

09-25-92

REVISED 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

16 [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.

21 1.33 "Prudent Utility Practice" shall mean at a particular
22 time any of the practices, methods and acts which, in the
23 exercise of reasonable judgment in light of the facts known at
24 the time the decision was made, could have been expected to
25 accomplish the desired result at the lowest reasonable cost
26 consistent with good business practices, reliability, safety and

1 expedition. "Prudent Utility Practice" is not intended to be
2 limited to the optimum practice, method or act to the exclusion
3 of all others, but rather to be a spectrum of possible practices,
4 methods or acts having due regard for, among other things,
5 manufacturers' warranties and the requirements of governmental
6 agencies of competent jurisdiction.

7 1.34 "Services Plan" shall have the meaning assigned in
8 Section 2.6 hereof.

9 1.35 "Southern Electric System" shall mean the electric
10 utility operating company subsidiaries of The Southern Company
11 and Southern Services, collectively.

12 1.36 "Southern Nuclear" shall mean Southern Nuclear
13 Operating Company, Inc., a corporation, organized and existing
14 under the laws of the State of Delaware, and its successors and
15 assigns.

16 1.37 "Southern Services" shall mean Southern Company
17 Services, Inc., a corporation organized and existing under the
18 laws of the State of Alabama, and its successors and assigns.

19 1.38 "Strategic Plan" shall mean the plan containing the
20 information described in Section 3.2.1 hereof.

21 1.39 "The Southern Company" shall mean The Southern
22 Company, a corporation organized and existing under the laws of
23 the State of Delaware, the subsidiaries of which include, but are
24 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.

1 After the Effective Date, Southern Nuclear shall maintain
2 such organization until such time as Southern Nuclear in its
3 sole discretion determines that changes in the organization
4 or personnel are appropriate. All changes in personnel or
5 in the assignments of personnel shall be in accordance with
6 Legal Requirements and subject to the provisions of this
7 Agreement.

8 2.5.2 Assignment and Administration of Contracts. GPC
9 shall assign and transfer to Southern Nuclear all contracts,
10 agreements, procurement documents and work authorizations in
11 effect on the Effective Date. Such assignments and
12 transfers shall become effective not later than the
13 Effective Date and shall be accepted by Southern Nuclear.
14 In the event any such contract, agreement, procurement
15 document or work authorization is by its terms nonassignable
16 or the assignment thereof requires the consent of the
17 contractor which cannot be readily obtained without
18 renegotiation, GPC shall authorize Southern Nuclear to
19 administer and enforce such contract, agreement, document or
20 work authorization as GPC's agent. After receipt of any
21 such assignment, transfer or authorization to administer,
22 Southern Nuclear shall have the exclusive responsibility for
23 the administration and enforcement thereof in accordance
24 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.

2.7 Other Authorities and Responsibilities of Southern Nuclear.

Without limiting the generality of the foregoing, the authority vested in Southern Nuclear hereunder shall include the following:

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

[REDACTED]

management decisions on whether or not to take personnel or salary administration actions shall be made by Southern Nuclear in its sole discretion.

Southern Nuclear shall maintain in effect at all times after the Effective Date an incentive compensation plan for

1 its employees who are engaged in services for Each Plant
2 relating to compliance with NRC regulations which plan shall
3 have nominal funding, shall be comparable to other similar
4 plans in use in the electric utility industry, and shall
5 address those areas with the greatest potential for
6 noncompliance.

7 2.7.2 Reductions in Capacity and Outages at Each
8 Plant. Southern Nuclear shall have the exclusive right to
9 shutdown or reduce the capacity of Each Plant at any time
10 Southern Nuclear determines in its sole discretion that such
11 action is appropriate to protect public health and safety or
12 to protect the personnel, property or facilities at Each
13 Plant. However, the Participants shall retain the authority
14 to determine whether Each Plant should be placed in standby
15 status or operated at reduced output for economic reasons,
16 including the need of any Participant for the capacity or
17 energy of Each Plant.

18 2.7.3 Steady State Operation. Southern Nuclear shall
19 have the authority and responsibility to determine in its
20 sole discretion (i) when it is prudent or necessary to
21 operate Each Plant at a steady state in order to protect the
22 nuclear fuel or any plant equipment or to optimize fuel
23 usage, and (ii) the rate at which the capacity of Each Plant
24 may be prudently adjusted in response to any dispatch
25 request or demand. Southern Nuclear shall keep the
26 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 endeavor to consult with the Nuclear Managing
10 Board concerning any operating conditions which are expected
11 to result in capacity reductions of ten percent or more for
12 periods of time in excess of seven days or outages at either
13 unit of Each Plant; provided, however, that Southern Nuclear
14 will only take such actions when it determines they are
15 prudent or necessary from an operating standpoint.

16 2.7.4 Membership and Participation in 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.

2.8 Contracting.

2.8.1 Contracts with Affiliated Entities. Southern Nuclear has entered into a contract with Southern Services under which Southern Nuclear may obtain certain services in support of its performance of Nuclear Support Services or Nuclear Operating Services. Southern Nuclear is hereby authorized to enter into additional contracts, agreements or other arrangements with any affiliate of Southern Nuclear as may be permitted under Legal Requirements

[REDACTED]

Additionally,
Southern Nuclear acknowledges that any liability of the
Participants under each such contract, agreement or other
arrangement shall be several in proportion to their

respective Undivided Ownership Interests and not joint or joint and several.

2.8.2 Contracts with Non-affiliated Third Parties.

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

[REDACTED]

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

Southern Nuclear shall notify all third parties with whom it contracts that it is not authorized to bind the Participants to joint or joint and several liability and that any liability of the Participants under such contract shall be several in proportion to their respective Undivided Ownership Interests.

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2.9 Decommissioning of Each Plant.

At such time as has been determined, pursuant to the 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 and by the Nuclear
5 Managing Board in accordance with Section 2.3.9 of the Nuclear
6 Managing Board Agreement.

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.

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2 ARTICLE III

3 OBLIGATIONS OF SOUTHERN NUCLEAR

4 3.1 Meetings with the Nuclear Managing Board.

5 In order to assure that the Participants are informed as to
6 the status of operations at Each Plant, an officer of Southern
7 Nuclear, together with any employees or consultants of Southern
8 Nuclear as such officer may designate, shall attend each meeting
9 of the Nuclear Managing Board. At such meetings, Southern
10 Nuclear shall present information concerning plant performance,
11 the status and condition of Each Plant, including review of the
12 problem status reports and new capital projects, shall convey an
13 overview of Each Plant and its operations and shall address
14 agenda items established by the Nuclear Managing Board. Southern
15 Nuclear will inform the Managing Board of events which are
16 affecting or may affect the availability of any unit at Each
17 Plant.

18 3.2 Plans and Budgets.

19 Strategic Plans, Fuel Plans, Operation and Maintenance
20 Budgets, New Investment Budgets and Fuel Budgets shall be
21 submitted to the Nuclear Managing Board by Southern Nuclear as
22 provided in Sections 3.2.1 through 3.2.5 hereof.
23

24 [REDACTED]
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[REDACTED]

Southern Nuclear shall attempt to provide Nuclear Operating Services in accordance with approved plans and within the aggregate annual amount of approved budgets. Notwithstanding the foregoing, Southern Nuclear makes no representation, warranty or promise of any kind as to accuracy of any such plan or budget, or that any attempt referred to in the preceding sentence will be successful, and in no event shall GPC be relieved of its responsibility to pay costs incurred by Southern Nuclear as required in Article V hereof.

3.2.1 Strategic Plan. A Strategic Plan for Each Plant shall be submitted to the Nuclear Managing Board by May 15 of each year and Southern Nuclear shall take such other actions as may be required by Section 4.1 of the Nuclear Managing Board Agreement.

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3.2.2 Fuel Plan. A ten year Fuel Plan for Each Plant shall be submitted to the Nuclear Managing Board by September 15 of each year. Each Fuel Plan shall describe in reasonable detail each action or contemplated action and

1 payment and the dates thereof, core usage and design burn
2 up, estimated fueling dates and the energy expected to be
3 generated by each unit for each fuel period of the Fuel
4 Plan, a cash flow analysis of forecasted expenditures and
5 credits for each Participant for each major component of the
6 fuel cycle by years, and cash flow by months for the first
7 five years. Each Fuel Plan will also provide the following
8 information with respect to the spent fuel at Each Plant:
9 the existing spent fuel storage capacity; the current spent
10 fuel inventory; the projected date when the spent fuel
11 storage capacity will be fully utilized; the projected dates
12 when shipments of spent fuel for disposal will commence; and
13 the projected date when additional spent fuel storage
14 capacity may have to be provided.

15 3.2.3 Operation and Maintenance Budget. By August 15
16 of each year, Southern Nuclear shall submit to the Nuclear
17 Managing Board a written Operation and Maintenance Budget
18 estimate of the costs of Operation and Maintenance Services
19 of Each Plant for the next calendar year, with a forecast of
20 budget requirements for the succeeding four calendar years.
21 Southern Nuclear shall take such other actions as may be
22 required by Section 4.3 of the Nuclear Managing Board
23 Agreement. Each budget shall be supported by detail
24 reasonably adequate for the purpose of review by the Nuclear
25 Managing Board.

1 3.2.4 New Investment Budget. By August 15 of each
2 year, Southern Nuclear shall submit to the Nuclear Managing
3 Board a written New Investment Budget estimate of the cost
4 of New Investment Services for Each Plant for the next
5 calendar year, with a forecast of budget requirements for
6 the succeeding four calendar years. Southern Nuclear shall
7 take such other actions as may be required by Section 4.4 of
8 the Nuclear Managing Board Agreement. Each budget shall be
9 supported by detail reasonably adequate for the purpose of
10 review by the Nuclear Managing Board.

11 3.2.5 Fuel Budget. By August 15 of each year,
12 Southern Nuclear shall submit to the Nuclear Managing Board
13 a written Fuel Budget estimate of the costs of Fuel Services
14 for Each Plant for the next calendar year, with a forecast
15 of budget requirements for the succeeding four calendar
16 years. Southern Nuclear shall take such other actions as
17 may be required by Section 4.5 of the Nuclear Managing Board
18 Agreement. Each budget shall be supported by detail
19 reasonably adequate for the purpose of review by the Nuclear
20 Managing Board.

21 3.3 Information and Approvals.

22 Southern Nuclear shall furnish to the Nuclear Managing Board
23 the following information and reports:

24 3.3.1 Plant Performance Data. At the time of
25 submittal of each Strategic Plan, Southern Nuclear will also
26 furnish a comparison of the performance of Each Plant

1 relative to other plants using performance indicators,
2 including, without limitation, the unit cost of generation,
3 in common use in the nuclear industry or as may be specified
4 by the Nuclear Managing Board.

5 3.3.2 Plant Budget Reports. Southern Nuclear will
6 furnish monthly data showing actual costs for Operation and
7 Maintenance Services, New Investment Services and Fuel
8 Services with comparisons to the respective budgets for such
9 services. This report will normally be provided by the end
10 of the succeeding month.

11 3.3.3 Plant Specific Strategic Plan Reports. At least
12 bimonthly, Southern Nuclear will furnish data showing actual
13 performance for each unit at Each Plant compared to goals
14 contained in the Strategic Plans for Each Plant.

15 3.3.4 INPO Evaluations and Assessments. Southern
16 Nuclear will make available for review by the
17 representatives of each Participant copies of evaluations
18 and assessments of Each Plant by the Institute of Nuclear
19 Power operations ("INPO").

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24 [REDACTED]
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[REDACTED]

3.3.6

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3.3.7 Correspondence to and from NRC. Southern Nuclear shall furnish to any member of the Nuclear Managing Board at his or her request copies of correspondence to and from the NRC concerning Each Plant.

3.3.8 Responses to Participant Inquiries. In addition to the obligation of Southern Nuclear to provide the information and access as explicitly required herein, Southern Nuclear will respond to reasonable written requests from any Participant for information not otherwise provided pursuant to this Agreement regarding Nuclear Operating Services for Each Plant. Southern Nuclear will designate a person to be responsible for being responsive to inquiries from the Participants.

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4 [REDACTED]
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8 3.3.10 Non-routine Information. Southern Nuclear
9 shall promptly provide the Participants with the following
10 information: information on work disruptions or stoppages,
11 and Notices of an Unusual Event, Port, Site Area Emergency,
12 or General Emergency (as such terms are defined in the
13 emergency plan for Each Plant). Southern Nuclear shall also
14 inform the Participants and the dispatcher of the power and
15 energy generated by Each Plant as soon as practical

16 [REDACTED]

17 after the occurrence at Each Plant of any
18 unplanned outage of a unit, any significant extension of a
19 planned unit outage, any unplanned reduction in the capacity
20 of a unit for an extended period, or any event or regulatory
21 action which may substantially affect the operation of Each
22 Plant. Information in this category also includes informal
23 reports concerning events which Southern Nuclear believes
24 may result in public interest or may lead to inquiries to
25 Participants by members of the public, and news releases
26 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.

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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

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

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[REDACTED]

1 3.7 Civil Penalties and Meetings.

2 In each case when a civil penalty is assessed against
3 Southern Nuclear with respect to Each Plant, Southern Nuclear
4 shall provide the members of the Nuclear Managing Board with a
5 description of the violation, the root cause determination of the
6 violation, and the corrective action taken and to be taken to
7 avoid repeat violations.

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10 [REDACTED]

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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. The costs of such services shall be computed in
9 accordance with applicable rules, regulations and orders of the
10 Securities and Exchange Commission (including Rules 90 and 91
11 under the Public Utility Holding Company Act of 1935, as
12 amended), and shall include both Direct Charges and Allocated
13 Charges, as hereinafter defined. The obligation to make payments
14 as specified herein shall continue notwithstanding the capability
15 (or lack of capability) of Each Plant to produce power for any
16 reason. Southern Nuclear shall submit to GPC on or before the
17 last day of each month an invoice or invoices for Each Plant for
18 the costs of such Nuclear Operating Services provided for such
19 plant incurred during the preceding month in format and detail
20 specified from time to time by GPC.

21 5.1.1 Direct Charges. To the extent that the costs
22 incurred by Southern Nuclear in connection with Nuclear
23 Operating Services for Each Plant can be identified and
24 related to a particular transaction, direct charges will be
25 made by Southern Nuclear against such plant (hereinafter
26 "Direct Charges"). Direct Charges shall include, without

1 limitation, (i) all payroll costs of Southern Nuclear
2 employees dedicated full-time to provide Nuclear Operating
3 Services solely for Each Plant, (ii) all payroll costs of
4 other Southern Nuclear employees whose entire payroll costs
5 are not treated as Allocated Charges for hours or portions
6 thereof spent in performing Nuclear Operating Services
7 solely for Each Plant, (iii) costs incurred under contracts
8 that are administered by Southern Nuclear for Nuclear
9 Operating Services for Each Plant, (iv) liabilities and
10 costs of Southern Nuclear arising in connection with Each
11 Plant that are indemnified pursuant to Section 7.2 hereof,
12 and (v) premiums and assessments paid for insurance which
13 Southern Nuclear is obligated to maintain pursuant to
14 Article VIII hereof solely in connection with Each Plant.
15 Payroll costs shall include, without limitation, wages and
16 salaries, overtime and premium payments, payroll taxes,
17 retirement, insurance and other benefits and contributions
18 paid by Southern Nuclear in accordance with its established
19 personnel policies in effect from time to time.

20 5.1.2 Allocated Charges. "Allocated Charges" are all
21 of those costs of Nuclear Operating Services incurred by
22 Southern Nuclear that (i) are not included in the Direct
23 Charges for Each Plant and (ii) equitably should be shared
24 between Plant Hatch and Plant Vogtle or between GPC and any
25 other company or companies for which Southern Nuclear
26 provides services. Allocated Charges shall

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7 Except as hereinafter provided with respect to costs
8 of certain Fuel Services, Allocated Charges shall be
9 allocated and charged to Each Plant in accordance with the
10 Cost Allocation Manual and any revisions made thereto from
11 time to time

12 [REDACTED]

13 and subject to required approvals,
14 if any, by any Governmental Authority. The plant basis of
15 allocation as described in the Southern Nuclear Cost
16 Allocation Manual, will be used except as otherwise required
17 by the Public Utility Holding Company Act of 1935, as
18 amended
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21 [REDACTED]
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25 5.1.3 Participant Charges. Southern Nuclear shall
26 list separately on its invoice to GPC the cost of special

1 services provided to any Participant, including GPC, upon
2 its written request, e.g., preparation or review of
3 testimony, exhibits or analyses for any rate case or other
4 regulatory proceeding. The costs of any such special
5 services shall be the sum of the special direct charges and
6 special prorated charges which shall be determined in the
7 same manner as provided in Sections 5.1.1 and 5.1.2 hereof.

8 5.1.4 Revision. Should Southern Nuclear undertake to
9 perform services for any other affiliated company, the
10 responsibility for the cost of such services shall be
11 determined in the same manner as provided in this Section
12 5.1.

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23 5.1.5 Advancement of Funds. Southern Nuclear shall
24 prepare forecasts, in such frequency, form and detail as GPC
25 shall direct, of the funds required to pay Southern
26 Nuclear's anticipated costs of the Nuclear Operating

Services to be provided to GPC and the dates on which payment of such anticipated costs shall become due. GPC shall advance funds or cause funds to be advanced to Southern Nuclear in such amounts and at such times, determined on the basis of such forecasts, to enable Southern Nuclear to pay its costs of Nuclear Operating Services on or before the dates on which payment of such costs shall be due. Such advances shall be made by deposits or bank transfers to accounts of Southern Nuclear with a bank or banks whose deposits are insured, subject to applicable limits, by the Federal Deposit Insurance Corporation as Southern Nuclear shall designate. Any excess funds in such accounts shall be invested by Southern Nuclear [REDACTED] and all investment income and appreciation received on such funds shall be credited against the cost of Nuclear Operating Services provided to GPC.

Southern Nuclear shall have authority to draw checks on such account(s) only as necessary to pay costs of Nuclear Operating Services. In no event shall GPC fail to provide funds required to pay such costs, even where a dispute arises as to the appropriateness of such costs, it being agreed that any such dispute shall be resolved as provided in Section 5.2 hereof.

5.1.6 General Accounting Matters. Determinations by 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
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10 5.2 Resolution of Disputes as to Payments.

11 GPC shall have until the expiration of the 180-day rule
12 pursuant to Section 9.15 of the Nuclear Managing Board Agreement
13 to question or contest the correctness of any respective cost
14 shown on a billing statement from Southern Nuclear, after which
15 time the correctness of such cost shall be conclusively presumed.
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18 [REDACTED]
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20 No dispute
21 whatsoever as to the payment of costs shall permit GPC to delay
22 payment in full of all costs on the date required. If GPC shall
23 have made payments responsive to any disputed invoice and if
24 Southern Nuclear and GPC, or a court of competent jurisdiction,
25 should later determine that a disputed invoice was for an amount

1 in excess of the correct amount due, then Southern Nuclear shall
2 be obligated to refund the difference to GPC.

3 ARTICLE VI

4 PROTECTION OF INFORMATION

5 6.1 Confidentiality.

6 Either party may, from time to time, come into possession of
7 information of the other party that is either confidential or
8 proprietary, including, without limitation, Safeguards
9 Information, as that term is defined in Section 6.3 hereof. Each
10 party having any such information which bears the legend
11 "Proprietary Information" or "Safeguards Information" will not
12 reproduce, copy, use or disclose (except when required by a
13 Governmental Authority) any such information in whole or in part
14 for any purpose without the written consent of the other party.
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17 [REDACTED]
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20 In disclosing
21 confidential or proprietary information to a Governmental
22 Authority, the disclosing party shall cooperate with the other
23 party in minimizing the amount of such information furnished. At
24 the specific request of the other party, the disclosing party
25 will endeavor to secure the agreement of such Governmental
26 Authority to maintain specified portions of such information in

1 confidence. Public dissemination of information by the
2 furnishing party before or after it is furnished shall constitute
3 a termination of the confidentiality requirement as to that
4 specific information.

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]

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2 [REDACTED]
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5 ARTICLE VII

6 LIMITATION OF LIABILITY AND INDEMNIFICATION

7 7.1 Absence of Warranty.

8 Southern Nuclear does not warrant that its performance of
9 Nuclear Operating Services will meet the standards set forth in
10 Section 2.1 hereof, and its sole obligation if it fails to meet
11 such standards is to reperform at the request of the
12 Participants' Agent the deficient work at cost payable by GPC in
13 a manner that complies with such standards. GPC acknowledges
14 that such services are not subject to any warranty of any nature,
15 express or implied, including any warranty of merchantability or
16 fitness for a particular purpose.

17 7.2 Indemnification of Southern Nuclear.

18 GPC shall and hereby agrees to release, indemnify and save
19 harmless and defend Southern Nuclear, to the fullest extent
20 permitted by applicable law, from the payment of any sum or sums
21 of money to GPC or any other third party on account of, or
22 resulting from, actions, claims, damages, losses, or liabilities
23 growing out of (i) injuries to or the death of any person, (ii)
24 damage to or loss of any property, and (iii) other damages in any
25 way attributable to or arising out of the performance and
26 prosecution of any project or work performed by Southern Nuclear,

1 its employees, agents, subcontractors or any combination thereof,
2 for or on behalf of GPC for Each Plant, whether or not the same
3 results or allegedly results from tort (including, without
4 limitation, negligence, strict liability, fraud and breach of
5 fiduciary duty), breach of contract (including, without
6 limitation, breach of warranty), the laws of real property or any
7 other legal or equitable theory of law. Further, GPC shall and
8 does hereby agree to release, indemnify and save harmless and
9 defend Southern Nuclear, to the fullest extent permitted by
10 applicable law, (a) from any and all liens, garnishments,
11 attachments, claims, suits, costs, attorneys' fees, costs of
12 investigation and of defense resulting from, incurred in
13 connection with, or relating to any of the actions, claims,
14 damages, losses or liabilities referred to in the preceding
15 sentence, (b) from the payment of any such sum or sums of money,
16 and (c) from the payment of any penalties, fines, damages, suits
17 or claims (and any liens or attachments asserted in connection
18 therewith) arising out of (1) any alleged or actual violation of
19 Legal Requirements committed by Southern Nuclear or its
20 employees, agents or subcontractors, or (2) services or labor
21 performed or materials, provisions or supplies furnished which
22 have been purchased or allegedly contracted for or on behalf of
23 GPC or its employees, agents or subcontractors.

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25 [REDACTED]
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[REDACTED]

7.3 Notification and Participation in Defense of Claims.

Southern Nuclear shall within five business days after it receives notice of any claims, action, damages, losses or liability against which it will expect to be indemnified pursuant to Section 7.2 hereof, notify GPC of such claims, actions, damages, losses or liabilities. Thereafter, GPC may at its own expense, upon notice to Southern Nuclear, defend or participate in the defense of such action or claim by a third party or any

1 negotiation for settlement of such action or claim, provided
2 unless GPC proceeds promptly and in good faith to pay or defend
3 such action or claim, then Southern Nuclear shall have the right
4 (but not the obligation), upon ten days' notice to GPC to pay,
5 settle, compromise or proceed to defend any such action or claim
6 without further participation by GPC. GPC shall immediately pay
7 (or reimburse Southern Nuclear, as the case may be) any payments,
8 settlements, compromises, judgments, costs or expenses made or
9 incurred by Southern Nuclear in or resulting from the pursuit by
10 Southern Nuclear of such right. If any judgment is rendered
11 against Southern Nuclear in any action defended by GPC or from
12 which Southern Nuclear is otherwise entitled to indemnification
13 under Section 7.2 hereof, or any lien attaches to the assets of
14 Southern Nuclear in connection therewith, GPC immediately upon
15 such entry or attachment shall pay the judgment in full or
16 discharge any such lien. GPC shall at its expense and direction,
17 appeal shall be taken under the execution of the judgment or
18 satisfaction of the lien is stayed. If and when a final and
19 unappealable judgment is rendered against Southern Nuclear in any
20 such action GPC shall forthwith pay such judgment or discharge
21 such lien prior to the time that Southern Nuclear would be
22 legally held to do so.

23 7.4 No Release.

24 It is also understood and agreed that nothing contained
25 herein shall be construed to release the officers and directors
26 of GPC from the obligation to perform their respective duties, or

1 to limit the exercise of their powers in accordance with the
2 provisions of law or otherwise.

3 7.5 Limitation of Liability.

4 Notwithstanding anything in this Agreement to the contrary,
5 GPC agrees that in no event shall Southern Nuclear or its agents,
6 subcontractors or employees be liable to GPC for any indirect,
7 special, punitive, incidental or consequential damages including,
8 without limitation, (i) loss of profits or revenues, (ii) damages
9 suffered as a result of the loss of the use of their power
10 system, production facilities or equipment, (iii) cost of
11 purchase of replacement power (including any differential in fuel
12 costs), or (iv) cost of capital with respect to any claim based
13 on or in any way connected with this Agreement whether arising in
14 contract (including, without limitation, breach of warranty),
15 tort (including, without limitation, fraud, negligence, strict
16 liability or breach of fiduciary duty), under the laws of real
17 property, or under any other legal or equitable theory of law.

18 GPC shall indemnify and hold harmless Southern Nuclear, its
19 agents, subcontractors, directors and employees from and against
20 any claim by any customer of Participant for any direct,
21 indirect, special, punitive, incidental or consequential damages
22 arising out of any performance or failure to perform under this
23 Agreement.

24 7.6 Severability.

25 In the event that any particular application of any of the
26 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. Longshoreman'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 employees 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 8.6 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 rules, 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.

19 [REDACTED]

20 this right of termination shall be GPC's sole and
21 exclusive remedy, legal or equitable, for any failure by Southern
22 Nuclear at any time to perform its duties, responsibilities,
23 obligations, or functions under this Agreement, or for any other
24 breach by Southern Nuclear of this Agreement. The procedure for
25 exercise of this right of termination shall be as follows:

(i) GPC shall give written notice to Southern Nuclear of GPC's determination to terminate this Agreement or Southern Nuclear shall give written notice to GPC of its determination to terminate this Agreement. It is recognized that no termination can be accomplished until all necessary regulatory approvals have been obtained to transfer the operating responsibility for Each Plant to GPC. Following the giving of such notice, the parties agree to cooperate, in good faith, to accomplish the transfer of operating responsibility in a prompt manner.

(ii) During the period between the giving of the notice described in clause (i), and the date on which such transfer of operating responsibility becomes effective, Southern Nuclear agrees to continue the provision of Nuclear Operating Services for Each Plant.

(iii) Upon receipt of all necessary governmental authorizations for transfer of operating responsibility for Each Plant from Southern Nuclear to GPC, this Agreement shall terminate.

[REDACTED] GPC hereby agrees that from and after such termination, GPC shall indemnify and forever hold Southern Nuclear, its officers, directors and employees, and all other agents and subcontractors except to the extent that any such other agents and subcontractors are liable or may be held liable under the terms of their respective contracts, harmless from and against any and all

1 liability, costs, expenses (including reasonable attorney's
2 fees) and judgments, which may thereafter be experienced by
3 Southern Nuclear in its capacity as Operating Agent (whether
4 the cause occurred before or after termination), and GPC
5 further waives any claim GPC may have against Southern
6 Nuclear, its officers, directors and employees, and all
7 other agents and subcontractors except to the extent that
8 any such other agents and subcontractors are liable or may
9 be held liable under the terms of their respective
10 contracts, for damage to property of the Participants, that
11 arose out of the activities of Southern Nuclear, its
12 officers, directors, employees, and other agents,
13 subcontractors and affiliates under this Agreement. The
14 indemnification and waiver contained herein shall survive
15 termination and shall be specifically enforceable by
16 Southern Nuclear against GPC.

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.

20 11.9 No Adverse Distinction.

21 11.9.1. Under the Participation Agreements, GPC may
22 not make any adverse distinction between Plant Hatch or
23 Plant Vogtle and any other generating unit which it
24 operates. GPC may exercise its authority under this
25 Agreement to assure that the performance of services by

1 Southern Nuclear does not cause GPC to violate this
2 requirement.

3 11.9.2. In the performance of services hereunder,
4 Southern Nuclear shall not make any adverse distinction
5 between GPC and any other company or between Each Plant and
6 any other generating facility for which Southern Nuclear
7 provides services.

8 11.10 Notices.

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

14 Georgia Power Company
15 333 Piedmont Avenue, N.E.
16 Atlanta, Georgia 30308
17 Attention: President
18

19 and if given to Southern Nuclear shall be addressed to:

20
21 Southern Nuclear Operating Company, Inc.
22 P. O. Box 1295
23 Birmingham, Alabama 35201-1295
24 Attention: President
25
26

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

29 11.11 Captions.

30 The descriptive captions of the various Articles and
31 Sections of this Agreement have been inserted for convenience of
32 reference only and shall in no way modify or restrict any of the
33 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.

1
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.

6
7 GEORGIA POWER COMPANY
8
9

10
11 By: _____
12 Its: _____
13

14 Attest: _____
15
16 (Corporate Seal)
17

18
19 SOUTHERN NUCLEAR OPERATING COMPANY,
20 INC.
21

22
23 By: _____
24 Its: _____
25

26 Attest: _____
27
28 (Corporate Seal)
29