

I-90

Synopsis

DOCKETED
USNRC

'95 JAN 30 P3:18

For nuclear employees in the Southern electric system

Farley updates SONOPCO Project status

During a March interview with system publication editors, Joe Farley, executive vice president-nuclear, The Southern Company, discussed the pending approval by the Securities and Exchange Commission (SEC) to create Southern Nuclear Operating Company as a subsidiary of The Southern Company.

At that point, SEC approval had been delayed by an intervention by Oglethorpe Power Corp., which owns 30 percent of Plant Vogtle and 30 percent of Plant Hatch.

When initial discussions with Oglethorpe Power were not successful, The Southern Company filed an official response to Oglethorpe Power's petition.

Recent discussions, however, proved more fruitful. Oglethorpe Power's intervention is still pending, but there is optimism that the SONOPCO Project is finally getting closer to incorporation.

In a Nov. 15 interview, Farley provided an update on the status of the Southern electric system's interim nuclear organization.

What is the state of your discussions with Oglethorpe Power President F.F. Stacy?

I believe that there is a positive attitude on the part of all parties concerned. We now have a singleness of purpose in getting something done and are making progress toward the formation of Southern Nuclear Operating Company.

Oglethorpe Power is supportive of the concept and is working with us to move forward in our discussions, looking toward an agreement that will be satisfactory for all co-owners.

The key question involves the nature of the contractual arrangement that would exist between Oglethorpe Power, Georgia Power, the Municipal Electric Authority of Georgia (MEAG) and the City of Dalton, Ga., as co-owners of plants Hatch and Vogtle, and Southern Nuclear.

The SONOPCO Project will not become a company overnight, but we have moved off dead center in our discussions with Oglethorpe Power, the only intervenor before the SEC.

Do you have a time frame for the SONOPCO Project's becoming a company?

I want to point out that the rumor that the SONOPCO Project will become a company in 60 days is just that—a rumor. It might have grown from a recent decision to prepare the budget for 1990 as if the project were a company. Some people took that to mean that the project would be a company on Jan. 1, 1990. That's probably how the rumor got started.

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Joe Farley

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NUCLEAR REGULATORY COMMISSION

Docket No. 50-424-OLA-3 Official Exh. No. 90
 In the matter of GA Power Units 1+2
 Staff IDENTIFIED
 Applicant RECEIVED ✓
 Intervenor ✓ REJECTED
 Cont'g Offr _____
 Contractor _____ DATE 1-12-95
 Other _____ Witness _____
 Reporter C. Riner

Farley explains steps needed to complete the organization

--continued from front

The truth is that even if we had an agreement on everything tomorrow, I don't think the project could become a company in 60 days. Approval from the SEC would still take some time.

What are the steps that need to be taken to complete the organization?

There are two phases, and the first one involves the creation of the corporation and the unification of the corporate headquarters group in Inverness Building 40 as employees of a single company.

When the project becomes a company, line responsibility will remain with Alabama Power and Georgia Power, in accordance with the terms of the plant licenses. However, I envision that shortly after the creation of the corporation, everybody working in Inverness Building 40 would wear a Southern Nuclear jersey, so to speak, even though some would still have a line-management relationship with Georgia Power and Alabama Power through the Vogtle, Hatch and Farley projects.

The second phase is the transfer of the plant licenses by the Nuclear Regulatory Commission (NRC) from Alabama Power and Georgia Power to Southern Nuclear. This would involve working with the co-owners of the Georgia plants—Oglethorpe Power, the City of Dalton and MEAG. Transferring the licenses shouldn't be a problem. If we can get together on incorporation, we should be able to get together on the license transfers, and I do not think the NRC will be opposed.

After the licenses are transferred, plant employees—except for bargaining unit personnel—would become Southern Nuclear employees. The bargaining unit employees at each plant would

remain with their respective owner companies—Georgia Power or Alabama Power. For that situation to change, it would need to be addressed through negotiations with the International Brotherhood of Electrical Workers.

I'd like to emphasize that Southern Nuclear would not own the nuclear plants, nor would it sell electricity that is generated at the plants. Alabama Power and Georgia Power (with Georgia plant co-owners) will retain ownership of the Farley, Hatch and Vogtle plants.

What else is going on regarding the status of the SONOPCO project?

Farther down the road is a possible third phase for Southern Nuclear. If the company does a good job of managing the system's nuclear plants, it can consider marketing its services elsewhere around the country. This, obviously, is an exciting possibility because it would profit the entire system.

The ultimate goal of creating Southern Nuclear is to strengthen the system's position in the marketplace, and then to further that competitive "edge" by selling our services.

Southern Nuclear is good for the Southern electric system right now because it has streamlined the nuclear organization and is doing a good job of managing the system's considerable nuclear assets.

In closing, I'd like to say that I think the outstanding efforts of all nuclear employees—in Building 40 and at the plants—have been a key factor in the significant progress made during the past year. Plant performance has been greatly enhanced and the whole process made more economically effective. I realize that we are all frustrated from not having a corporate identity, but we have a unity of attitude. I think everyone has done a fine job.

As progress is made toward incorporation, I'll do my best to keep everyone informed.

SONOPCO Project: significant events

May 1988

The system boards of directors approve the formation of a nuclear subsidiary. The Southern Company announces plans to form Southern Nuclear Operating Company to provide management for the six nuclear units in the Southern electric system. The objective in establishing the subsidiary is to create a single-purpose organization to enhance safety and performance at the system's nuclear plants.

June 1988

The Southern Company requests approval from the

Securities and Exchange Commission (SEC) to create the company. Oglethorpe Power Corp., which owns 30 percent of Plant Vogtle and 30 percent of Plant Hatch, intervenes in the matter and asks the SEC to delay its ruling until several of Oglethorpe Power's concerns are addressed.

October 1988

Nuclear management and support staffs of Alabama Power and Georgia Power are located at Inverness Building 40 in Birmingham.

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Exhibit 90, page 2 of 4

For nuclear employees of The Southern Company

Southern Nuclear incorporates; board of directors elects officers

Southern Nuclear Operating Company incorporated on Dec. 17 as a wholly owned subsidiary of The Southern Company. The new subsidiary will provide management and technical services for the nuclear power plants in the Southern electric system.

The three nuclear plants represent an investment of more than \$7 billion and comprise about 30 percent of The Southern Company's total assets.

Members of the Southern Nuclear board of directors are Edward L. Addison, president of The Southern Company; Elmer B. Harris, president of Alabama Power; A.W. Dahlberg, president of Georgia Power; H. Allen Franklin, president of Southern Company Services; Joseph M. Farley, president and chief executive officer of Southern Nuclear, and R. Patrick McDonald, executive vice president of Alabama Power, Georgia Power and Southern Nuclear.

At its first meeting on Dec. 18, the board of directors elected the officers of Southern Nuclear. The officers are Farley; McDonald; W. George Hairston III, senior vice president; J. Thomas Beckham Jr., vice president; C. Kenneth McCoy, vice president; Jack D. Woodard, vice president; Louis B. Long, vice president; Charles D. McCrary, vice president; John O. Meier, secretary; Robert M. Gilbert Jr., comptroller and treasurer; E. Wayne Boston, assistant treasurer and assistant secretary; and F.D. Kuester, assistant treasurer and assistant secretary.

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Joseph M. Farley, president and chief executive officer of Southern Nuclear Operating Company.

Southern Nuclear becomes company

— continued from page 1

Plans are for all employees working in Inverness Building 40 in Birmingham, along with headquarters personnel in Safety and Health, Procurement, and Safety Audit and Engineering Review located at plants Farley, Hatch and Vogtle, to become employees of Southern Nuclear on Jan. 1, 1991.

Farley said that a transition plan has been developed to help ensure that the official move to the new organization will be accomplished in an orderly fashion. "Initially, Alabama Power and Georgia Power will retain the operating licenses for our nuclear plants," he explained. "With necessary approvals and concurrence of the co-owners, Southern Nuclear plans to become the licensed operator — carrying out all the responsibilities related to nuclear power operations."

Farley pointed out that Alabama Power and Georgia Power will retain their current ownership of the Farley, Hatch and Vogtle plants. The expense of owning and operating these facilities will remain subject to regulation by the respective state public service commissions in Alabama and Georgia.

The road to incorporation

The idea of a nuclear subsidiary of The Southern Company dates back to February 1987, when The Southern Company formed a task force to plan for the future. The task force appointed a committee to study nuclear operations and national trends in the nuclear power industry. Conclusion: formation of a nuclear company would offer major benefits.

In May 1988, the boards of directors of Alabama Power, Georgia Power and The Southern Company approved formation of a nuclear company.

In June 1988, those companies requested Securities and Exchange Commission (SEC) approval to form Southern Nuclear Operating Company.

Oglethorpe Power Corp., which owns 30 percent of Plant Hatch and 30 percent of Plant Vogtle, intervened in the matter and asked the SEC to delay its ruling until several of Oglethorpe Power's concerns were addressed.

On Nov. 27, 1990, in a letter filed with the SEC, Oglethorpe Power withdrew its objection to approval of the application to form Southern Nuclear.

On Dec. 14, 1990, the order from the SEC to form the new company was received.

On December 17, Southern Nuclear was incorporated.

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