also, we



Joseph M. Farley, president and chief executive officer

hope to look at the possibility of operating nuclear facilities for other companies.

How is the company operating or functioning differently from the SONOPCO Project?

The basic change is administrative, in that Southern Nuclear is now a corporate organization rather than a project team consisting of employees from three different companies. As a corporation, we now have a common payroll, a common medical plan and a

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Farley discusses new company

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common set of forms dealing with matters such as PPP (Performance Pay Plan). That makes life a little easier for us from an accounting and a procedural point of view.

What is Southern Nuclear's organizational relationship with Alabama and Georgia Power?

Alabama Power and Georgia Power remain as licensees of the plants, and we are in the role of providing services to the licensees. During phase two, the plants' direct chain of accountability remains with the plant manager and plant employees — who are either Georgia or Alabama Power employees — and goes upward through a project vice president to Mr. Hairston and Mr. McDonald, who are both officers of Alabama Power and Georgia Power, to the operating company's president and the board of directors. When we get to phase three, Alabama Power and Georgia Power will be our customers, and Southern Nuclear will be the contractor providing management and operational expertise.

Do you feel that Southern Nuclear's move to being the licensed operator of the nuclear plants will go smoothly?

I do not believe that there will be any problem in moving forward into phase three with Plant Farley and Alabama Power. However, no change in the nature of the Hatch and Vogtle license responsibilities

can take place without the consent of the co-owners. I believe Oglethorpe is ready to move forward now on phase three, and I am hopeful that MEAG and Dalton will agree later in the year to go forward with the final phase for plants Hatch and Vogtle. Our job is to show them that it is an appropriate move.

What are the steps involved in this process, and where do we stand now?

We are ready to move ahead with phase three now. The primary regulatory steps involve the SEC (Securities and Exchange

We are hopeful that Southern Nuclear will become the licensed operator of all three plants this year.

What issues that could affect our move to phase three remain among the co-owners?

I believe that the only remaining issue is their feeling certain that the exchange of Georgia Power responsibility for Southern Nuclear responsibility can be made under their respective covenants and bond issues, and in regard to their responsibility to their members. We see this move to phase three as something they

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— Joseph M. Farley

Commission) and the NRC (Nuclear Regulatory Commission). We must make application to the SEC for permission to go to the next phase. We also need the consent of the NRC for the actual change in the license and responsibility.

This kind of licensing change isn't anything that the NRC has not already been doing. It has recently approved a change in the Centerior organization and a somewhat similar license transfer for a newly formed subsidiary of Entergy Corp. of New Orleans.

can accomplish without in any way affecting commitments they have made.

However, it is a decision that they will have to make. I don't sense opposition among the co-owners in relation to phase three, but I feel that they need to be reassured that it is not a negative action where their interest is concerned.

How will the role of Southern Nuclear change when it becomes the licensed operator of the plants?

As long as Alabama Power and Georgia Power are licensed

owners of the plants, then our organization has a supporting relationship within those two companies. When Southern Nuclear becomes the licensed operator, we will operate and manage those plants, and we will be accountable to their owners in a contractual way. So, in that sense, the role will change, but that does not mean that a plant operator in the control room would do the job differently.

What plans have we made for marketing our expertise to other companies? Would that be done through Southern Electric International (SEI)?

If, after becoming the licensed operator, we undertake some additional work over and above our contractual responsibilities to the owners of plants Farley, Vogtle and Hatch, that would be our decision to make. Of course, we would not want to do anything that might jeopardize our relationship with the co-owners. In addition, we would have to be certain that any such actions would be in compliance with the SEC's order to go to phase three.

If, down the road, we were to foresee that a workable relationship exists with another utility — that is, another utility wanted us to run their plant for them in the same way that we would be running the three plants in the Southern electric system — that would probably be done through SEI. However, we're not really far enough along to make those deci-

sions.

Do you have any final comments?

In closing, I'd like to recognize the efforts of everyone involved in the complex aspects of the incorporation process. It took longer than we thought by far to get to the point of having our own company, and I want to commend all the employees for a job well done during this trying time. Everyone

kept their cool in the face of unexpected delays and daily administrative burdens, and worked to overcome those problems. The plants ran well, and that's the bottom line. I think the project was a real success — an outstanding performance on the part of everybody. In addition, I think our morale and our team spirit, so to speak, will be better with a corporate organization. 2

About Mr. Farley

Joseph M. Farley is president and chief executive officer of Southern Nuclear Operating Company. In this position, which he assumed in December, he has the responsibility for providing services to plants Farley, Hatch and Vogtle — the three nuclear generating facilities in the Southern electric system.

He has served as executive vice president-nuclear of The Southern Company since 1988. Prior to accepting that position, he was president and chief executive officer of Alabama Power for almost 20 years.

He is chairman of the American Nuclear Energy Council (ANEC), which represents more than 100 organizations interested in nuclear energy. From March 1987 through March 1989, he was chairman of the board of the Institute of Nuclear Power Operations.

In 1989, he represented The Southern Company, Alabama Power and Georgia Power at the inaugural meeting of the World Association of Nuclear Operators (WANO) in Moscow. At that meeting, delegates from around the world pledged to exchange information, including reports on any significant events at nuclear plants. He was also among a group to tour the Chernobyl plant — marking the first time Westerners were allowed such access.

Throughout his career, he has served in numerous leadership positions with civic, professional, social and fraternal organizations. In 1989, he was named Greater Birmingham Manager of the Year by the Birmingham Management Roundtable.

A native of Birmingham, he holds a B.S. Degree in mechanical engineering from Princeton University and an LL.B. Degree from Harvard Law School.