

Georgia Power Company
40 Inverness Center Parkway
Post Office Box 1205
Birmingham, Alabama 35201
Telephone 205 877-7278

J. T. Beckham, Jr.
Vice President—Nuclear
Hatch Project



October 8, 1992

Docket Nos. 50-321
50-366

HL-2949

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

Gentlemen:

EDWIN I. HATCH NUCLEAR PLANT
RESPONSE TO REQUEST FOR INFORMATION AND
APPLICATION FOR WITHHOLDING REGARDING
SOUTHERN NUCLEAR BECOMING THE LICENSED OPERATOR
NRC TAC Nos. M84534 and M84535

Pursuant to the request of the Nuclear Regulatory Commission (NRC) in our September 28, 1992 meeting and by letter on October 2, 1992, Georgia Power Company (GPC) hereby submits a copy of the September 25, 1992 Draft Nuclear Operating Agreement between Georgia Power Company and Southern Nuclear Operating Company (hereinafter the "Operating Agreement"). The Operating Agreement contains information confidential to GPC and Southern Nuclear.

Pursuant to 10 C.F.R. § 2.790(b)(1), GPC, on behalf of itself and as agent for Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia and The City of Dalton, Georgia, requests that the enclosed Operating Agreement be withheld from public disclosure on the ground that such Operating Agreement contains privileged or confidential commercial or financial information. In accordance with 10 C.F.R. § 2.790(b)(1), an affidavit in support of this application for withholding, by Mr. J. T. Beckham, Jr, Vice President of GPC and Vice President of Southern Nuclear, is attached herewith.

A redacted, non-confidential copy of the Nuclear Operating Agreement is also enclosed, which can be placed in the NRC's public document room.

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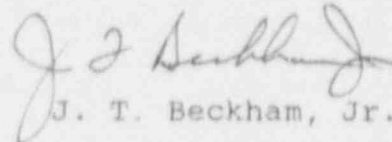
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U. S. Nuclear Regulatory Commission
HL-2949
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Should you have any questions concerning this matter, please contact Mr. S. J. Bechay at (203) 870-7392.

Sincerely,


J. T. Beckham, Jr.

Enclosures: 1. Affidavit of J. T. Beckham, Jr.
2. September 25, 1992 Draft Nuclear Operating Agreement between Georgia Power Company and Southern Nuclear Operating Company - CONFIDENTIAL
3. September 25, 1992 Draft Nuclear Operating Agreement between Georgia Power Company and Southern Nuclear Operating Company - REDACTED NON-CONFIDENTIAL

cc: Georgia Power Company
Mr. R. P. McDonald, Executive Vice President
Mr. H. L. Sumner, Jr., General Manager - Plant Hatch
NORMS

U.S. Nuclear Regulatory Commission, Washington, DC
Mr. K. Jabbour, Licensing Project Manager - Hatch

U.S. Nuclear Regulatory Commission, Washington, DC
Mr. S. D. Ebnetter, Regional Administrator
Mr. L. D. Wert, Senior Resident Inspector - Hatch

State of Georgia
Mr. J. D. Tanner, Commissioner, Department of
Natural Resources (w/appropriate Enclosures)

A F F I D A V I T

STATE OF ALABAMA

COUNTY OF SHELBY

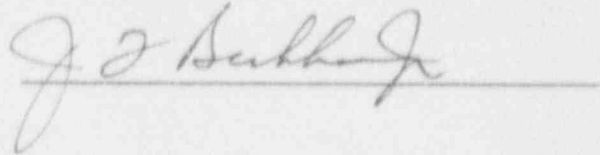
Personally appeared before the undersigned attesting officer, duly authorized to administer oaths in the State and County aforesaid, J. T. Beckham, Jr., who, after being duly sworn, states and deposes on oath as follows:

1. My name is J. T. Beckham, Jr. and, as an officer of both the Georgia Power Company (GPC) and the Southern Nuclear Operating Company, I am authorized to execute this Affidavit on behalf of GPC and Southern Nuclear. All statements contained in this Affidavit are true and correct to the best of my knowledge, information and belief.
2. I have read the attached September 25, 1992 Draft Nuclear Operating Agreement between Georgia Power Company and Southern Nuclear Operating Company (the "Operating Agreement") and have consulted with such employees of GPC and Southern Nuclear as I deemed necessary concerning its contents.
3. The Operating Agreement contains confidential or privileged commercial or financial information and it should be withheld from public disclosure pursuant to 10 C.F.R. § 2.790 based on the following:
 - a. The Operating Agreement is a draft agreement which is undergoing final review and approval by the owners of Plants Hatch and Vogtle (GPC, Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and The City of Dalton, Georgia) (hereafter the "Owners"), their respective legal counsel and governmental authorities having jurisdiction over matters involving the Operating Agreement.
 - b. The Operating Agreement has been held in confidence by GPC and Southern Nuclear and has been disclosed only to Southern Nuclear, the Owners, their respective legal counsel, and such governmental authorities as have jurisdiction over matters involving the Operating Agreement.
 - c. The contents of the Operating Agreement are not available in public sources.
 - d. The Operating Agreement was developed through extensive negotiations among the Owners and at considerable expense. Timely completion of all reviews and approvals necessary prior to execution of the Operating Agreement is essential to avoiding additional expenses

to the Owners. Public disclosure of the contents of the Operating Agreement could adversely effect the interests of the Owners.

- e. The Operating Agreement contains agreements by Southern Nuclear to perform services which, if disclosed to the public could adversely effect the ability of Southern Nuclear to negotiate more favorable terms and conditions in operating agreements for other nuclear facilities.

FURTHER AFFIANT SAYETH NOT.



Sworn to and subscribed
before me this 8th day
of October, 1992.



Notary Public
MY COMMISSION EXPIRES JUNE 30, 1996

(NOTARIAL SEAL)

09-25-92

REDACTED

NON-CONFIDENTIAL

NUCLEAR OPERATING AGREEMENT

BETWEEN

GEORGIA POWER COMPANY

AND

SOUTHERN NUCLEAR OPERATING COMPANY, INC.

DATED AS OF _____

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1 NUCLEAR OPERATING AGREEMENT
2 BETWEEN
3 GEORGIA POWER COMPANY
4 AND
5 SOUTHERN NUCLEAR OPERATING COMPANY, INC.
6
7

8 THIS NUCLEAR OPERATING AGREEMENT is made and entered into as
9 of _____, between Georgia Power Company ("GPC"), a
10 corporation organized and existing under the laws of the State of
11 Georgia; and SOUTHERN NUCLEAR OPERATING COMPANY, INC. ("Southern
12 Nuclear"), a corporation organized and existing under the laws of
13 the State of Delaware.
14

15 W I T N E S S E T H:

16 WHEREAS, GPC, Oglethorpe, MEAG and Dalton (collectively the
17 "Participants"), joint owners of Plant Hatch and Plant Vogtle,
18 have previously entered into the Participation Agreements
19 pursuant to which Oglethorpe, MEAG and Dalton have irrevocably
20 appointed GPC as their agent in connection with the planning,
21 licensing, design, construction, acquisition, completion,
22 management, control, operation, maintenance, renewal, addition,
23 replacement and disposal (hereinafter the "Agency Functions") of
24 Plant Hatch and Plant Vogtle;

25 WHEREAS, GPC and its affiliates are undertaking to organize
26 their nuclear operating expertise within Southern Nuclear, an
27 affiliate of GPC dedicated to the operation of nuclear power
28 plants;

29 WHEREAS, GPC has determined that it can best carry out its
30 Agency Functions through engaging Southern Nuclear to perform
31 Nuclear Operating Services (as hereinafter defined);

1 NOW, THEREFORE, in consideration of the premises and the
2 mutual obligations hereinafter stated, the parties hereto agree
3 as follows:

4 ARTICLE I
5 DEFINITIONS

6 As used herein, the following terms and phrases shall have,
7 respectively, the following meanings:

8 1.1 "Agency Functions" means the functions of the
9 Participants' Agent described in the first recital of this
10 Agreement.

11 1.2 "Dalton" shall mean the City of Dalton, Georgia,
12 acting by and through its Board of Water, Light and Sinking Fund
13 Commissioners, and their respective successors and assignees.

14 1.3 "Each Plant" shall mean and refer to, respectively,
15 Plant Hatch and Plant Vogtle individually; provided, that should
16 activities concerning Plant Hatch or Plant Vogtle be undertaken
17 with respect to one unit of such plant individually, the phrase
18 Each Plant means and refers to that unit and related common
19 facilities.

20 1.4 "Effective Date" shall mean the date on which Southern
21 Nuclear implements the authorization by the NRC to operate and
22 maintain Each Plant.

23 1.5 "Fuel Budget" shall mean the budget described in
24 Section 3.2.5 hereof.

1 1.6 "Fuel Plan" shall mean the plan described in Section
2 3.2.2 hereof.

3 1.7 "Fuel Services" shall mean work relating to supplying
4 and managing the nuclear fuel for Each Plant including, but not
5 limited to, planning, procurement, contract administration, fuel
6 cycle design, fuel core and assembly design, fuel quality
7 assurance, nuclear materials management, and all activities
8 relating to procurement, conversion, enrichment, fabrication,
9 transportation, installation, monitoring, repairing, storage,
10 reprocessing and disposal of uranium, nuclear fuel, related
11 materials and waste products.

12 1.8 "Governmental Authority" shall mean any local, state,
13 regional or federal administrative, legal, judicial, or executive
14 agency, commission, department or other entity, and any person
15 acting on behalf of any such entity.

16 1.9 "GPC" shall mean Georgia Power Company, a corporation
17 organized and existing under the laws of the State of Georgia,
18 and its successors and assigns.

19 1.10 "Legal Requirements" shall mean all laws, codes,
20 ordinances, orders, judgments, decrees, injunctions, licenses,
21 rules, permits, approvals, written agreements, regulations and
22 requirements of or issued by every Governmental Authority having
23 jurisdiction over the matter in question, whether federal,
24 regional, state or local, which may be applicable to Southern
25 Nuclear or to GPC or to Each Plant or any of the real or personal
26 property comprising Each Plant, or to Nuclear Operating Services,

1 or to Nuclear Support Services, or the use, occupancy,
2 possession, operation, maintenance, construction,
3 decommissioning, acquisition, installation, alteration,
4 replacement, reconstruction or disposal of Each Plant or any part
5 thereof.

6 1.11 "Major Contract" shall mean
7
8
9
10

11 [REDACTED]

[REDACTED]

1.12 "MEAG" shall mean the Municipal Electric Authority of Georgia, a public corporation and an instrumentality of the State of Georgia, and its successors and assigns.

1.13 "New Investment Budget" shall mean the budget described in Section 3.2.4 hereof.

1.14 "New Investment Services" shall mean work undertaken with respect to Each Plant relating to the planning, design, licensing, acquisition, construction, completion, renewal, improvement, addition, repair, replacement, enlargement, or modification of any Unit of Property as described in the Retirement Unit Manual of the Southern Electric System, including any amendments thereof as may from time to time be appropriate or necessary to comply with Legal Requirements, under circumstances where expenditures for such work are to be capitalized in accordance with the Electric Plant Instructions of the Uniform System of Accounts prescribed for Class A and B utilities by the Federal Energy Regulatory Commission.

1.15 "NRC" shall mean the United States Nuclear Regulatory Commission or any successor agency authorized to regulate and license utilization facilities pursuant to the Atomic Energy Act of 1954, as amended.

1 1.16 "Nuclear Interface Procedure" shall have the meaning
2 assigned in Section 2.6 hereof.

3 1.17 "Nuclear Managing Board," "Managing Board," or "Board"
4 shall mean the board established pursuant to Section 2.1 of the
5 Nuclear Managing Board Agreement, the members of which are
6 representatives of the Participants.

7 1.18 "Nuclear Managing Board Agreement" shall mean that
8 certain Amended and Restated Nuclear Managing Board Agreement
9 among GPC, Oglethorpe, MEAG and Dalton dated as of the date
10 hereof, as amended from time to time after such date.

11 1.19 "Nuclear Operating Services" shall mean Fuel Services,
12 New Investment Services, and Operation and Maintenance Services
13 with respect to Each Plant.

14 1.20 "Nuclear Services Agreement" shall mean that certain
15 Nuclear Services Agreement between Southern Nuclear Operating
16 Company, Inc. and Georgia Power Company, dated as of October 31,
17 1991, for the procurement of Nuclear Support Services in support
18 of the operation and maintenance of Plant Hatch and Plant Vogtle
19 which agreement shall be terminated on the Effective Date in
20 accordance with Section 9.2 hereof.

21 1.21 "Nuclear Services Contractor" shall mean the entity
22 who shall provide Nuclear Support Services pursuant to the
23 Nuclear Services Agreement.

24 1.22 "Nuclear Support Services" shall mean those services
25 to be performed by the Nuclear Services Contractor for the
26 Operating Agent in accordance with the Nuclear Services

1 Agreement. Nuclear Support Services shall not include any
2 activity which is required by the NRC operating licenses to be
3 performed directly by the licensee.

4 1.23 "OEMC" shall mean the Oglethorpe Electric Membership
5 Corporation, now known as Oglethorpe Power Corporation.

6 1.24 "Oglethorpe" shall mean Oglethorpe Power Corporation
7 (An Electric Membership Generation & Transmission Corporation),
8 an electric membership corporation organized and existing under
9 Title 46 of the Official Code of Georgia Annotated, and its
10 successors or assigns.

11 1.25 "Operating Agent" shall mean the entity licensed by
12 the NRC to operate and maintain Plant Hatch and Plant Vogtle.

13 1.26 "Operation and Maintenance Budget" shall mean the
14 budget described in Section 3.2.3 hereof.

15 1.27 "Operation and Maintenance Services" shall mean work
16 for the Participants relating to the possession, management,
17 control, start up, operation, availability, production of energy,
18 maintenance, modification, shutdown, retirements, and
19 decommissioning including, but not limited to, any planning,
20 design, engineering, labor, procurement of materials and
21 supplies, materials management, quality assurance, training,
22 security, environmental protection, and handling of any source
23 material, special nuclear material or by-product material
24 together with maintaining or obtaining licenses and regulatory
25 approvals related thereto, governmental affairs or regulatory
26 relationships, and all other activity that is not included in or

1 performed as New Investment Services or Fuel Services, but which
2 is required for the operation and maintenance of Each Plant or
3 that may be required to comply with Legal Requirements.

4 1.28 "Participants" shall mean GPC, Oglethorpe, MEAG and
5 Dalton, who jointly own Each Plant. References to the
6 "Participants" herein are not intended to and do not amend or
7 modify rights among the Participants in any Participation
8 Agreement or other agreement among them.

9 1.29 "Participants' Agent" shall mean GPC, acting in its
10 own behalf and as agent for the other Participants pursuant to
11 the Participation Agreements and pursuant to the Nuclear Managing
12 Board Agreement.

13 1.30 "Participation Agreements" shall mean the agreements
14 identified in Section 1.31 of the Nuclear Managing Board
15 Agreement, as the same may be amended from time to time
16 hereafter.

17 1.31 "Plant Hatch" shall have the meaning assigned in
18 Section 1.32 of the Nuclear Managing Board Agreement.

19 1.32 "Plant Vogtle" shall have the meaning assigned in
20 Section 1.33 of the Nuclear Managing Board Agreement.

1 1.33 "Prudent Utility Practice" shall mean
22

23 [REDACTED]
24
25

[REDACTED]

1.34 "Services Plan" shall have the meaning assigned in Section 2.6 hereof.

1.35 "Southern Electric System" shall mean the electric utility operating company subsidiaries of The Southern Company and Southern Services, collectively.

1.36 "Southern Nuclear" shall mean Southern Nuclear Operating Company, Inc., a corporation, organized and existing under the laws of the State of Delaware, and its successors and assigns.

1.37 "Southern Services" shall mean Southern Company Services, Inc., a corporation organized and existing under the laws of the State of Alabama, and its successors and assigns.

1.38 "Strategic Plan" shall mean the plan containing the information described in Section 3.2.1 hereof.

1.39 "The Southern Company" shall mean The Southern Company, a corporation organized and existing under the laws of the State of Delaware, the subsidiaries of which include, but are not limited to, GPC, Southern Nuclear and Southern Services.

1 1.40 "Undivided Ownership Interest" shall mean the interest
2 each Participant owns as a tenant in common with the other
3 Participants in Each Plant.

4 1.41 "Willful Misconduct" shall have the meaning assigned
5 in Section 7.2 hereof.

6 ARTICLE II

7 AUTHORITY AND RESPONSIBILITY OF SOUTHERN NUCLEAR

8 WITH RESPECT TO OPERATION OF EACH PLANT

9 2.1 Appointment of Southern Nuclear as Operating Agent and
10 Scope of Authority.

11 GPC, on behalf of itself and as agent for the other
12 Participants, hereby appoints Southern Nuclear to be the
13 Operating Agent of Each Plant on and after the Effective Date and
14 Southern Nuclear hereby accepts such appointment. As the
15 Operating Agent of Each Plant, Southern Nuclear is authorized to
16 perform and shall be responsible for the performance of all
17 Nuclear Operating Services for Each Plant for and on behalf of
18 GPC in accordance with (i) Legal Requirements, including
19 specifically, but without limitation, the NRC operating licenses
20 for Each Plant and the rules and regulations of the NRC in effect
21 on and after the Effective Date, (ii) the terms of the
22 Participation Agreements, Nuclear Managing Board Agreement and
23 this Agreement to the extent such terms do not conflict with
24 Legal Requirements, and (iii) Prudent Utility Practice subject to

1 Legal Requirements and the terms of the agreements identified in
2 clause (ii).

3 2.2 Responsibility for the Safe Operation of Each Plant.

4 Notwithstanding any provisions of this Agreement or any
5 other agreement, on and after the Effective Date Southern
6 Nuclear, as the Operating Agent, shall be responsible for the
7 safe operation and maintenance of Each Plant and is hereby
8 exclusively authorized to take such actions in the operation of
9 Each Plant, including without limitation the safe shutdown of
10 each unit at Each Plant, as Southern Nuclear in its sole
11 discretion deems necessary to protect the health and safety of
12 the public, including the personnel engaged in the operation and
13 maintenance of Each Plant, and to protect the property at Each
14 Plant. In order that Southern Nuclear may meet such
15 responsibility and implement such authority, GPC shall be
16 obligated to provide Southern Nuclear with financial resources in
17 accordance with the terms of this Agreement and shall otherwise
18 cooperate with Southern Nuclear in meeting such responsibility
19 and implementing such authority.

20 2.3 Responsibility for Economic Operation.

21 Subject to its primary responsibility set forth in Section
22 2.2 and the provisions of Section 2.1, Southern Nuclear shall in
23 accordance with Prudent Utility Practice endeavor to achieve
24 reliable performance of Each Plant, to maximize the capacity and
25 availability factors and minimize forced outage rates and

1 durations of each unit at Each Plant and to produce busbar costs
2 as low as reasonably possible.

3 2.4 Incidental Authorities of Southern Nuclear.

4 2.4.1 Access to and Control of Each Plant. On and
5 after the Effective Date, Southern Nuclear is hereby granted
6 unrestricted access to and the exclusive right to use and
7 control the use of all property at Each Plant (including,
8 without limitation, the Exclusion Area designated in the
9 Final Safety Analysis Report Update for Each Plant) and all
10 facilities, equipment and materials situated thereon. and to
11 determine all activities within the site boundary of Each
12 Plant.

13 2.4.2 Licenses and Permits for Each Plant. On and
14 after the Effective Date, Southern Nuclear shall be
15 authorized to and responsible for obtaining, maintaining and
16 complying with all licenses and permits required for the
17 operation and maintenance and the decommissioning of Each
18 Plant from the NRC and other regulatory authorities. In
19 connection with such authority and responsibility, Southern
20 Nuclear shall be responsible for implementing the onsite
21 emergency plan for Each Plant and for coordination
22 activities with local, state and federal authorities in
23 accordance with their respective offsite emergency plans.

24 2.4.3 Costs, Obligations and Liabilities. On and
25 after the Effective Date, Southern Nuclear is hereby
26 authorized to incur costs, liabilities and obligations,

1 purchase equipment, materials and supplies, perform or
2 retain third parties to perform work and services, and take
3 all actions as may be required to meet its responsibilities
4 and implement its authorities under this Agreement, subject
5 to the reporting, accounting and auditing requirements set
6 forth in this Agreement, the Participation Agreements and
7 the Nuclear Managing Board Agreement; provided, however, to
8 the extent that the need for any of the foregoing actions is
9 known in advance, then Southern Nuclear shall comply with
10 the provisions of Section 3.2 concerning planning and
11 budgeting and all other applicable provisions of this
12 Agreement. With respect to all other actions, Southern
13 Nuclear shall comply with the terms of this Agreement, the
14 Participation Agreements and the Nuclear Managing Board
15 Agreement.

16 2.5 Transition from GPC to Southern Nuclear.

17 2.5.1 Transfer of Organization and Staff. On the
18 Effective Date, GPC shall transfer intact to Southern
19 Nuclear and Southern Nuclear shall accept the onsite
20 organization responsible for licensed activities at Each
21 Plant, in place immediately prior to the Effective Date, or
22 such portions thereof, if any, all in accordance with the
23 NRC operating licenses as amended on the Effective Date.
24 Prior to the Effective Date, GPC and Southern Nuclear shall
25 in cooperation take all measures necessary to effect such
26 transfer without disruption and as efficiently as possible.

[REDACTED]

All changes in personnel or in the assignments of personnel shall be in accordance with Legal Requirements and subject to the provisions of this Agreement.

2.5.2 Assignment and Administration of Contracts. GPC shall assign and transfer to Southern Nuclear all contracts, agreements, procurement documents and work authorizations in effect on the Effective Date. Such assignments and transfers shall become effective not later than the Effective Date and shall be accepted by Southern Nuclear. In the event any such contract, agreement, procurement document or work authorization is by its terms nonassignable or the assignment thereof requires the consent of the contractor which cannot be readily obtained without renegotiation, GPC shall authorize Southern Nuclear to administer and enforce such contract, agreement, document or work authorization as GPC's agent. After receipt of any such assignment, transfer or authorization to administer, Southern Nuclear shall have the exclusive responsibility for the administration and enforcement thereof in accordance with the terms thereof.

1 2.6 Support Services to be Provided by GPC.

2 At Southern Nuclear's request GPC shall furnish support
3 services or assistance, materials, supplies, licenses, offices,
4 and real property rights including, without limitation, emergency
5 response services, power supply services, transmission and
6 distribution system repair, replacement, construction, and
7 maintenance, telecommunications services, public information
8 services, environmental services, accounting services,
9 procurement services, maintenance personnel, security personnel
10 or services, and other personnel, services or assistance as
11 Southern Nuclear may require with respect to Each Plant. Any
12 such support services which GPC shall furnish to Southern Nuclear
13 shall be provided at cost. Southern Nuclear and GPC shall
14 jointly prepare and maintain a nuclear interface procedure
15 (hereinafter a "Nuclear Interface Procedure") in order to
16 document the support services that GPC provides to Southern
17 Nuclear. The Nuclear Interface Procedure shall provide for (i)
18 procedures by which Southern Nuclear will budget for such
19 services, (ii) procedures for GPC to bill Southern Nuclear for
20 the costs of providing such services, and (iii) such other
21 matters as GPC and Southern Nuclear may agree. Each requested
22 area of support services that involves a continuing interface
23 between Southern Nuclear and GPC shall be documented in a
24 services plan (hereinafter "Services Plan") which describes the
25 respective responsibilities of each company.

1 2.7 Other Authorities and Responsibilities of Southern
2 Nuclear.

3 Without limiting the generality of the foregoing, t'
4 authority vested in Southern Nuclear hereunder shall include the
5 following:

6 2.7.1 Staff and Personnel. Subject to the provisions
7 of Section 3.2.1(v) respecting Strategic Plans, Southern
8 Nuclear shall select, hire, compensate, control, and
9 discharge (when deemed appropriate by Southern Nuclear)
10 those persons required to satisfy its obligations under this
11 Agreement; provided, however,

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16 [REDACTED]
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21 but management decisions on
22 whether or not to take personnel or salary administration
23 actions shall be made by Southern Nuclear in its sole
24 discretion.

25 Southern Nuclear shall

26 [REDACTED]

[REDACTED]

2.7.2 Reductions in Capacity and Outages at Each Plant. Southern Nuclear shall have the exclusive right to shutdown or reduce the capacity of Each Plant at any time Southern Nuclear determines in its sole discretion that such action is appropriate to protect public health and safety or to protect the personnel, property or facilities at Each Plant. However, the Participants shall retain the authority to determine whether Each Plant should be placed in standby status or operated at reduced output for economic reasons, including the need of any Participant for the capacity or energy of Each Plant.

2.7.3 Steady State Operation. Southern Nuclear shall have the authority and responsibility to determine in its sole discretion (i) when it is prudent or necessary to operate Each Plant at a steady state in order to protect the nuclear fuel or any plant equipment or to optimize fuel usage, and (ii) the rate at which the capacity of Each Plant may be prudently adjusted in response to any dispatch request or demand. Southern Nuclear shall keep the dispatcher of the power and energy generated by Each Plant

1 informed of any such determination and intent to operate
2 Each Plant at a steady state and the rate at which the
3 capacity of Each Plant will be adjusted, if at all, to meet
4 dispatch requests or demands. Southern Nuclear recognizes
5 that reductions in capacity and unplanned outages at Each
6 Plant could have an adverse effect on the power supply
7 systems of the respective Participants, their respective
8 costs of providing electric service or both. Southern
9 Nuclear will

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12 [REDACTED]
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16 2.7.4 Membership and Participatio : Industry
17 Organizations. Southern Nuclear shall be a member of the
18 Institute of Nuclear Power Operations ("INPO") and is hereby
19 authorized to participate in all applicable INPO programs
20 which will benefit Each Plant, including programs conducted
21 by the National Academy for Nuclear Training. Southern
22 Nuclear is also authorized to participate in other nuclear
23 industry groups which will benefit Plant Hatch or Plant
24 Vogtle.

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2 [REDACTED]

3 2.8.2 Contracts with Non-affiliated Third Parties.

4 Southern Nuclear is authorized to enter into any contract
5 with any non-affiliated third party for the procurement of
6 equipment, materials, supplies or services;

7 [REDACTED]

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9 and provided

10 further that any such contract shall meet Legal
11 Requirements. GPC is a party to a Government Areawide
12 Contract under which it provides electric service to the
13 Federal Government. Southern Nuclear shall incorporate into
14 all contracts with third parties respecting Each Plant the
15 applicable provisions of the Federal Acquisition Regulations
16 including, but not limited to: 48 C.F.R. §§ 52.203-6 and
17 -7; 52.215-2; 52.219-8 and -9; 52.220-3 and -4; 52.222-4,
18 -21, -26, -27, -35, -36 and -37; and 52.223-2 and -3.

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24 2.9 Decommissioning of Each Plant.

25 At such time as has been determined, pursuant to the
26 applicable Participation Agreements, that any unit at Each Plant

1 shall be permanently removed from service, Southern Nuclear shall
2 be authorized to and responsible for all actions required to
3 decommission such unit in accordance with Legal Requirements and
4 a decommissioning plan approved by the NRC

5 [REDACTED]
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7 2.10 GPC Retains Responsibility for all Agency Functions.

8 In exercising its authority as provided in this Agreement,
9 GPC shall assure that Southern Nuclear's performance hereunder is
10 in furtherance of GPC's Agency Functions under the Participation
11 Agreements and accepts Southern Nuclear's actions as its own.

12 2.11 Authority to Act as Agent for GPC and Right of Third
13 Parties to Rely on Agency.

14 In the conduct of the authority vested in Southern Nuclear
15 in this Article II, GPC hereby designates and authorizes Southern
16 Nuclear to act as its attorney-in-fact and agent for such
17 purposes, including authority to enter into and administer
18 contracts on behalf of GPC for procurement of materials,
19 equipment or services and authority to administer contracts
20 entered into by GPC with respect to Each Plant. As relates to
21 all third parties, the designation of Southern Nuclear as agent
22 shall be binding on GPC. Southern Nuclear accepts such
23 appointment as agent of GPC. Upon request from Southern Nuclear,
24 GPC shall provide written confirmation of this agency
25 relationship to third parties.

ARTICLE III

OBLIGATIONS OF SOUTHERN NUCLEAR

3.1 Meetings with the Nuclear Managing Board.

[REDACTED]

3.2 Plans and Budgets.

[REDACTED]

[REDACTED]

3.2.1 Strategic Plan.

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3.2.2 Fuel Plan.

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3.2.3 Operation and Maintenance Budget.

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1 3.2.4 New Investment Budget.

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11 3.2.5 Fuel Budget.

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21 3.3 Information and Approvals

22 Southern Nuclear shall furnish to the Nuclear Managing Board
23 the following information and reports:
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3.3.10 Non-routine Information. Southern Nuclear shall promptly provide the Participants with the following information: information on work disruptions or stoppages, and Notices of an Unusual Event, Alert, Site Area Emergency, or General Emergency (as such terms are defined in the emergency plan for Each Plant). Southern Nuclear shall also inform the Participants and the dispatcher of the power and energy generated by Each Plant as soon as practical, or in accordance with guidelines acceptable to the Nuclear Managing Board, after the occurrence at Each Plant of any unplanned outage of a unit, any significant extension of a planned unit outage, any unplanned reduction in the capacity of a unit for an extended period, or any event or regulatory action which may substantially affect the operation of Each Plant. Information in this category also includes informal reports concerning events which Southern Nuclear believes may result in public interest or may lead to inquiries to Participants by members of the public, and news releases issued by Southern Nuclear.

1 3.3.11 Informal Information. Southern Nuclear shall
2 permit informal communications between representatives of
3 any Participant and Southern Nuclear's employees of a
4 general nature and shall give representatives of the
5 Participants access to routine reports and records on plant
6 operations and conditions that are normally readily
7 available at Each Plant.

8 3.4 Site Representatives.

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21 3.5 Plant Tours.

22 Each Participant shall have the right to have its
23 representatives and guests visit Each Plant, with prior approval
24 of Southern Nuclear, to tour the facilities, and observe plant
25 activities; provided that such visit or tour will not interfere
26 with the operation of the plant, plant safety or security. Such

1 representatives and guests shall comply with all applicable rules
2 and regulations in effect at Each Plant whether imposed by
3 Governmental Authority or by Southern Nuclear.

4 3.6 Management Audit.

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1 3.7 Civil Penalties and Meetings.

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13 ARTICLE IV

14 ENTITLEMENT TO OUTPUT

15 4.1 Entitlement of Participants to Output.

16 The Participants shall be entitled to all of the output from
17 Each Plant at the time generation in such units occurs. Southern
18 Nuclear shall have no entitlement to output or control over
19 scheduling of the units other than such control as is necessary
20 for the safe or prudent operation or shutdown of Each Plant.

21 4.2 Determination of Output - Responsibility for Station
22 Service and Losses.

23 Output of Each Plant shall be the gross generation of such
24 plant, less station service requirements, and less adjustments
25 for losses experienced. GPC shall be responsible for providing
26 all offsite electric power required at Each Plant whenever the

1 station service and losses exceed the gross generation of such
2 plant.

3 ARTICLE V

4 COSTS

5 5.1 Costs Payable by GPC.

6 GPC shall pay to Southern Nuclear the costs incurred by
7 Southern Nuclear in providing Nuclear Operating Services for Each
8 Plant.

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5.1.3 Participant Charges.

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[REDACTED]

5.1.4 Revision.

[REDACTED]

5.1.5 Advancement of Funds. Southern Nuclear shall prepare forecasts, in such frequency, form and detail as GPC shall direct, of the funds required to pay Southern Nuclear's anticipated costs of the Nuclear Operating

1 Services to be provided to GPC and the dates on which
2 payment of such anticipated costs shall become due. GPC
3 shall advance funds or cause funds to be advanced to
4 Southern Nuclear in such amounts and at such times,
5 determined on the basis of such forecasts, to enable
6 Southern Nuclear to pay its costs of Nuclear Operating
7 Services on or before the dates on which payment of such
8 costs shall be due.

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19 In no event shall GPC fail to provide
20 funds required to pay such costs, even where a dispute
21 arises as to the appropriateness of such costs, it being
22 agreed that any such dispute shall be resolved as provided
23 in Section 5.2 hereof.

24 5.1.6 General Accounting Matters. Determinations by
25 Southern Nuclear on all accounting matters related to the

1 transactions contemplated by this Agreement will be in
2 accordance with generally accepted accounting principles and
3 the Securities and Exchange Commission's Uniform System of
4 Accounts for Mutual and Subsidiary Service Companies,
5 utilizing the accrual method of accounting, unless otherwise
6 specifically provided in this Agreement or mutually agreed
7 by Southern Nuclear and GPC or as prescribed by other
8 regulatory agencies having jurisdiction, as the case may be,
9 from time to time.

10 5.1.7 Right to Audit Costs and Inspect Records.
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5.2 Resolution of Disputes as to Payments.

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5 ARTICLE VI

6 PROTECTION OF INFORMATION

7 6.1 Confidentiality.

8 Either party may, from time to time, come into possession of
9 information of the other party that is either confidential or
10 proprietary, including, without limitation, Safeguards
11 Information, as that term is defined in Section 6.3 hereof. Each
12 party having any such information which bears the legend
13 "Proprietary Information" or "Safeguards Information" will not
14 reproduce, copy, use or disclose (except when required by a
15 Governmental Authority) any such information in whole or in part
16 for any purpose without the written consent of the other party.
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5 6.2 Restricted Data.

6 Both Southern Nuclear and GPC agree that they will not
7 permit any individual to have access to Restricted Data, as that
8 term is defined in 42 U.S.C. § 2014(y), until the Office of
9 Personnel Management shall have made an investigation and report
10 to the NRC on the character, associations, and loyalty of such
11 individual and the NRC shall have determined that permitting such
12 person to have access to such Restricted Data will not endanger
13 the common defense and security.

14 6.3 Safeguards Information.

15 Notwithstanding any other provision of this Agreement, any
16 access to Safeguards Information, as that term is defined in 10
17 C.F.R. § 73.2, shall be subject to the limitations and conditions
18 of 10 C.F.R. § 73.21. GPC and each other Participant agrees that
19 any information provided under this Agreement will not be used
20 nor controlled in any manner that (i) would compromise any part
21 of the safeguards plan for Each Plant, (ii) would be in
22 contravention of applicable Legal Requirements, or (iii) would
23 cause Southern Nuclear to violate any arrangement regarding
24 confidentiality or proprietary rights that Southern Nuclear has
25 with any third party;

26 [REDACTED]

[REDACTED]

ARTICLE VII

LIMITATION OF LIABILITY AND INDEMNIFICATION

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7.3 Notification and Participation in Defense of Claims.

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3 7.5 Limitation of Liability.
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22 7.6 Severability.

23 In the event that any particular application of any of the
24 limitations of liability contained in this Article VII should be

1 finally adjudicated to be void as a violation of the public
2 policy of the State of Georgia, then such limitation of liability
3 shall not apply with respect to such application to the extent
4 (but only to the extent) required in order for such limitation of
5 liability not to be void as a violation of such public policy,
6 and such limitations of liability shall remain in full force and
7 effect with respect to all other applications to the fullest
8 extent permitted by law.

9 ARTICLE VIII

10 INSURANCE

11 8.1 Nuclear Insurance.

12 GPC shall obtain and maintain in effect during the term of
13 this Agreement the following insurance coverage:

14 Nuclear liability, nuclear decontamination and property
15 damage insurance, and government indemnification of nuclear
16 liability arising from the operation and maintenance of Each
17 Plant in amounts mutually agreed upon equal to or exceeding
18 any amount or amounts required by law. Southern Nuclear
19 shall be a named insured on such insurance and
20 indemnification unless such insurance or indemnification
21 provides coverage to all persons held legally liable.

22 8.2 Other Insurance.

23 Southern Nuclear shall obtain and maintain in effect during
24 the term of this Agreement such insurance as GPC and Southern
25 Nuclear may agree including, without limitation, employers
26 liability and general liability insurance and officers and

1 directors insurance. Premiums for such insurance shall be
2 included in the costs of Nuclear Operating Services.

3 8.3 Waiver of Subrogation.

4 Each insurance policy obtained by Southern Nuclear hereunder
5 shall contain waivers of subrogation against GPC. GPC shall
6 require its insurers to waive all right of subrogation against
7 Southern Nuclear and its subcontractors, regardless of fault, for
8 all claims, including without limitation, decontamination of,
9 physical damage to or loss or destruction of any property at the
10 location of Each Plant as defined in the decontamination and
11 property damage insurance policy for Each Plant and, if GPC or
12 any other Participant obtains and maintains insurance for the
13 cost of replacement power, for all costs of replacement power.

14 8.4 Cooperation.

15 Southern Nuclear will take steps to meet the requirements of
16 such insurance policies and cooperate with GPC to furnish
17 information, establish procedures, erect or change physical
18 facilities and otherwise meet the requirements of the insurers to
19 maintain coverage in effect and to collect claims that may be
20 made under such insurance. At the request of Southern Nuclear,
21 GPC shall provide Southern Nuclear and Southern Nuclear shall
22 file with the NRC financial statements of the Participants and
23 such other proof as may be required to comply with the rules and
24 regulations of NRC.

1 8.5 Workers' Compensation Insurance.

2 Southern Nuclear shall qualify as a self-insurer in Georgia
3 and with the U.S. Department of Labor for U.S. Longshoreran's and
4 Harbor Workers Act, but will provide an umbrella policy to cover
5 benefits in excess of its assumed liability for workers'
6 compensation, the Longshoreman's and Harbor Worker's Act, and
7 employers liability. GPC and Southern Nuclear acknowledge that,
8 pursuant to the terms of this Agreement, all premiums for
9 Southern Nuclear workers' compensation insurance and all payments
10 to Southern Nuclear employees, including workers' compensation
11 benefits, relating to work performed by such emplo, , while on
12 the premises of Each Plant are effectively made by GPC, since
13 such premiums and payments constitute Direct Charges (as defined
14 in Section 5.1.1 hereof) incurred by Southern Nuclear in relation
15 to Nuclear Operating Services for Each Plant. It is the intent
16 of GPC and Southern Nuclear that for purposes of workers'
17 compensation GPC not be exposed to greater liability by virtue of
18 this Agreement than GPC would have if it had utilized GPC
19 employees to perform Nuclear Operating Services.

20 3.6 Additional Insurance.

21 In the event GPC or any other Participant at any time or
22 from time to time shall have elected to participate in
23 supplemental insurance programs to cover other risks arising from
24 the ownership and operation of a nuclear power plant, including
25 the extra costs of replacement power, the costs of such

1 protection shall be borne by GPC or such other Participant, as
2 the case may be.

3 8.7 Payment of Premiums.

4 The aggregate cost of all insurance, applicable to Each
5 Plant and procured by Southern Nuclear pursuant hereto,
6 including, without limitation, any deferred or retrospective
7 premium assessments, shall be included in the cost of Nuclear
8 Operating Services.

9 8.8 Cancellation of Insurance.

10 In the event that any of the foregoing insurance policies is
11 canceled by a party, that party shall give written notice of such
12 cancellation to the other party 60 days prior to the effective
13 date of such cancellation.

14 ARTICLE IX

15 TERM OF THIS AGREEMENT

16 9.1 Term.

17 The term of this Agreement shall commence on the Effective
18 Date, subject nevertheless to any applicable rule regulations
19 and approvals of any regulatory authority whose approval is
20 required, and shall expire (i) when Each Plant has been retired
21 and decommissioned, the NRC has terminated the NRC operating
22 licenses, and the plant site has been returned to a condition
23 acceptable to GPC, all in compliance with Legal Requirements,
24 (ii) upon termination pursuant to Section 10.1 hereof, or (iii)
25 upon mutual agreement of the parties. In no event, however,
26 shall this Agreement terminate unless all necessary regulatory

1 approvals for transfer of responsibility for Each Plant shall
2 have been obtained. GPC's obligation to make payments to
3 Southern Nuclear under this Agreement that have not been
4 satisfied prior to the expiration of the term of this Agreement
5 shall survive such expiration of the term.

6 9.2 Termination of the Nuclear Services Agreement.

7 Upon the Effective Date, the Nuclear Services Agreement
8 shall terminate and shall be superseded in its entirety by this
9 Agreement. Any and all Nuclear Support Services performed by
10 Southern Nuclear after the Effective Date, as a subset of Nuclear
11 Operating Services, shall be governed solely by this Agreement.

12 ARTICLE X

13 TERMINATION BY GPC OR SOUTHERN NUCLEAR

14 10.1 Termination.

15 In the event GPC determines that it is in GPC's interest to
16 do so, or Southern Nuclear determines that it is in Southern
17 Nuclear's interest to do so, then GPC or Southern Nuclear may at
18 will terminate this Agreement subject to the following terms.

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17 ARTICLE XI
18 MISCELLANEOUS

19 11.1 Holidays, Business Days.

20 Any obligations to provide payments, information, approvals
21 or notices under this Agreement, which shall become due on a non-
22 business day shall become due upon the next business day. The
23 term "business day" shall mean any day other than a day on which
24 banking institutions in the City of Atlanta, Georgia are
25 authorized by law to close.

1 11.2 Entire Agreement.

2 This Agreement constitutes the entire understanding between
3 the parties hereto, superseding any and all previous
4 understandings, oral or written, pertaining to the subject matter
5 contained herein. No party hereto has relied or will rely upon
6 any oral or other written representation or oral or other written
7 information made or given to such party by any representative of
8 the other party or anyone on its behalf.

9 11.3 Assignments.

10 This Agreement shall be binding upon the successors and
11 assigns of the parties hereto, provided that Southern Nuclear
12 shall not be entitled to assign any of its obligations under this
13 Agreement or under any purchase order issued hereunder without
14 the prior written approval of GPC.

15 11.4 Modifications.

16 This Agreement may not be modified or amended in any respect
17 except in a writing executed by the parties hereto.

18 11.5 Governing Law.

19 This Agreement shall be construed and enforced under and in
20 accordance with the laws of the State of Georgia.

21 11.6 Counterparts.

22 This Agreement may be executed in counterparts, each of
23 which when fully executed shall be deemed to have the same
24 dignity, force and effect as if the original.

1 11.7 Waivers.

2 No provision of this Agreement shall be deemed waived nor
3 breach of this Agreement consented to unless such waiver or
4 consent is set forth in writing and executed by the party hereto
5 making such waiver or consent.

6 11.8 Sale or Disposal of Property.

7 Southern Nuclear shall not sell, lease, or otherwise dispose
8 of any real or personal property owned individually or jointly by
9 any or all of the Participants, unless such sale, lease or other
10 disposal is authorized by the Nuclear Managing Board; provided,
11 however, that this provision shall not apply to any facilities,
12 equipment or materials which are replaced with facilities,
13 equipment or materials, as the case may be, of like kind and of
14 value at least equal to that of the replaced facilities,
15 equipment or materials. Nothing in this Section 11.8 shall be
16 construed as an authorization by GPC or the Managing Board for
17 Southern Nuclear to take any action inconsistent with the
18 provisions respecting plans and budgets set forth in Section 3.2
19 hereof.

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11.10 Notices.

Any notice, request, consent or other communication permitted or required by this Agreement shall be in writing and shall be deemed given when deposited in the United States Mail, first class postage prepaid, and if given to Participants shall be addressed to:

Georgia Power Company
333 Piedmont Avenue, N.E.
Atlanta, Georgia 30308
Attention: President

and if given to Southern Nuclear shall be addressed to:

Southern Nuclear Operating Company, Inc.
P. O. Box 1295
Birmingham, Alabama 35201-1295
Attention: President

unless a different officer or address shall have been designated by the respective party by notice in writing.

11.11 Captions.

The descriptive captions of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions hereof.

1 11.12 Singular and Plural; Gender.

2 Throughout this Agreement, whenever any word in the singular
3 number is used, it shall include the plural unless the context
4 otherwise requires; and whenever the plural number is used, it
5 shall include the singular unless the context otherwise requires.
6 The use of the masculine shall include the feminine.

7 11.13 Third-Party Beneficiaries.

8 This Agreement is for the benefit of GPC, the other
9 Participants and Southern Nuclear, and no person or entity other
10 than GPC, the other Participants and Southern Nuclear is or shall
11 be entitled to bring any action to enforce any provision of this
12 Agreement against either of the parties hereto or the other
13 Participants.

14 11.14 Severability.

15 Should any provision of this Agreement be held to be invalid
16 or unenforceable by a court of competent jurisdiction, the
17 remaining provisions shall remain in full force and effect,
18 provided that deletion of the invalid or unenforceable provision
19 does not materially affect the agreement of the parties contained
20 herein.

21 11.15 Agency.

22 Whether or not expressly stated in the applicable provisions
23 of this Agreement, GPC acts herein on its own behalf and as agent
24 for the other Participants pursuant to the Participation
25 Agreements.

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2 IN WITNESS WHEREOF, the parties have hereto caused this
3 Nuclear Operating Agreement to be signed and sealed as of the
4 date first set forth above by their respective duly authorized
5 representatives.

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7 GEORGIA POWER COMPANY
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11 By: _____
12 Its: _____
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14 Attest: _____
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16 (Corporate Seal)
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18 SOUTHERN NUCLEAR OPERATING COMPANY,
19 INC.
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22 By: _____
23 Its: _____
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25 Attest: _____
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27 (Corporate Seal)
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